

AQUARIUS AI INC.

(formerly Good Life Networks Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2020

This management discussion and analysis ("MD&A") of Aquarius AI Inc. formerly (Good Life Networks Inc. or GLN) (the "Company" or "AQUA") for the three and nine months ended September 30, 2020 is as of November 30, 2020. 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

Aquarius AI Inc. (formerly Good Life Networks Inc.) (the "Company" or "Aquarius" or "Aqua") was incorporated under the Business Corporations Act on August 17, 2011. 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, then Exito Energy II Inc. ("Exito") 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 to form the Company as the resulting issuer. The Company continued the business of GLN..

The Company changed its name from Good Life Networks Inc. to Aquarius AI Inc. on November 29, 2019. The trading ticker symbol is "AQUA". The Company continues to trade on the Frankfurt Stock Exchange under the stock symbol "4G5". The principal office of the Company is located at 595 Howe Street 10th floor, Vancouver, BC V6C 2T5, Canada.

The Company's is a marketing technology company which has focused on customer acquisition for consumer products and services. Originally focused on the AdTech sector, the Company is in the process of shifting the use of its developed technologies to generate revenues in the Esports fantasy and online gaming and betting industry.

For the nine months ended September 30, 2020, the Company had a net gain of \$10,570,774 (2019 – loss of \$23,604,295) and has an accumulated deficit of \$26,310,790 (2019 - \$35,594,363)

The Company has not been in compliance with its debt covenants and currently does not generate sufficient working capital to enable it to meet its administrative overhead, service its obligations or maintain its interests. Currently, the Company's focus has been on utilizing its technology and operations to secure new sources of working capital to continue operations. The Company's ability to continue as a going concern is dependent upon the successful results from its activities of repositioning its technology, its ability to attain profitable operations therefrom and its immediate ability to raise equity capital, none of which is in any way certain that the Company

can achieve. The nature of the Company's business involves a high degree of risk and there can be no assurance that management's plans will be successful.

CORPORATE UPDATE – FUTURE OUTLOOK

During 2019 there was 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 was 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 and led to a number of high-profile investigations being announced by regulators and watchdogs:

There have been multiple articles on this matter and all 50 Attorney Generals in the United States have joined the investigation along with the US Department of Justice.

This shift in the industry landscape has resulted in a significant negative impact on the AdTech sector and directly impacted the Company twofold: publishers that we represented were told buyers will not purchase from them if they sold through our platform. This massively impacted our ability to generate revenue in that sector. 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.

The Company's business was significantly degraded, and the Company decided not to remain in this space. Revenues following this shift were 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. Impression X Inc. was closed in Q4 2019 and was subsequently dissolved in the same quarter. 495 Communications LLC was closed in 2019 and will be dissolved.

The Company has been working to reposition its business. The repositioning strategy proposes utilizing the technology the Company has developed to power customer acquisition for several consumer products and services, including Esports, fantasy and other on-line gambling services. This pivot in the Company's business will require less working capital and a scaled-down team and will use the Company's existing technology to gain a competitive advantage. The Company announced on June 15th 2020 that it entered into a non-binding letter of intent with an Esports betting platform. Also announced was the recruitment of a very experienced betting and online gambling expert, Mr Graham Martin from London England, as President and a member of the Board of Directors.

Esports viewership is significant, with Goldman Sachs Investment Research stating that Esports will have more viewers globally by 2022 than the NFL. With a typical audience under 35 years old, Esports audiences are said to represent 48% of the North American population. Goldman Sachs Investment Research recently noted that 18-25-year olds (Generation Z) now watch more computer games than traditional sports and that Esports will reach 276 million viewers globally by 2022. This is a bigger audience than major league real sports such as the NFL. Furthermore, the global Esports betting market is growing at 44% CAGR and is projected to be a \$17.2B market by 2020.

The Company believes the Esports audience are the lucrative consumers of tomorrow and yet traditional advertising channels are struggling to reach this market. The Company sees the potential of this audience and has designed a strategy to imbed itself at the heart of this community through monetizing Esports content and betting.

The Company intends to focus on the following 3 pillars as it seeks to implement its strategy:

1. Audience: Securing exclusive relationships with global Esports communities, with a focus on Esports specific television stations/streaming channels, Podcasts as well as Esports teams.
2. Technology: The Company intends to add audio content monetization to its existing video technology to provide a 360-degree approach to monetizing Esports content.

