

# GOOD LIFE NETWORKS INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the three and nine months ended September 30, 2019

*This management discussion and analysis ("MD&A") of Good Life Networks Inc. (the "Company" or "GLN") for the three and nine months ended September 30, 2019 is as of November 30, 2019. We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Our condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.*

*This MD&A may contain certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.*

### OVERVIEW OF THE COMPANY

Good Life Networks Inc. (formerly Exito Energy II Inc.) (the "Company" or "Good Life") was incorporated under the *Business Corporations Act* on August 17, 2011 in the province of British Columbia. The Company was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV") until the completion of the qualifying transaction.

Effective January 28, 2018, the Company closed its qualifying transaction (the "Transaction") with Good Life Networks Inc. ("GLN"), a Vancouver-based, digital media private company. The Transaction was completed by way of a share exchange pursuant to a plan of arrangement under the provisions of the Business Corporations Act (British Columbia) (the "Arrangement"), which included the amalgamation of GLN and Exito Energy II Inc. ("Exito") to form the Company as the resulting issuer. Immediately prior to the completion of the Arrangement, Exito completed a consolidation of its issued and outstanding common shares on the basis of one post-consolidation share for every two pre-consolidation shares and continued from Alberta into British Columbia. Each GLN common share was exchanged for 0.2601 of a common share of the Company (the "Good Life Shares"). The Company is continuing the business of GLN, as described below. The transaction was considered a reverse takeover ("RTO") since the legal acquirer is the accounting acquirer, as the former shareholders of GLN obtained a controlling interest of the resulting entity after the completion of the transaction.

### CORPORATE UPDATE

There has been a significant negative shift within the advertising technology industry, which has had a material and significant impact on the current operations of the Company and its two recently acquired companies.

In a very short timeframe, the entire industry has been adversely affected by a select few large multi-billion-dollar companies. Their strategy has been to consolidate advertising into a small number of companies,

and then use that leverage to switch the traditional balance of power from publishers to the advertisers. The speed and effectiveness in which this shift has taken place shocked the industry.

The impact of their strategy is two-fold. Firstly, the publishers that we represent were told buyers will not purchase from them if they sold through our platform. This has massively impacted our ability to generate revenue. Secondly, the Company's business partners are now struggling to maintain operations, and clients are at risk of bankruptcy, going out of business and unable to pay their bills.

This shift in the industry landscape has resulted in a significant negative impact on the AdTech sector.

The Companies current business is therefore significantly degraded and it is unlikely the Company will remain in this space. Revenues following this shift are reduced by around 90%. As a result, both recent acquisitions intangible assets and goodwill have been written down, along with all contingent liabilities embedded into those agreements.

In response to this shift, the Company is proposing a repositioning of its business. The repositioning strategy proposes utilizing the technology the Company has developed to power customer acquisition for several consumer products and services, including cannabidiol (CBD) products, e-sports fantasy and other on-line gambling services. This pivot in the Company's business will require minimal working capital and a scaled-down team and will use the Company's existing technology to gain a competitive advantage. The Company's existing technology has been developed over several years and has been refined to allow robust and high-volume customer identification and routing for marketing purposes. While the current market has changed, the usage and effectiveness of the company's technology have not. Redeploying the company's technology in these new markets will give the company a significant customer acquisition advantage. The company anticipates this shift will take around 3 months to affect.

The Company has an immediate need to raise capital as well as obtain forbearance from our secured creditor as the Company is in breach of lending covenants. Failure to achieve either of these objectives will make it likely the business will be unable to continue to operate.

The recent shifts in the advertising industry has led to a number of high profile investigations being announced by regulators and watchdogs:

On the 3rd of September 2019, CNN reported that more than half of the country's state attorneys general are readying an antitrust investigation into Google's advertising practices, with an announcement of the probe set for next week in Washington, Attorney General Jeff Landry criticized Google, saying "Google gets to pick winners and losers because the system is rigged in their favor," Landry said. "Continuing down this road will kill online publishing, or Google will control who stays and who goes."

On the 4th of September 2019, it was reported that Canada's Competition Watchdog is seeking information on what companies in the digital economy may be doing to harm competition as part of a ramp up in scrutiny on the practices of digital behemoths. They go on to suggest examples of practices they are looking into include "Anti-competitive strategies would likely be geared at protecting a core market or capturing adjacent markets. Such strategies could include refusing to deal with competitors, prohibiting suppliers from providing rivals with better prices or terms, or buying out rivals."

On the 6th of September 2019, it was reported by CNN that Facebook is being hit with antitrust investigation by eight states and DC, as announced by New York Attorney General Letitia James. "I am proud to be leading a bipartisan coalition of attorneys general in investigating whether Facebook has stifled competition and put users at risk," James said in a statement. "We will use every investigative tool at our disposal to determine whether Facebook's actions may have endangered consumer data, reduced the quality of consumers' choices, or increased the price of advertising."

Subject to corporate and regulatory approval, GLN announced that the Company intends to change its name to Aquarius AI Inc., with a proposed ticker symbol of "AQUA". The Company will continue to trade on the Frankfurt Stock Exchange under the stock symbol "4G5".

## **COMPLETED AQUISITIONS**

### **Impression X**

On December 17, 2018, the Company acquired 100% of the issued and outstanding shares of ImpressionX Inc. ("ImpressionX"), a leading connected television ("CTV") advertising technology company under the terms of a definitive share purchase agreement. As a result of the acquisition, ImpressionX operates as a wholly-owned subsidiary of Good Life Networks Inc. The Company acquired ImpressionX to gain access to its customer based and Connected Television advertising and content.

### **495 Communications, LLC**

On December 17, 2018, the Company closed the acquisition of 100% of the issued and outstanding shares of 495 Communications, LLC ("495"), a leading advertising and content marketing company based in New York City and Santa Monica, California, under the terms of a definitive share purchase agreement. As a result of the acquisition, 495 operates as a wholly-owned subsidiary of Good Life. The Company acquired 495 to gain access to its customer base and Connected Television advertising and content.

## **MEMORANDUM OF UNDERSTANDING**

### **Skyrocket Entertainment**

GLN has entered into a memorandum of understanding with Skyrocket Entertainment, a gaming, film and media brand rights entity, to integrate its patent-pending video advertising technology into Skyrocket's gaming platforms.

Skyrocket is an exciting new venture cornering a gap in the market by migrating iconic Hollywood feature films and branded intellectual property rights into the worldwide gambling and social gaming sector. Skyrocket recently acquired the international rights to 75 iconic feature films including Rambo 4, The Expendables and The Fallen franchise, and is in negotiations with major Hollywood film studios on a further 100 films. Skyrocket will transform these world-renowned stories and characters into new gaming content and products for social money gaming and real money gaming such as slots, instant games, bingo and lotto. The average on-line slot game delivers significant long-term revenue, which generates new revenue streams for movie makers. Initially the MOU with Skyrocket was to work with Good Life to implement the company's advertising technology into the worldwide on-line gaming sector, an industry valued at \$52-billion this year. However, post the industry shift, we are now discussing a customer acquisition model with Skyrocket, in keeping with the Companies announced repositioning strategy.

## **OVERALL PERFORMANCE**

### **REVENUE AND MEDIA COSTS**

The Company generated revenue through its proprietary advertising technology platform and related systems, connecting online users to advertisers. During the nine months ended September 30, 2019, the Company generated revenue of \$8,447,523 (2018 - \$10,000,650).

Media costs comprise advertising impressions the Company purchased from real-time advertising exchanges or through other third parties. For the nine months ended September 30, 2019, media costs were \$5,257,132 compared to \$5,619,359 for the nine months ended September 30, 2018, representing a decrease of \$362,227. As a percentage of revenue, revenue less media costs were 38% for the nine months ended September 30, 2019 compared to 44% for the prior period.

## RESULTS OF OPERATIONS

### *Financial and operating highlights for the nine months ended September 30, 2019 and to the date of this report*

As of November 26, 2019, the Company achieved the following:

- Entered into a binding letter of intent to acquire all of the issued and outstanding equity units of mPlore LLC, a leading mobile content delivery platform based in Texas with operations in Newport Beach. This has subsequently lapsed and will not be pursued further at this time.
- Entered into a memorandum of understanding (MOU) with Horizon Globex GmbH to license its full suite of blockchain software solutions to power GLN's accounts receivable (AR) blockchain product. This will not be pursued further at this time.
- The Company's patent pending technology for its programmatic advertising platform has been deemed novel by the International Searching Authority for the PCT (Patent Cooperation Treaty).
- Entered into a memorandum of understanding with Skyrocket Entertainment, a gaming, film and media brand rights entity.
- Entered into a non-binding Letter of Intent ("LOI") with Unified Funding LLC ("Unified"), a cannabidiol ("CBD") online retailer, whereby the Company will assist Unified, on a commission basis, in finding customers in the CBD space.
- Subject to corporate and regulatory approval, GLN announced that the Company intends to change its name to Aquarius AI Inc., with a proposed ticker symbol of "AQUA". The Company will continue to trade on the Frankfurt Stock Exchange under the stock symbol "4G5".

### **Results for the nine months ended September 30, 2019 and 2018**

The following table summarizes various results for the nine months ended September 30, 2019 and 2018:

	<b>Nine months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Total revenue	8,447,553	10,000,650
Direct expenses	5,257,132	5,619,359
Operating expenses	19,161,812	4,264,913
Other expenses	7,632,874	1,801,154
Net income (loss)	(23,604,259)	(1,684,776)
Comprehensive income (loss)	(23,969,513)	(1,684,776)
Comprehensive income (loss) per share - Basic and diluted	(0.29)	(0.02)

Revenue for the nine months ended September 30, 2019 was \$8,447,553, a decrease of \$1,553,127 or 16% from \$10,000,650 for the nine months ended September 30, 2018.

The decrease was attributable to a significant negative shift within the advertising technology industry, which has had a material and significant impact on the current operations of the Company and its two recently acquired companies. Advertising sales contributed revenue of \$8,447,553 during the nine months ended September 30, 2019 compared to \$10,000,650 in the comparative period, a decrease of \$1,553,127 in revenue or 16%.

Other expenses for the nine months ended September 30, 2019 was \$7,632,874, an increase of \$5,831,720 or 324% from \$1,801,154 for the nine months ended September 30, 2018. The increase was primarily due to the net impact of write down of intangibles and goodwill but also the reduction of associated contingent

liabilities for two recent acquisitions. Total write offs for the nine months ended September 30, 2019 was \$6,658,478 compared to \$Nil in the comparative period.

## Operation Profit (Loss) for the nine months ended September 30, 2019

Comprehensive income(loss) for the nine months ended September 30, 2019 of (\$23,969,513) was primarily due to gross profit of \$3,190,391, operational expenses of \$19,161,812 and other expenses of \$7,632,874.

The company's revenues have been significantly negatively impacted by recent shifts in the advertising industry aforementioned above. At this time the company is going through repositioning and the future revenues of the company are anticipated to be derived from a new set of clients, all of who are not yet contracted to work with the company. As such, the speed and amount of future revenues is difficult to predict. Unknown variables include, but are not limited to, the ability to meet the needs of the secured lender, raise capital to fund the new direction as well as how successful the company will be in the new business model.

### Direct expenses and gross profit

The following table summarizes direct expenses and gross profit for the nine months ended September 30, 2019 and 2018:

	Nine months Ended September 30,		Percentage
	2019	2018	Change
	\$	\$	
Total revenue	8,447,523	10,000,650	(16%)
Direct expenses	5,257,132	5,619,359	(6%)
Gross Profit	3,190,391	4,381,291	(27%)
Gross Profit %	38%	44%	

Direct expenses consist mostly of cost of sales and media buys. Direct expenses for the nine months ended September 30, 2019 was \$5,257,132, a decrease of 6% compared to the same period last year, corresponding with the 16% decrease in revenue over the same period.

Gross profit decreased by 27% to \$3,190,391 for the nine months ended September 30, 2019 from \$4,381,291 in the same period last year. The deterioration in gross profit relative to what we anticipated for the nine months ended September 30, 2019 is due to the negative shift within the advertising industry previously discussed.

Gross profit margin in the nine months ended September 30, 2019 decreased slightly as predicted, to be more inline with industry norms of around 30%. We anticipate gross profit stabilizing at these levels.

### Operating expenses

Operating expenses include general and administrative expenses, amortization, bad debt expense, financing expenses, marketing expenses and share-based compensation. Operating expenses increased by \$14,896,899 over the nine months ended September 30, 2019 (2018 - \$4,264,913). The increased expenses are attributable to the following significant increase in certain expenses:

#### *General and administrative expenses*

The following table summarizes general and administrative expenses for the nine months ended September 30, 2019 and 2018:

	Nine months Ended September 30,		Percentage Change
	2019	2018	
	\$	\$	
General and administrative expenses	5,196,231	2,478,653	110%
As a percentage of revenue	62%	25%	

General and administration expenses consist primarily of management fees, salary and personnel related costs for our executives and employees. Additional expenses include computer and internet fees, consulting and professional fees, insurance, occupancy costs, and other office expenses.

The increase observed during the nine months ended September 30, 2019 is primarily attributable to a significant increase in corporate activity and management services required from recent acquisitions as well as repositioning of the Company's business. As a percentage of revenue, general and administration expenses increased significantly in the nine months ended September 30, 2019 compared to the same period in 2018.

#### *Marketing*

The following table summarizes marketing expenses for the nine months ended September 30, 2019 and 2018:

	Nine months Ended September 30,		Percentage Change
	2019	2018	
	\$	\$	
Marketing expenses	1,463,410	567,030	158%
As a percentage of revenue	17%	6%	

Marketing costs consist primarily of advertising, promotion and travel costs.

The increase observed during the nine months ended September 30, 2019 is primarily attributable to an increase in corporate activity and a private placement completed on July 15, 2019. As a percentage of revenue, marketing expenses increased significantly in the nine months ended September 30, 2019 compared to the same period in 2018.

#### *Bad debt expense*

For the nine months ended September 30, 2019, bad debt expense was \$10,912,449, increasing by \$10,912,449 from \$Nil during the nine months ended September 30, 2018. The increase was primarily due to write off of accounts receivable following the negative downturn of our industry. Management has reached out to its significant customers to determine their ability to pay outstanding sales invoices and has made a reasonable estimate of the recoverable amount of those sales with the remaining balance provided against.

#### *Financing costs*

For the nine months ended September 30, 2019, financing costs was \$670,187, increasing by \$670,187 from \$Nil during the three months ended September 30, 2018. The increase was primarily due to interest expenses from bank debts.

### Share-based compensation

For the nine months ended September 30, 2019, share-based compensation was \$220,278, decreasing by \$998,952 from \$1,219,230 during the nine months ended September 30, 2018. The decrease was primarily due to reduced share-based compensation being issued to the directors, officers and consultants of the Company.

### Results for the three months ended September 30, 2019 and 2018

The following table summarizes various results for the three months ended September 30, 2019 and 2018:

	Three months Ended September 30,	
	2019	2018
	\$	\$
Total revenue	751,971	5,242,676
Direct expenses	542,731	2,900,671
Operating expenses	3,161,046	1,118,951
Other expenses	381,259	212,064
Net income (loss)	(3,333,065)	1,010,990
Comprehensive income (loss)	(3,329,834)	1,010,990
Comprehensive income (loss) per share - Basic and diluted	(0.04)	0.01

Revenue for the three months ended September 30, 2019 was \$751,971, a decrease of \$4,490,705 or 86% from \$5,242,676 for the three months ended September 30, 2018.