3. Betting Platforms: Expanding upon its recently announced Letter of Intent with a leading UK based Esports betting platform (see the Company's news release dated June 15, 2020), it is anticipated that further betting platforms in additional jurisdictions will be sought to expand the reach of our betting customer acquisition offering.

The Company anticipates that revenues will be generated through content monetization via Esports video and audio channels, as well as commissions/revenue shares from introducing betting customers.

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 has not. Redeploying the Company's technology in these new markets will give the Company a significant customer acquisition advantage. The Company anticipated this shift would take around 3-4 months to affect and would be live during Q3 or early Q4 2020. However a lack of financial resources and other limiting factors have meant that this has now been delayed until Q1 or early Q2 2021 at the earliest. If the Company is unable to secure further funding in the near future, then this implementation could be postponed indefinitely.

During October, 2020 the Company entered into a Letter of Intent with Gemini Digital Corp. ("Gemini") to license their audio monetization technology. Pursuant to the Letter of Intent, the Company will have access to the Gemini technology through a custom white labelled implementation for a period of 3 years on a revenue share basis. The Company and Gemini anticipate entering into a definitive agreement outlining the terms of the revenue sharing arrangement contemplated in the Letter of Intent. The Company anticipates that adding audio advertising technology to its current video technology will give it the capabilities to monetize Esports content via video, audio, podcasts and streaming.

The Company successfully settled with its secured lender and had wanted to clear a significant amount of its outstanding debts by way of issuing shares in lieu. However, the Company to date was only able to settle \$101,331 of its debt.

Due to the shortfall in the private placement, which raised approximately \$1,350,000 rather than the forecast \$2,500,000, a further financing will be required in the short term and the outcome of that financing will be critical to the successful future operations of the Company.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

OVERALL PERFORMANCE

REVENUE AND MEDIA COSTS

The Company generates revenue through its proprietary advertising technology platform and related systems, connecting online users to advertisers. During the period ended September 30, 2020, the Company generated no revenue (2019 - \$8,447,523).

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, 2020, media costs were \$Nil compared to \$5,257,132 for the comparable period ended September 30, 2019. No expenditures during the current period are directly attributable to the collapse of the Adtech sector and the Company is not currently generating revenues. If the Company is successful with repositioning its business focus to Esports and online gaming, it will be evaluating its pricing strategy in order to optimize the Company's objectives of market penetration and profitability; accordingly, margins will fluctuate from year to year

RESULTS OF OPERATIONS

Results for the six months ended September 30, 2020 and 2019

The following table summarizes various results for the nine months ended September 30, 2020 and 2019:

	Nine months Ended September 30,	
	2020	2019
	\$	\$
Total revenue	Nil	8,447,523
Direct expenses	Nil	5,257,132
Operating expenses	1,822,401	19,161,812
Other expenses (gains)	(12,393,146)	7,632,874
Net income (loss)	10,570,745	(23,604,259)
Comprehensive income (loss)	10,562,272	(23,969,513)
Comprehensive income (loss) per share - Basic and diluted	0.88	(0.29)

Year-over-year decrease in revenue growth was attributable to negative shifts in the advertising technology industry. Advertising sales contributed revenue of \$8,447,523 during the nine months ended September 30, 2019 compared to \$Nil for September 30, 2020.

Other expenses gain of \$12,393,146 for the nine months ended September 30, 2020 was due to gains realized on forgiveness of debt and write-offs as compared to other expenses of \$7,632,874 for the same nine month period ended September 30, 2019.

The gains realized on forgiveness of debt and write-offs is directly reflected in the net income of \$10,570,745 at September 30, 2020 as compared to the net loss of \$23,604,259 for September 30, 2019.

As of September 30, 2020, as a result of the deterioration of its revenues for its advertising and content marketing business the Company:

- Has impaired and written off the following during the nine months ended September 30, 2020 and the year ended December 31, 2019:

	September 30, 2020	December 31, 2019
Intangible assets	\$ -	\$ 10,468,597
Goodwill related to 495	-	7,792,864
Goodwill related to ImpressionX	-	2,292,733
Office equipment and software	-	84,812
Dissolution of ImpressionX	-	1,040,732
Prepays and Deposits	(59,245)	-
Dissolution of GLN US	(377,849)	-
Total	\$ 437,094	\$ 21,679,738

- Recognized net bad debts of \$10,227,552. The amount includes uncollectable trade receivables of \$14,790,502, offset by related \$4,562,960 trade payables that the Company is not liable for.
- Settled accounts payable amounts with payments lower than their carrying values, resulting in a gain of \$243,506.