Year-over-year decrease in revenue growth was attributable to negative shifts in the advertising technology industry, which has had a material and significant impact on the current operations of the Company and its two recently acquired companies. Advertising sales contributed revenue of \$751,971 during the three months ended September 30, 2019 compared to \$5,242,676 in the comparative period, a decrease of \$4,490,705 in revenue or 86%.

Other expenses for the three months ended September 30, 2019 was \$381,259 compared to \$212,064 for the three months ended September 30, 2018. The expenses were primarily due to the loss on settlement of debt of \$491,261 offsetting by foreign exchange gain of \$176,877.

### Operation Profit (Loss) for the three months ended September 30, 2019

Comprehensive income(loss) for the three months ended September 30, 2019 of (\$3,329,834) was primarily due to gross profit of \$209,240, operational expenses of \$3,161,046 and other expenses of \$381,259.

The company's revenues have been significantly negatively impacted by recent shifts in the advertising industry aforementioned above. At this time the company is going through repositioning and the future revenues of the company are anticipated to be derived from a new set of clients, all of who are not yet contracted to work with the company. As such, the speed and amount of future revenues is difficult to predict. Unknown variables include, but are not limited to, the ability to meet the needs of the secured lender, raise capital to fund the new direction as well as how successful the company will be in the new business model.



### **Direct expenses and gross profit**

The following table summarizes direct expenses and gross profit for the three months ended September 30, 2019 and 2018:

	<b>Three months Ended September 30,</b>		<b>Percentage</b>
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	
Total revenue	751,971	5,242,676	(86%)
Direct expenses	542,731	2,900,671	(81%)
Gross Profit	209,240	2,342,005	(91%)
Gross Profit %	28%	45%	

Direct expenses consist mostly of cost of sales and media buys. Direct expenses for the three months ended September 30, 2019 was \$751,971, a decrease of 81% compared to the same period last year, corresponding with the 86% decrease in revenue over the same period.

Gross profit decreased by 91% to \$209,240 for the three months ended September 30, 2019 from \$2,342,005 in the same period last year. The deterioration in gross profit for the three months ended September 30, 2019 is mainly due to the negative shifts in the advertising technology industry.

Gross profit margin in the three months ended September 30, 2019 decreased but is inline with industry norms of around 30%.

### **Operating expenses**

Operating expenses include general and administrative expenses, amortization, financing expenses, marketing expenses and share-based compensation. Operating expenses increased by \$2,042,095 over the three months ended September 30, 2019 (2018 - \$1,118,951). The increased expenses are attributable to the following significant increase in certain expenses:

#### *General and administrative expenses*

The following table summarizes general and administrative expenses for the three months ended September 30, 2019 and 2018:

	<b>Three months Ended September 30,</b>		<b>Percentage</b>
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	
General and administrative expenses	1,979,927	687,306	188%
As a percentage of revenue	263%	13%	

General and administration expenses consist primarily of management fees, salary and personnel related costs for our executives and employees. Additional expenses include computer and internet fees, consulting and professional fees, insurance, occupancy costs, and other office expenses.

The increase observed during the three months ended September 30, 2019 is primarily attributable to a significant increase in corporate activity and management services required from recent acquisitions as well as repositioning of the Company's business. As a percentage of revenue, general and administration expenses increased significantly in the three months ended September 30, 2019 compared to the same period in 2018.

## Marketing

The following table summarizes marketing expenses for the three months ended September 30, 2019 and 2018:

	Three months Ended September 30,		Percentage
	2019	2018	Change
	\$	\$	
Marketing expenses	673,822	234,695	187%
As a percentage of revenue	90%	4%	

Marketing costs consist primarily of advertising, promotion and travel costs.

The increase observed during the three months ended September 30, 2019 is primarily attributable to a significant increase in corporate activity and the private placement completed in on July 15, 2019. As a percentage of revenue, marketing expenses increased significantly in the three months ended September 30, 2019 compared to the same period in 2018.

## Bad debt expense

For the three months ended September 30, 2019, bad debt expense was \$27,021, increasing by \$27,021 from \$Nil during the three months ended September 30, 2018. The increase was primarily due to write off of accounts receivable following the negative downturn of our industry. Management has reached out to its significant customers to determine their ability to pay outstanding sales invoices and has made a reasonable estimate of the recoverable amount of those sales with the remaining balance provided against.

## Financing costs

For the three months ended September 30, 2019, financing costs was \$399,590, increasing by \$399,590 from \$Nil during the three months ended September 30, 2018. The increase was primarily due to interest expenses from bank debts.

## Share-based compensation

For the three months ended September 30, 2019, share-based compensation was \$21,273, decreasing by \$175,677 from \$196,950 during the three months ended September 30, 2018. The decrease was primarily due to reduced share-based compensation being issued to the directors, officers and consultants of the Company.

## Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure that we calculate as income (loss) before income taxes excluding depreciation and amortization, stock-based compensation expense, interest expense, and gain or loss on financial instruments and foreign exchange.

Adjusted EBITDA is a measure used by management and the Board to understand and evaluate our core operating performance and trends. This measure differs from contribution in that adjusted EBITDA includes additional operating costs, such as general and administration expenses and marketing, but excludes funding interest costs.

The following table presents a reconciliation of adjusted EBITDA to loss before income taxes, the most comparable IFRS financial measure for each of the periods indicated:

<b>Adjusted EBITDA</b>	<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Net Comprehensive Income (Loss) for the Period	(23,969,513)	(1,684,776)
Reporting currency translation adjustment	365,218	-
Listing fee	-	2,319,542
Acquisition-related expenses	109,875	-
Gain on forgiveness of debt	595,368	(238,609)
Write offs	6,658,478	-
Foreign exchange expense	269,153	37,322
Fair value of change of derivative liability	-	(234,000)
Bad debt expense	10,912,449	-
Share-based compensation	220,278	1,219,230
Amortization	699,257	6,252
Financing costs	670,187	33,779
<b>Adjusted EBITDA</b>	<b>(3,469,250)</b>	<b>1,375,638</b>

#### SELECTED QUARTERLY INFORMATION

The following table sets forth selected information from the Company's unaudited quarterly financial statements for the most recent eight quarters.

For the quarters ended:

	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Total Revenue	\$751,971	\$3,077,988	\$4,617,564	\$10,076,639
Direct Expenses	\$542,731	\$1,641,798	\$3,072,603	\$7,178,902
Gross Profit	\$209,240	\$1,436,190	\$1,544,961	\$2,897,737
Comprehensive Income (Loss)	\$(3,329,834)	\$(19,128,999)	\$(1,510,680)	\$(254,600)
	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Total Revenue	\$5,242,676	\$3,435,835	\$1,322,139	\$5,589,844
Direct Expenses	\$2,900,671	\$1,844,819	\$873,869	\$3,015,422
Gross Profit	\$2,342,005	\$1,591,016	\$448,270	\$2,574,422
Comprehensive Income (Loss)	\$1,010,990	\$252,712	(\$2,951,295)	\$1,818,772

## FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company also exposed to foreign currency risk that options and warrants that have exercise price which is different from its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at September 30, 2019 and December 31, 2018, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	2019	2018
	CAD\$	CAD\$
Cash	178,658	223,833
Accounts receivable	47,479	292,311
Accounts payable and accrued liabilities	(2,118,705)	(830,137)
Loans payable	(3,126,900)	(1,467,120)
Other liabilities	(434,931)	(434,931)
	CAD\$ (5,454,398)	CAD\$ (2,216,044)

A 10% (December 31, 2018 - 10%) change in the US dollar against the Canadian dollar at September 30, 2019 would result in a change of approximately \$412,000 (December 31, 2018 - \$163,000) in comprehensive income (loss).

## LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the consolidated statements of financial position as at September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019	December 31, 2018
Working capital (deficit)	\$ (13,827,412)	\$ 4,974,690
Deficit	\$ (35,394,364)	\$ (11,986,302)

The Company does not have sufficient working capital at this time to meet its ongoing financial obligations. The Company is also considering all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and related party loans. The company is on on-going discussions with its secured and unsecured creditors and will have an update soon. There can be no assurance of continued access to finance in the future, and an inability to secure such finance may require the Company to substantially curtail operations, new business opportunities, or may even cause the company to fail. Given the recent downturn in the advertising industry, the Company will need to secure fresh capital in order to complete the repositioning strategy, and failure to secure additional capital will likely cause the Company to fail.

## Sources and Uses of Cash

	Nine months Ended September 30,	
	2019	2018
Cash used in operating activities	\$ (3,783,085)	\$ (3,774,444)
Cash used in investing activities	(26,900)	(3,026,045)
Cash provided by financing activities	3,239,893	7,187,260
Foreign exchange effect on cash	(250,287)	(37,323)
Net increase in cash and cash equivalents	\$ (820,379)	\$ 349,448

The decrease in cash was primarily attributable to the reduced proceeds of share issuance, offset by less acquisitions and purchase of intangibles from investing activities and amounts paid for its operating activities, as compared to the nine months ended September 30, 2018.

The Company's operational activities during the nine months ended September 30, 2019 were financed mainly by bank debt. As at September 30, 2019, the Company had current assets of \$978,705 compared to \$22,196,093 as at December 31, 2018. The Company had \$Nil available cash as at September 30, 2019 compared to \$781,260 as at December 31, 2018.

The Company believes that its current cash position is insufficient to meet its operational and capital needs for the next 12 months. In the future it will be necessary to raise additional funds. These funds may come from sources such as entering into strategic collaboration arrangements, the issuance of shares from treasury, or alternative sources of financing. However, there can be no assurance that the Company will successfully raise funds to continue the development and commercialization of its advertising technology and operational activities.

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company has experienced losses since inception and has a shareholders' deficiency. Additional financing will be required to support ongoing operations and the Company's repositioning. The Company intends to seek new funding from equity financings, lenders and other sources, which will optimize the Company's cost of capital; however, there is no certainty that additional financing will be available or that it will be available with attractive terms. An inability to raise additional capital in the short-term, or get agreement to forbear by the secured creditor, will likely lead to the failure of the business.

## TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2019, the Company paid transaction costs in connection to the RTO of \$Nil (2018 - \$613,438) to directors and companies controlled by directors.

During the nine months ended September 30, 2019, the Company paid share-issuance costs of \$Nil (2018 - \$172,970) to a company controlled by a director.

At September 30, 2019, included in accounts receivable is \$Nil (December 31, 2018 - \$137,908) advanced to an officer. The amounts due from related parties are without stated terms of repayment or interest.

These transactions are in the normal course of business and have been valued at the fair value of the services performed or consideration paid.

### *Key management compensation*

The compensation paid or payable to key management personnel during the nine months ended September 30, 2019 and 2018 were as follows:

	Nine months ended	
	September 30, 2019	September 30, 2018
Salaries and short-term employee benefits	\$ 1,712,464	\$ 1,090,441
Share-based compensation	151,931	766,846

Executive Officers own directly or beneficially approximately 7% of the issued common shares of the Company ("Common Shares") as at September 30, 2019.

## CONTRACTUAL OBLIGATIONS

In December 2016, the Company filed a civil claim against, among others, Lerna, Lernalabs and the lawyers responsible for negotiating the various agreements with Lerna and Lernalabs (the "Claim"). The Company asserts that Lerna breached the terms of the AmpMobile asset purchase agreement and further they were misrepresented into entering into the Loan Agreement and Consulting Services Agreement with Lernalabs.

Accordingly, pursuant to the Claim, the Company is seeking the following relief:

- Recovery of any amounts paid to Lerna with respect to the AmpMobile asset purchase agreement and cancellation of any future obligations with respect thereto;
- Rescission of the Loan Agreement and Consulting Services Agreement with Lernalabs and recovery of any amounts paid pursuant to the Consulting Services Agreement; and
- Recovery of costs associated with the various agreements, including legal fees.

On January 4, 2017, Lerna filed a civil claim against the Company with respect to the AmpMobile asset purchase agreement. Lerna is seeking payment for the promissory note principal in the amount of US \$150,000 issued to the Company and interest accrued at 24% per annum. Management of the Company had accrued amounts for loan principal in promissory notes and interest in interest payable at December 31, 2017. During the year ended December 31, 2018, the Company paid cash of \$1,020,440 to settle the amounts owing to Lerna and Lernalabs, and is seeking to dismiss any claims against the Company.

During the year ended December 31, 2018, the Company incurred \$159,776 in legal fees in connection with the repayment of the promissory notes.

On August 30, 2019, the Company has fully settled its outstanding lawsuit with Lernalabs Ltd. and Lerna LLC by agreeing to paying Lerna the sum of US \$650,000 in full and final settlement, to be paid by way of

a future dated payment plan. The Company has made the first payment of US \$100,000 during the period ended June 30, 2019 but missed the second payment of US \$175,000 due on September 20, 2019. As a result, an interest penalty of US \$100,000 has been accrued. The lawsuit with McMillan LLP remains outstanding.

## ACQUISITIONS

### **495 Communications, LLC**

On December 17, 2018, the Company closed the acquisition of 100% of the issued and outstanding shares of 495 Communications, LLC (“495”) under the terms of a definitive share purchase agreement. As a result of the acquisition, 495 operates as a wholly-owned subsidiary of Good Life. 495 is in the business of Connected Television (“CTV”) advertising and content marketing. 495 has exclusive rights to advertise on numerous premium CTV channels, where users can watch advertising supported movies and video content. The Company acquired 495 to gain access to its customer base and CTV advertising and content.

The aggregate consideration paid by the Company to acquire 495 comprised of:

- (i) US \$3,500,000 cash less the amount of outstanding indebtedness;
- (ii) a cash earn-out, up to a maximum of US \$5,500,000 for performance benchmarks; and
- (iii) a share/cash earn-out, to be satisfied, at the sole discretion of the Company, in cash or through the issuance of common shares of the Company up to a maximum amount of US\$6,000,000 for hitting performance benchmarks. The earn-out period is from January 1, 2019 to December 31, 2019

The Company has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair values at the acquisition date.

The provisional allocation of the purchase consideration to the total fair value of net assets acquired is as follows:

<b>Fair value of net assets acquired</b>	<b>\$</b>
Cash	1,023,259
Accounts receivable	3,450,650
Other current assets	25,481
Customer relationships	5,860,607
Tradenames & trademarks	1,837,307
Accounts payable	(3,292,593)
Other current liabilities	(50,769)
Deferred income tax liability	(2,078,437)
Identifiable net assets acquired	6,775,505
Goodwill	7,792,864
	<b>14,568,369</b>
<b>Consideration Paid</b>	<b>\$</b>
Cash	4,693,850
Loan payable	1,023,259
Fair value of earn-outs	8,851,260
	<b>14,568,369</b>

On acquisition, the Company recognized a deferred income tax liability of \$2,078,437 from the temporary differences arising from the customer relationships, tradenames and trademarks. The resulting goodwill represents the established growth potential and synergies between 495 and the Company.

During the nine months ended September 30, 2019, there was a significant shift in the landscape of the Company's industry. Accordingly, the Company determined indicators of impairment existed. As a result, the Company concluded the value attributed to Goodwill with respect to the acquisition of 495 was impaired and an impairment charge has been recognized in the condensed consolidated interim statements of comprehensive loss. The Company also wrote-off the contingent consideration associated with this acquisition.

### ***ImpressionX***

On December 17, 2018, the Company acquired 100% of the issued and outstanding shares of ImpressionX Inc. ("ImpressionX") under the terms of a definitive share purchase agreement. As a result of the acquisition, ImpressionX operates as a wholly-owned subsidiary of Good Life.

ImpressionX is a digital advertising company with a focus on CTV, mobile, and digital media platforms. Customers consist of advertisers seeking to publish their content on mobile, digital and CTV platforms. The Company acquired ImpressionX to gain access to its customer base and CTV advertising and content.