- During the year ended December 31, 2019, the Company settled payable amounts with ImpressionX former owners, resulting in a gain of \$855,135.
- Recognized contract settlement fees of \$656,470 for breaking the contract with a third party for digital advertising and marketing platform development. As at December 31, 2019, \$505,333 is still outstanding.
- Early terminated its lease agreement and derecognized the ROU asset and lease liability of \$82,361
- On January 20, 2020, entered into an amended settlement agreement with Lerna and Lernalabs pursuant to which the Company agreed to issue 750,000 common shares to Lerna and Lernalabs, together with the transfer of 185,000 common shares owned by an officer of the Company to another officer of the Company, in full settlement of the amount owing of \$851,695.
- On April 24, 2020, entered into a mutual release agreement with the former owner of 495 in full settlement of outstanding loan payable of \$1,035,010. Pursuant to the agreement, the Company agreed to pay the seller the equivalent of USD \$125,000 in four installments: USD \$25,000 by June 1, 2020 (paid); \$25,000 by September 1, 2020; USD \$25,000 by December 1, 2020 and USD \$50,000 by March 1, 2020, together with the issuance of 150,000 common shares at a deemed price of \$0.50 (equating to \$75,000) upon the approval of the TSX Venture Exchange.
- On June 12, 2020, completed debt settlements of an aggregate of \$548,878 with two arm's length creditors through the issuance of 219,551 common shares.
- On June 15, 2020, entered into a non-binding letter of intent ("LOI") to acquire all of the issued and outstanding equity units of a leading Esports betting platform provider. The proposed acquisition will result in the issuance of 45% of the Company's shares on a fully diluted basis on a post-consolidation basis, subject to adjustments.
- The Company's 60% owned subsidiary, Good Life Network USA Inc. ("GLN US"), was dissolved on June 17, 2020. As at September 30, 2020, the non-controlling interest in GLN US was reduce to Nil.
- On July 8, 2020, the Company consolidated its common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares held. The 101,595,539 pre-consolidated common shares issued and outstanding were adjusted to 10,159,554 post-consolidated common shares.
- On July 30, 2020, the Company closed a non-brokered private placement offering of aggregate of 13,327,450 units of the Company (on a post-consolidation basis), at a price of \$0.10 per unit to raise gross proceeds of \$1,332,745. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant will entitle the holder, on exercise thereof, to purchase an additional common share of the Company at a price of \$0.15 per share for a period of 24 month from the completion of the private placement.
- In August 2020, the Company reached an agreement with the Bank to settle all outstanding debt of \$10,754,619 and accrued interest of \$538,896 in exchange of (i) 500,000 common share purchase warrants (the "Settlement Warrants") of the Company; and (ii) a cash payment of \$825,000. Each Settlement Warrant is exercisable into one common share of the Company at a price of \$0.275 per share for a period of 24 months from the date of issue. On August 17, 2020, the Company has fully settled the loan with the Bank by issuing Settlement Warrants and making the cash payment. On August 17, 2020, the debt has been definitively extinguished upon the issuance of the Settlement Warrants and the completion of the cash payment.
- On October 1, 2020 the Company issued 1,013,311 common shares in settlement of \$101,331 of outstanding debts due to arm's length parties.
- On November 4, 2020 the Company issued 250,000 common shares in satisfaction of a warrant exercise at \$0.15 per share.

- On November 10, 2020 the Company issued 100,000 common shares in satisfaction of a warrant exercise at \$0.15

Results for the three months ended September 30, 2020 and 2019

The following table summarizes various results for the three months ended September 30, 2020 and 2019:

	Three months Ended September 30,	
	2020	2019
	\$	\$
Total revenue	Nil	751,971
Direct expenses	Nil	542,731
Operating expenses	566,859	3,161,046
Other expenses (gain)	(11,875,519)	381,251
Net income (loss)	10,620,660	(3,333,065)
Comprehensive income (loss)	10,590,425	(3,329,834)
Comprehensive income (loss) per share - Basic and diluted	(0.09)	(0.04)

Year-over-year decrease in revenue growth was attributable to negative shifts in the advertising technology industry. Advertising sales contributed revenue of \$7,51,971 during the three months ended September 30, 2019 compared to \$Nil for September 30, 2020.