The aggregate consideration paid by the Company to acquire ImpressionX comprised of:

- (i) US \$500,000 cash;
- (ii) A working capital adjustment of \$845,427 recorded in accounts payable of the Company as at December 31, 2018;
- (iii) A performance earn-out of up to USD \$1,000,000 in cash based on agreed-upon milestones. The earn-out period is for the 12-month period following the closing date
- (iv) A performance earn-out of up to USD \$2,600,000 in Warrants for the 2-year period following the closing date; and
- (v) 2,914,622 warrants with an exercise price of \$0.1836 and term of 5 years.

The warrants issued on acquisition date have an estimated fair value of \$388,919, calculated using the Black-Scholes option pricing model assuming a share price of \$0.195, average risk-free interest rate of 1.93%, a 0% dividend rate and volatility of 85%. The warrants issued are presented as a derivative liability as they do not meet the fixed-for-fixed criteria.

The Company has determined that this transaction is a business combination as the assets acquired and liabilities assumed constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired and liabilities assumed were recorded at their estimated fair values at the acquisition date.

The provisional allocation of the purchase consideration to the total fair value of net assets acquired is as follows:

<b>Fair value of net assets acquired</b>	<b>\$</b>
Accounts receivable	3,994,324
Customer relationships	2,722,433
Accounts payable	(3,148,897)
Deferred income tax liability	(737,057)
Identifiable net assets acquired	2,830,803
Goodwill	2,292,733
	<b>5,123,536</b>



<b>Consideration Paid</b>	<b>\$</b>
Cash	670,550
Working capital adjustment	845,427
Warrants	388,919
Fair value of earn-outs	3,218,640
	5,123,536

On acquisition, the Company recognized a deferred income tax liability of \$737,057 from the temporary difference arising from the customer relationships. The resulting goodwill represents the established growth potential and synergies between ImpressionX and the Company.

During the nine months ended September 30, 2019, there was a significant shift in the landscape of the Company's industry. Accordingly, the Company determined indicators of impairment existed. As a result, the Company concluded the value attributed to Goodwill with respect to the acquisition of ImpressionX was impaired and an impairment charge has been recognized in the condensed consolidated interim statements of comprehensive loss (see also note 18). The Company also wrote-off the contingent consideration associated with this acquisition.

In connection with the two acquisitions noted above, the Company incurred \$1,358,992 in acquisition costs during the year ended December 31, 2018, which was recorded in the consolidated statements of comprehensive income (loss).

#### **OUTSTANDING SHARE CAPITAL**

As of *September 30, 2019*, there were 90,275,027 Common Shares issued and outstanding, 9,775,064 stock options, and 12,303,528 common share purchase warrants of the Company issued and outstanding.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of condensed consolidated interim financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting policies and estimates under IFRS are found in Note 3 of the Company's condensed consolidated interim financial statements.

#### **ACCOUNTING STANDARDS ISSUED**

##### **ADOPTED DURING THE YEAR**

As of January 1, 2019, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results, financial position or accounting policies of the Company. Significant standards adopted include the following:

## IFRS 16 Leases

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

On initial transition, the Company has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Right-of-use assets and lease liabilities of \$107,069 were recorded on January 1, 2019. There was no net impact on opening retained earnings on adoption.

The following is a table that reconciles the Company's operating lease obligations at December 31, 2018 as previously disclosed in the Company's 2018 Consolidated Financial Statements to the IFRS 16 lease liability recognized on January 1, 2019. A reconciliation of the lease liabilities during the three months ended September 30, 2019 is presented in Note 16 of these financial statements. The weighted average discount rate applied at January 1, 2019 was 5.00%.

Operating lease commitments, December 31, 2018	\$	109,355
Measurement adjustments		863
Undiscounted lease obligation at January 1, 2019	\$	110,218
Balance, lease liability, discounted using the incremental borrowing rate at January 1, 2019 and balance, right-of-use asset January 1, 2019	\$	107,069

## RISK FACTORS

The following risk factors should not be considered to be exhaustive and may not be all of the risks that GLN may face. Management of the Company believes that the factors set out below could cause actual results to be different from expected and historical results.

The discussion in this MD&A addresses only what management has determined to be the most significant known events, trends, risks and uncertainties relevant to the Company, its operations and/or its financial results. This discussion is not exhaustive.

### Business Risk

#### *Limited Operating History*

GLN was founded in 2011 and commenced sales in 2011. As a result, it has a limited operating history upon which its business and future prospects may be evaluated. To date, GLN has incurred significant losses and may never maintain profitability. See Note 3 to GLN audited consolidated financial statements “Significant Accounting Policies”.

Although GLN has experienced substantial revenue growth during its limited history, it may not be able to sustain this rate of growth or maintain current revenue levels. In order for the Company to meet future operating and debt service requirements, it will need to continue to be successful in its marketing and sales efforts. GLN may not gain customer acceptance of any of its offerings in new markets due to its lack of an established track record, its financial condition, competition, price or a variety of other factors. If sales are increased, the Company’s current operational infrastructure may require changes to scale GLN’s business efficiently and effectively to keep pace with demand and achieve long-term profitability. GLN’s future revenues and expenses are subject to conditions that may change to an extent that cannot be determined at this time. If GLN’s offerings are not accepted by new customers, or if new and existing customers do not purchase GLN’s offerings at anticipated levels, the Company’s operating results may be materially and adversely affected.

### ***Fluctuation of Financial Results***

GLN’s quarterly and annual operating results have fluctuated in the past. GLN is a relatively new company that is rapidly expanding. Thus, revenues may be materially affected by the decisions of its management and/or customers, or due to a variety of other factors, many of which may be beyond the Company’s control. In addition, expenses may exceed estimates or be incurred in the expectation of sales that do not occur or that occur later than expected. General economic conditions or conditions in the industries in which GLN’s customers compete, technological innovations and the adoption of technical standards can also be expected to affect operating results. Management expects its operating expenses to continue to increase in the foreseeable future as it continues to expand its business, including adding employees and contractors in existing and new territories, to support continued investments in GLN’s technology and to support its growth and expansion. Fluctuating results could cause significant, unanticipated quarterly losses and cause GLN’s performance to fall below the expectations of investors, which could adversely affect the price of the Common Shares. In addition, because GLN’s business is changing and evolving rapidly, historical operating results may not be useful in predicting future operating results.

### ***Retaining and Attracting Customers***

To sustain or increase GLN’s existing revenue, the Company must add new advertisers and encourage existing advertisers, which may be represented by advertising agencies, to purchase additional offerings. As the digital advertising industry matures and as competitors introduce lower cost or differentiated products or services that compete with, or are perceived to compete with GLN, its ability to complete sales with new and existing advertisers based on GLN’s current offerings, pricing, technology platform and functionality could be impaired. If GLN fails to retain or cultivate the spending of newer, lower-spending advertisers, it will be difficult for it to sustain and grow its revenue. Even with long-time advertisers, GLN may reach a point of saturation at which it cannot continue to grow revenue from those advertisers because of internal limits that advertisers may place on the allocation of their advertising budgets to digital media, to particular campaigns, to a particular provider or for other reasons not known to management.

GLN has invested significant resources in its sales and marketing teams to educate potential and prospective advertisers and advertising agencies about the value of its platform. Sales often are required to explain how GLN’s platform can optimize advertising campaigns in real time. GLN’s business depends in part upon advertisers’ confidence, and the confidence of the advertising agencies that represent those advertisers that use of real-time advertising exchanges to purchase inventory is superior to other methods of purchasing digital advertising.

GLN often spends substantial time and resources responding to requests for proposals from potential advertisers and their advertising agencies, including developing material specific to the needs of such potential advertisers. GLN may not be successful in attracting new advertisers despite its investment in business development, sales and marketing.

GLN continues to be substantially dependent on its sales team to obtain new customers and to drive sales from existing customers. Management of GLN believes that there is significant competition for sales personnel with the skills and technical knowledge that it requires. GLN's ability to achieve significant revenue growth will depend, in large part, on its success in recruiting, training, integrating and retaining sufficient numbers of sales personnel to support its growth. New hires require significant training and it may take significant time before they achieve full productivity. Recent hires and planned hires may not become productive as quickly as expected, and GLN may be unable to hire or retain sufficient numbers of qualified individuals in the markets where it does business or plans to do business. In addition, if GLN continues to grow rapidly, a large percentage of its sales team will be new to the Company and its offerings. If GLN is unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to its existing customer base, its business will be adversely affected.

#### ***No Long-Term Customer Commitments***

GLN's customers do business with GLN by placing insertion orders ("IO") for particular advertising campaigns. If GLN performs well on a particular campaign, then the advertisers or the advertising agency representing such advertisers may place new insertion orders with GLN for additional advertising campaigns. GLN generally has no commitment from an advertiser beyond the campaign governed by a particular insertion order. Insertion orders may be cancelled by advertisers or their advertising agencies prior to the completion of the campaign without penalty. As a result, GLN's success is dependent upon its ability to outperform competitors and win repeat business from existing advertisers, while continually expanding the number of advertisers for whom it provides services. In addition, it is relatively easy for advertisers and the advertising agencies that represent them to seek an alternative provider for their advertising campaigns because there are no significant switching costs, and agencies often have relationships with many different providers, each of whom may be running portions of the same advertising campaign. Because GLN does not have long-term contracts, management may not accurately predict future revenue streams and there can be no assurance that current advertisers will continue to use GLN's platform, or that GLN will be able to replace departing advertisers with new advertisers that provide GLN with comparable revenue.

#### ***Failure to Properly Manage Growth***

GLN's business has grown since its inception. Continued growth may strain the Company's management, financial, and other resources. GLN relies heavily on information technology systems to manage critical functions such as advertising campaign management and operations, data storage and retrieval, revenue recognition, budgeting, forecasting and financial reporting. To manage any future growth effectively, GLN must expand its sales, marketing, technology and operational staff, invest in research and development of the Programmatic Marketing Platform and/or new offerings, enhance its financial and accounting systems and controls, integrate new personnel or contractors, and successfully manage expanded operations. If GLN continues its growth, it will incur additional expenses, and its growth may continue to place a strain on resources, infrastructure and ability to maintain the quality of its offering. Accordingly, GLN may not be able to effectively manage and coordinate growth so as to achieve or maximize future profitability.

### ***Acquisitions by GLN***

As part of its business strategy, GLN has acquired businesses or technologies that it believes are a strategic fit with its business. GLN has recently undertaken its first acquisitions. Accordingly, the Company's ability as an organization to integrate other companies, products or technologies in a successful manner remains as yet unproven. It may not be possible to find further suitable acquisition candidates, and GLN may not be able to complete such acquisitions on favorable terms, if at all. Any future acquisition may result in unforeseen operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of its business. Since GLN may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value it realizes from a future acquisition, and any acquisitions GLN completes could be viewed negatively by its advertisers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets and the incurrence of large, immediate write-offs.

### ***Reliance on Third Parties***

GLN anticipates that it will continue to depend on various third-parties in order to grow its business. GLN continues to pursue additional third parties, such as technology and content providers, real-time advertising exchanges, market research companies, co-location facilities and other strategic parties. Identifying, negotiating and documenting with third parties requires significant time and resources as does utilizing third-party data and services. GLN's channel partners and providers of technology, computer hardware, co-location facilities, content and consulting services and real-time advertising exchanges are typically non-exclusive, do not prohibit them from working with GLN's competitors or from offering competing services. These third parties may terminate at any time. GLN's competitors may be effective in providing incentives to third parties to favour their products or services or to prevent or reduce purchases of GLN's offerings. In addition, these third parties may not perform as expected with GLN, and GLN may have disagreements or disputes with such third parties, which could negatively affect GLN's brand and reputation.

In particular, GLN's continued growth depends on its ability to source computer hardware, including servers built to its specifications, and the ability to locate those servers and related hardware in co-location facilities in the most desirable locations to facilitate the timely delivery of its services. Similarly, disruptions in the services provided at co-location facilities that GLN relies upon can degrade the level of services that it can provide, which may harm GLN's business. GLN also relies on its utilization with many third-party technology providers to execute its business on a daily basis. GLN must efficiently direct a large amount of network traffic to and from its servers to consider billions of bid requests per day, and each bid typically must take place in approximately 100 milliseconds or less. GLN relies on a third-party domain name service, or DNS, to direct traffic to its closest data center for efficient processing. If GLN's DNS provider experiences disruptions or performance problems, this could result in inefficient balancing of traffic across GLN's servers as well as impairing or preventing web browser connectivity to GLN's platform, which may harm its business.

### ***Personnel***

The loss of any member of GLN's Management Team, and in particular, its co-founders, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on GLN's business and operating results.

At present and for the near future, GLN will depend upon a relatively small number of employees and contractors to develop, market, sell and support its platform. The expansion of technology, marketing and sales of its platform will require GLN to find, hire, and retain additional capable employees or subcontractors who can understand, explain, market, and sell its technology. There is intense competition for capable personnel in all of these areas, and GLN may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, GLN may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity

awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

In addition, as GLN moves into new geographies, it will need to attract and recruit skilled employees in those areas. GLN has little experience with recruiting in geographies outside of Canada and the United States, and may face additional challenges in attracting, integrating and retaining international employees.

### ***Conflicts of Interest***

Certain of the Directors and Officers of GLN are or may become Directors or Officers of, or have significant shareholdings in, other companies and, to the extent that such other companies may participate in ventures in which GLN may participate, the Directors and Officers of GLN may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with GLN. In the event that any such conflict of interest arises, a Director who has such a conflict will disclose the conflict to a meeting of the Board of Directors of GLN and will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the Directors of GLN are required to act honestly, in good faith and in the best interests of GLN. In determining whether or not GLN will participate in a particular transaction, the Directors will primarily consider the potential benefits to GLN, the degree of risk to which GLN may be exposed and its financial position at that time.

### **Financial and Accounting Risks**

#### ***Additional Financing***

There can be no certainty that GLN's financial resources and revenue from sales will be sufficient for its future needs. GLN may need to incur significant expenses for growth, operations, research and development, as well as sales and marketing of GLN's Programmatic Marketing Platform. In addition, other unforeseen costs could also require additional capital. The ability of GLN to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of GLN. It may be difficult or impossible for GLN to obtain debt financing or equity financing on commercially acceptable terms. This may be further complicated by the limited market liquidity for shares of smaller companies such as GLN, restricting access to some institutional investors. There is a risk that interest rates will increase given the current historical low level of interest rates. An increase in interest rates could result in a significant increase in the amount that GLN pays to service future debt incurred by GLN and affect GLN's ability to fund ongoing operations. If additional financing is raised by the issuance of shares or other forms of convertible securities, control of GLN may change and shareholders may suffer dilution. If adequate funds are not available, or not available on acceptable terms, GLN may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and continue operations. Any debt financing that is secured in the future could involve restrictive covenants relating to GLN's future capital raising activities and other financial and operational matters, including the ability to pay dividends. This may consequently make it more difficult for GLN to obtain additional capital and to pursue business opportunities, including potential acquisitions.

#### ***Foreign Sales***

GLN currently has certain foreign sales that are denominated in US dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, GLN incurs a portion of its operating expenses in US dollars. In the future, GLN's international sales may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact GLN's business, financial condition and results of operations. GLN has not previously engaged in foreign currency hedging. If GLN decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide GLN from foreign currency fluctuations and can themselves result in losses.

### ***Estimates or Judgments Relating to Critical Accounting Policies***

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. GLN bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. GLN's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause GLN's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of GLN. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment tests for non-financial assets, as well as revenue and cost recognition.