Other expenses gain of \$11,875,519 for the three months ended September 30, 2020 was due to gains realized on forgiveness of debt and write-offs as compared to other expenses of \$381,251 for the same three month period ended September 30, 2019.

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:

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total Revenue	\$Nil	\$Nil	\$Nil	\$(89,137)
Direct Expenses	\$Nil	\$Nil	\$Nil	\$711,217
Gross Profit	\$Nil	\$Nil	\$Nil	\$(800,351)
Comprehensive Income (Loss)	\$10,562,272	\$824,361	\$(852,515)	\$(2,167,065)

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
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)

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 does not manage currency risk through hedging or other currency management tools. As at September 30, 2020 and December 31, 2019, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	September 30, 2020	December 31, 2019
	CAD\$	CAD\$
Cash	779	25,153
Accounts receivable	-	597,765
Accounts payable and accrued liabilities	(1,533,065)	(1,223,439)
Loans payable	(93,493)	(1,091,936)
Other liabilities	(704,901)	(559,931)
	(2,330,680)	(2,252,388)

A 10% (December 31, 2019 - 10%) change in the US dollar against the Canadian dollar at June 30, 2020 would result in a change of approximately \$233,000 (December 31, 2019 - \$225,000) in comprehensive income (loss).

To date the Company does not hedge foreign currency transactions but may elect to do so in the future if it is determined to be advantageous.

LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the consolidated statements of financial position as at September 30, 2020 and September 30, 2019 are as follows:

	September 30, 2020	September 30, 2019
Working capital (deficit)	\$ (2,331,011)	\$ (14,806,126)
Deficit	\$ (26,310,790)	\$ (35,594,363)

The Company completed a financing as announced in June, 2020. The funds were mainly used to settle with outstanding creditors, as such the Company current does not have sufficient working capital to meet its ongoing financial obligations. The Company is considering all sources of finance reasonably available to it, including additional private placements of equity. There can be no assurance of an ability to secure such financing and 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, 2020	September 30, 2019
Cash used in operating activities	\$ (344,086)	\$ (3,783,085)
Cash used in investing activities	Nil	(26,900)
Cash provided by financing activities	244,098	3,239,893
Foreign exchange effect on cash	Nil	(250,288)

Net increase (decrease) in cash and cash equivalents	\$ (99,988)	\$ (820,379)
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The decrease in cash was primarily attributable to the reduced proceeds of share issuances, offset by less acquisitions and purchase of intangibles from investing activities and amounts paid for its operating activities, as compared to the period ended September 30, 2019.

The Company's current cash position is insufficient to meet its operational and capital needs for the next 12 months. Additional financing will be required to support ongoing operations and the Companies repositioning. The Company intends to seek new funding from equity financings 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. 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.

The Company must obtain additional funds to continue as a going concern.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2020, the Company paid wages and benefits of \$84,430 (2019 - \$Nil) to companies controlled by directors/officers and family members of directs/officers.

As at September 30, 2020, included in accounts payable and accrued liabilities was \$181,368 (December 31, 2019 - \$27,255) owing to officers and directors. The amounts due to or from related parties are without stated terms of repayment or interest and are unsecured.

As at September 30, 2020, included in other liabilities was \$219,970 (December 31, 2019 – \$Nil) owing to a company controlled by directors/officers. The amounts due to or from related parties are without stated terms of repayment or interest and are unsecured (note 9).

The Company's directors/officers acquired 1,000,000 units pursuant to the private placement which was taken place on July 30, 2020. The issuance of units is considered to be a related party transaction within the meaning of TSX Venture Exchange Policy (note 6(b)).

In 2018, the Company acquired certain patents from a company controlled by an officer of the Company in the amount of \$625,000, which remains unpaid as at September 30, 2020 and is included in accounts payable and accrued liabilities.

These transactions are in the normal course of business and have been valued in these consolidated financial statements at the fair value of the consideration paid.