### ***Internal Controls over Financial Reporting***

As a result of GLN's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. GLN does not have the resources, size and scale to warrant the hiring of additional staff to address this potential weakness at this time. To help mitigate the impact of this, GLN is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a venture issuer, GLN will not be required to certify the design and evaluation of its disclosure controls and procedure ("DC&P") and internal controls over financial reporting ("ICFR"), and as such GLN has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 Certification of Disclosure In Issuers' Annual and Interim Filings may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Industry Risks**

### ***Market Competition and Technological Changes***

The existing and anticipated markets for GLN's Programmatic Marketing Platform are highly competitive. Barriers to enter the market are low and additional companies may enter the market with competing offerings as the size and visibility of the market opportunity continues to increase. Existing industry participants may also develop or improve their own offerings to achieve cost efficiencies and deliver additional value. In addition, GLN's customers could develop their own solutions. Many of GLN's competitors have longer operating histories, greater name recognition, substantially greater financial, technical, marketing, management, service, support, and other resources than does GLN. They may be able to respond more quickly than GLN can to new or changing opportunities, technologies, standards, or customer requirements.

In addition to other companies offering Programmatic and real time bidding solutions, GLN also competes with services offered through large online portals that have significant brand recognition, such as Yahoo and Google. These large portals have substantial proprietary digital advertising inventory that may provide them with competitive advantages, including far greater access to internet user data, and the ability to significantly influence pricing for digital advertising inventory. GLN also competes for a share of advertisers' total advertising budgets with online search advertising, for which GLN does not offer a solution, and with traditional advertising media, such as direct mail, television, radio, cable and print.

Some of the competitors mentioned above also act as suppliers of GLN, putting them in a potential conflict of interests position. There is a risk that such competitors may, in the future, constrain or entirely cut off GLN from its sources of supply of inventory in order to improve their own competitive position in the markets targeted by GLN.

New products or technologies will likely increase competitive pressures and competition could result in pricing pressures, reduced margins, or the failure of GLN's offerings to achieve or maintain acceptance in existing or anticipated markets. The development of competing offerings or technologies by market participants or the emergence of new industry or government standards may adversely affect GLN's competitive position.

As a result of these and other factors, GLN may be unable to compete effectively with current or future competitors. Such inability would likely have a material adverse effect on GLN's business, financial condition and results of operations.

### ***Legislation and Regulation***

Government regulation may increase the costs of doing business online. The Canadian and certain foreign governments have enacted or are considering legislation related to online advertising and management of GLN expects to see an increase in legislation and regulation related to advertising online, the use of geo-location data to inform advertising, the collection and use of anonymous internet user data and unique device identifiers, such as IP address or mobile unique device identifiers, and other data protection and privacy regulation. Such legislation could affect the costs of doing business online, and may adversely affect the demand for GLN's offerings or otherwise harm its business, results of operations and financial condition. For example, a wide variety of provincial, state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information. The Personal Information Protection and Electronic Documents Act and substantially similar provincial privacy laws in Canada provide that IP addresses are personal information. Currently, GLN collects and stores IP addresses for fraud prevention purposes only and not for advertisement targeting purposes.

In addition, while GLN takes steps to avoid collecting personally identifiable data about consumers (other than IP addresses), it may inadvertently receive this information from advertisers or advertising agencies or through the process of delivering advertising and may inadvertently release this information in contravention of applicable privacy legislation. GLN's failure to comply with applicable laws and regulations, or to protect personal information, could result in enforcement action against GLN, including fines, imprisonment of its officers and public censure, claims for damages by consumers and other affected individuals, damage to the Company's reputation and loss of goodwill, any of which could have a material adverse impact on operations, financial performance and business. Even the perception of privacy concerns, whether or not valid, may harm GLN's reputation and inhibit adoption of its offerings by current and future advertisers and advertising agencies.

### ***Ability to Protect GLN's Proprietary Offering***

Any failure to protect GLN's proprietary Programmatic Marketing Platform could harm its business and competitive position. There can be no assurance that any steps GLN has taken or intends to take will be adequate to defend and prevent misappropriation of technology, including the possibility of reverse engineering and the possibility that potential competitors will independently develop technologies that are designed around and are substantially equivalent or superior to GLN's technology.

GLN may use a combination of trade secret, copyright law, nondisclosure agreements, passing-off laws, other common law intellectual property protections and technical measures to protect its proprietary technology. GLN has generally entered into confidentiality agreements with and obtains assignments of intellectual property and waivers of moral rights from its employees and contractors and has worked to limit access to and distribution of its technology, documentation and other proprietary information. However, the steps taken may not be adequate to deter misappropriation or independent third-party development of GLN's technology. In addition, the laws of some foreign countries do not protect proprietary technology rights to the same extent as do the laws of Canada and the United States. If GLN resorts to legal proceedings to enforce its intellectual property rights, the proceedings could be burdensome and expensive and could involve a high degree of risk to GLN's proprietary rights if it is unsuccessful in such proceedings. Moreover, GLN's financial resources may not be adequate to enforce or defend its rights in its technology. Additionally, any patents that GLN may apply for or obtain in the future may not be broad enough to protect all of the technology important to its business, and its ownership of patents would not in itself prevent others



from securing patents that may prevent GLN from engaging in actions necessary to its business, products, or services.

#### ***Infringement of Intellectual Property Rights***

If GLN's proprietary Programmatic Marketing Platform violates or is alleged to violate third party proprietary rights, GLN may be required to reengineer its technology or seek to obtain licenses from third parties to continue offering its technology without substantial reengineering. Any such efforts may not be successful or if successful could require payments that may have a material adverse effect on profitability and financial condition. Any litigation involving infringement claims would be expensive and time-consuming, and an adverse outcome may result in payment of damages or injunctive relief that could materially and adversely affect GLN's business.

GLN does not independently verify whether it is permitted to deliver advertising to its advertisers' internet users or that the content of the advertisements it delivers is legally permitted. GLN receives representations from advertisers that the content of the advertising that GLN places on their behalf is lawful. GLN also relies on representations from its advertisers that they maintain adequate privacy policies that allow GLN to place pixels on their websites and collect valid consents from users that visit those websites to collect and use such user's information to aid in delivering GLN's product. If any of these representations are untrue and GLN's advertisers do not abide by laws governing their content or privacy practices, GLN may become subject to legal claims and exposed to potential liability and expense (for which it may or may not be indemnified), and its reputation may be damaged.

#### ***Use of Open Source Software Components***

GLN's Programmatic Marketing Platform, including its computational infrastructure, relies on software licensed to it by third-party authors under "open source" licenses. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that GLN make available source code for modifications or derivative works GLN creates based upon the type of open source software GLN uses. If GLN combines its proprietary software with open source software in a certain manner, GLN could, under certain open source licenses, be required to release the source code of its proprietary software to the public. This would allow GLN's competitors to create similar solutions with lower development effort and time and ultimately put GLN at a competitive disadvantage.

Although GLN monitors its use of open source software to avoid subjecting its products to conditions it does not intend, the terms of many open source licenses have not been interpreted by Canadian courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on GLN's ability to commercialize its services. Moreover, GLN cannot guarantee that its processes for controlling its use of open source software will be effective. If GLN is held to have breached the terms of an open source software license, it could be required to seek licenses from third parties to continue operating its platform on terms that are not economically feasible, to re-engineer its platform or the supporting computational infrastructure to discontinue use of certain code, or to make generally available, in source code form, portions of its proprietary code, any of which could adversely affect GLN business, operating results and financial condition.