Key management compensation

The Company's key management consist of executive officers and directors:

The compensation recorded to key management personnel during the nine months ended September 30, 2020 and 2019 were as follows:

	Nine Months Ended September 30,	
	2020	2019
Salaries and short-term employee benefits	\$ 562,952	\$ 1,712,464
Share-based compensation	\$ -	\$ 151,931

CONTRACTUAL OBLIGATIONS

Lerna and Lernalabs

On January 20, 2020, the Company entered into an amended settlement agreement with Lerna, LLC ("Lerna") and Lernalabs Ltd. ("Lernalabs") pursuant to which the Company agreed to issue 750,000 common shares to

Lerna and Lernalabs in full settlement of the amount owing to them. The fair value of the 750,000 common shares was determined to be \$75,000. The shares were issued on June 12, 2020 together with other debt settlements.

As at September 30, 2020, a payable of \$434,931 remains outstanding which is due to the lawyers responsible for negotiating the various agreements with Lerna and Lernalabs.

Bank

On December 17, 2018, the Company entered into a commercial agreement with a major Canadian financial institution (the "Bank") to provide four credit facilities ("Facilities") for working capital and acquisitions.

During the year ended December 31, 2019, the Company was not in compliance and failed to make the scheduled payments. On November 5, 2019, the Company entered into a restructuring agreement with the Bank to consolidate the facilities into two Canadian dollar loans (the "Restructured Loans") pursuant to which the Bank agreed to defer enforcement of the security until November 5, 2021 (the "Maturity Date"), as follows:

	August 17, 2020	December 31, 2019
Loan A	\$ 3,000,000	\$ 3,000,000
Loan B	7,754,619	7,754,619
Accrued interest	597,407	135,423
	11,293,515	10,890,042
Less: current portion	(11,293,515)	(10,890,042)
Long term portion	\$ -	\$ -

The Company was not in compliance at December 31, 2019 and up to and including settlement as described below:

On August 15, 2020, the Company reached an agreement with the Bank to settle all outstanding debt in exchange of (i) 500,000 common share purchase warrants (the "Settlement Warrants") of the Company; and (ii) a cash payment of \$825,000. Each Settlement Warrant is exercisable into one common share of the Company at a price of \$0.275 per share for a period of 24 months from the date of issue. As at September 30, 2020, the debt was definitively extinguished upon the issuance of the Settlement Warrants and the completion of the cash payment on August 17, 2020. A gain of \$10,330,969 from settlement of debt was recognized in the statement of comprehensive income (loss).

Loan Payable

The Company signed a promissory note agreement related to the acquisition of 495 for \$1,035,010. The loan is repayable on or before February 1, 2019. The loan will begin accruing interest at a rate of 6% per annum in the event the principal is not repaid on the due date. The loan is unsecured.

On April 24, 2020, the Company entered into a mutual release agreement with the former owner of 495 in full settlement of outstanding loan payable of \$1,035,010 and its accrued interest. Pursuant to the agreement, the Company agreed to pay the seller the equivalent of USD \$125,000 in four installments:

- i) USD \$25,000 by June 1, 2020 (paid);
- ii) USD \$25,000 by September 1, 2020 (paid);
- iii) USD \$25,000 by December 1, 2020 (unpaid);
- iv) USD \$50,000 by March 1, 2021 (unpaid); and
- v) issuance of 150,000 common shares at a deemed price of \$0.50, equating to \$75,000 (issued).

As at September 30, 2020, the outstanding balance is \$93,493 (December 31, 2019 - \$1,091,935), including interest payable of \$nil as at September 30, 2020 (December 31, 2019 - \$56,926). A gain of \$862,965 from settlement of debt was recognized in the statement of comprehensive income (loss).

OUTSTANDING SHARE CAPITAL

The Company completed a ten old for 1 new (10:1) consolidation of its common shares effective July 8, 2020. As of the date of this report, November 30, 2020, on a post-consolidated basis there are 24,850,316 common shares issued and outstanding 429,338 stock options, and 7,307,914 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.

SUBSEQUENT EVENTS

There are no subsequent events to report other than as disclosed elsewhere in this report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of audited consolidated 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 audited consolidated financial statements.

ACCOUNTING STANDARDS ISSUED

ADOPTED DURING THE PERIOD

AMENDMENTS TO IFRS 3, BUSINESS COMBINATIONS ("IFRS 3")

The Company has adopted the following amendments to existing standards on January 1, 2020.