#### ***Unanticipated Problems Associated with the Programmatic Marketing Platform***

GLN depends upon the sustained and uninterrupted performance of its platform to operate a number of campaigns at any given time; manage its inventory supply; bid on inventory for each campaign; serve or direct a third party to serve advertising; collect, process and interpret data; and optimize campaign performance in real time and provide billing information. Because GLN's technology is complex, undetected errors and failures may occur, especially when new versions or updates are made. GLN's Programmatic Marketing Platform may contain undetected errors or "bugs", which result in system failures, or failure to perform in accordance with industry or customer expectations. Despite GLN's plans for quality control and testing measures, its Programmatic Marketing Platform, including any enhancements, may contain such bugs or exhibit performance degradation, particularly during periods of rapid expansion. In such an event, GLN may be required or choose to expend additional resources to help mitigate any problems resulting

from errors in its technology. Product or system performance problems could result in loss of or delay in revenue, loss of market share, failure to achieve market acceptance, adverse publicity, diversion of development resources and claims against GLN by its customers and other parties.

### ***Mobile Advertising***

GLN's success in the mobile advertising channel depends upon the ability of its Programmatic Marketing Platform to integrate with mobile inventory suppliers and provide advertising for most mobile connected devices, as well as the major operating systems that run on them and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems is controlled by third parties with whom GLN does not have any formal relationships. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers may also impact the ability to access specified content on mobile devices. If GLN's platform is unable to work on these devices or operating systems, either because of technological constraints or because a maker of these devices or developer of these operating systems wished to impair GLN's ability to provide advertisements on them or GLN's ability to fulfill advertising space, or inventory, from developers whose applications are distributed through their controlled channels, GLN's ability to generate revenue could be significantly harmed.

### ***Net Applications***

The Net Applications project gives GLN the unique position of having its AdTech advertising platform baked directly into several applications that are shipped on mobile handsets sold within the USA. What this means for GLN is that when users of those handsets open the applications, GLN is used to monetize those users on a revenue share basis. This gives GLN a captive market with tech on page for all of these mobile handsets. While the development of this is lengthy and requires their development team alongside, a successful implementation will open further doors not only within this deal but other suppliers who are also interested in this usage case.

Looking forward, fresh content to distribute within these applications is a constant demand, and while right now, the Company are focused on the AdTech side of the implementation, in future, the Company can syndicate content and add additional revenue streams from this deal.

### ***Obsolescence***

GLN's business is characterized by rapid technological change, frequent new product and service introductions and enhancements, uncertain product life cycles, changes in customer requirements, and evolving industry standards. The introduction of new products embodying new technologies, the emergence of new industry standards, or improvements to existing technologies could render GLN's platform obsolete or relatively less competitive. GLN's future success will depend upon its ability to continue to develop and expand its Programmatic Marketing Platform and to address the increasingly sophisticated needs of its customers. GLN may experience delays in releasing new offerings or enhancements in the future. Material delays in introducing new offerings or enhancements may cause customers to forego purchases of GLN's offering to purchase offerings of competitors instead.

### ***Catastrophic Events***

GLN maintains servers at co-location facilities in the US that it uses to deliver advertising campaigns for its advertisers. Any of its existing and future facilities may be harmed or rendered inoperable by attack or security intrusion by a computer hacker, natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, war, acts of terrorism or other criminal activities, infectious disease outbreaks and power outages, any of which may render it difficult or impossible for GLN to operate its business for some period of time. One co-location facility where GLN maintains data used in its business operations is located in the Greater Los Angeles Area, a region known for seismic activity. If GLN were to lose the data stored in its California co-location facility, it could take several days, if not weeks, to recreate this data from multiple sources, which could result in significant negative impact on its business operations, and potential damage to its advertiser and advertising agency relationships. Any disruptions in GLN's operations could negatively impact its business and results of operations, and harm its reputation. In addition, GLN may not carry sufficient business interruption insurance to compensate for the losses that

may occur. Any such losses or damages could have a material adverse effect on GLN's business, financial condition and results of operations.

### ***Economic, Political and Market Conditions***

GLN's business depends on the overall demand for advertising and on the economic health of its current and prospective advertisers. Economic downturns or instability in political or market conditions may cause current or new advertisers to reduce their advertising budgets. Adverse economic conditions and general uncertainty about continued economic recovery are likely to affect GLN's business prospects. This uncertainty may cause general business conditions in the United States and elsewhere to deteriorate or become volatile, which could cause advertisers to delay, decrease or cancel purchases of GLN's offering; and expose GLN to increased credit risk on advertiser orders, which, in turn, could negatively impact its business, financial condition and results of operations. In addition, continued geopolitical turmoil in many parts of the world have and may continue to put pressure on global economic conditions, which could lead to reduced spending on advertising.

### **Risks Related to the Common Shares**

#### ***Market for Common Shares***

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. Technology stocks have historically experienced high levels of volatility and GLN cannot predict the prices at which the Common Shares will trade. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include (i) announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by GLN or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular; (iv) fluctuations in the trading volume of the Common Shares or the size of GLN's public float; (v) actual or anticipated changes or fluctuations in GLN's results of operations; (vi) whether GLN's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving GLN, its industry, or both; (ix) regulatory developments in the Canada, the United States, and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Common Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on GLN from any of the other risks cited herein.

#### ***Substantial Control by Insiders***

As at September 30, 2019, GLN's directors and executive officers, in the aggregate, beneficially own approximately 7% of the Common Shares. As a result, these insiders will be able to influence or control matters requiring approval by GLN's shareholders, including the election of Directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from those of investors and may vote in a manner that is adverse to investors' interests. This concentration of ownership may have the effect of deterring, delaying or preventing a change of control of GLN, could deprive GLN's shareholders of an opportunity to receive a premium for their Common Shares as part of a sale of GLN and might ultimately affect the market price of the Common Shares.

#### ***Significant Sales of Common Shares***

Although the Company's Common Shares are freely tradable, the Common Shares held by GLN's directors and executive officers will be subject to escrow pursuant to the policies of the Exchange. Sales of a substantial number of the Common Shares in the public market after the expiry of lock-up or escrow restrictions, or the perception that these sales could occur, could adversely affect the market price of the Common Shares and may make it more difficult for investors to sell Common Shares at a favourable time and price.

***Analyst Coverage***

The trading market for the Common Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about GLN or its business. GLN will not have any control over these analysts. If one or more of the analysts who covers GLN should downgrade the Common Shares or change their opinion of GLN's business prospects, GLN's share price would likely decline. If one or more of these analysts ceases coverage of GLN or fails to regularly publish reports on GLN, GLN could lose visibility in the financial markets, which could cause GLN's share price or trading volume to decline.

***Tax Issues***

There may be income tax consequences in relation to the Common Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

***Fraud***

GLN operates as a technology and services provider in a dynamic eco-system where fraud exists. Typical forms of fraud include robotic traffic, where robots mimic the behavior of users in order to inflate the number of impressions, clicks, post clicks actions or other metrics associated with the ad; ads that have no potential to be viewed by a human; and activities designed to trick mechanisms for user data collection or attribution models. GLN employs reasonable measures to detect and eliminate fraud to the best of its ability. However, despite its efforts, GLN is not in the fraud detection business and there are no guarantees as to the degree to which fraud can be minimized.

***Publisher Protection***

GLN offers managed media campaign services and licenses its technology to third parties who use it to carry out media buys. Despite GLN's efforts to protect its suppliers from unwanted buying activities and ads, misuse of the system by advertising parties cannot be ruled out.

***Ad Blockers***

Ad blockers represent an increased risk to the online advertising industry as a whole, as their use has lately risen. Ad blockers prevent ads from being displayed and can interfere with the collection and transmission of data required for the normal operation of the online advertising ecosystem, including user data, measurement and attribution. The industry is taking steps to combat ad blocking and tools have been created to detect ad blockers for use by publishers. These tools allow publishers who rely on ad revenue to withhold content from users with ad blockers. Additionally, in order to discourage the use of ad blockers, the industry is initiating a shift towards ads that are less disruptive to the user experience. Nevertheless, there are no guarantees that these measures will be sufficient to eliminate all ad blocking activities and that GLN will not experience loss of potential revenue as a result of ad blocking.