Amendments to IFRS 3, Business Combinations, improve the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

Definition of Material (Amendments to IAS 1, Presentation of Financial Statements, ["IAS 1"] and to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ["IAS 8"]) is intended to make the definition of material in IAS 1 easier to understand and is not intended to alter the underlying concept of materiality in IFRS Standards. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence". The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

The amendments listed above did not have a significant impact on the Company's financial statements.

RISK FACTORS

The following risk factors should not be considered to be exhaustive and may not be all of the risks that AQUA 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

AQUA 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, AQUA has incurred significant losses and may never maintain profitability. See Note 3 to AQUA audited consolidated financial statements "Significant Accounting Policies".

Although AQUA 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. AQUA 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 AQUA's business efficiently and effectively to keep pace with demand and achieve long-term profitability. AQUA's future revenues and expenses are subject to conditions that may change to an extent that cannot be determined at this time. If AQUA's offerings are not accepted by new customers, or if new and existing customers do not purchase AQUA's offerings at anticipated levels, the Company's operating results may be materially and adversely affected.

Fluctuation of Financial Results

AQUA's quarterly and annual operating results have fluctuated in the past. AQUA 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 AQUA'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 AQUA's technology and to support its growth and expansion. Fluctuating results could cause significant, unanticipated quarterly losses and cause AQUA's performance to fall below the expectations of investors, which could adversely affect the price of the Common Shares. In addition, because AQUA'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 AQUA'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 AQUA, its ability to complete sales with new and existing advertisers based on AQUA's current offerings, pricing, technology platform and functionality could be impaired. If AQUA 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, AQUA 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.

AQUA 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 AQUA's platform can optimize advertising campaigns in real time. AQUA'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.

AQUA 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. AQUA may not be successful in attracting new advertisers despite its investment in business development, sales and marketing.

AQUA continues to be substantially dependent on its sales team to obtain new customers and to drive sales from existing customers. Management of AQUA believes that there is significant competition for sales personnel with the skills and technical knowledge that it requires. AQUA'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 AQUA 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 AQUA continues to grow rapidly, a large percentage of its sales team will be new to the Company and its offerings. If AQUA 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.

As the Company repositions itself there is a risk that the repositioning strategy will not work. AQUA intends to migrate its technology from an Ad Exchange to a customer acquisition engine for its own operations in Esports betting and gaming/gambling. This repositioning involves repositioning the technology into a new area that is currently untried or tested. Its possible that this may not work and the repositioning would fail. If that were to occur then it's unlikely AQUA would be able to continue to use its technology for revenue generating activities.

AQUA is currently entering into a heavily regulated area of betting and gambling, where rules and regulations change frequently. This is particularly true around the marketing and advertising of betting and gambling products, services and opportunities. In the event that regulations make the advertising of such services either restricted or blocked then the perceived opportunity that lead to the repositioning would have been removed or limited in such a way that renders the opportunity no longer commercially viable.

No Long-Term Customer Commitments

AQUA's customers do business with AQUA by placing insertion orders ("IO") for particular advertising campaigns. If AQUA performs well on a particular campaign, then the advertisers or the advertising agency representing such advertisers may place new insertion orders with AQUA for additional advertising campaigns. AQUA 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, AQUA'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 AQUA 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 AQUA's platform, or that AQUA will be able to replace departing advertisers with new advertisers that provide AQUA with comparable revenue.

Failure to Properly Manage Growth

AQUA's business has grown since its inception. Continued growth may strain the Company's management, financial, and other resources. AQUA 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, AQUA 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 AQUA 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, AQUA may not be able to effectively manage and coordinate growth so as to achieve or maximize future profitability.

Acquisitions by AQUA

As part of its business strategy, AQUA has acquired businesses or technologies that it believes are a strategic fit with its business. AQUA 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 AQUA 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 AQUA 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 AQUA 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

AQUA anticipates that it will continue to depend on various third-parties in order to grow its business. AQUA 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. AQUA'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 AQUA's competitors or from offering competing services. These third parties may terminate at any time. AQUA's competitors may be effective in providing incentives to third parties to favour their products or services or to prevent or reduce purchases of AQUA's offerings. In addition, these third parties may not perform as expected with AQUA, and AQUA may have disagreements or disputes with such third parties, which could negatively affect AQUA's brand and reputation.

In particular, AQUA'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 AQUA relies upon can degrade the level of services that it can provide, which may harm AQUA's business. AQUA also relies on its utilization with many third-party technology providers to execute its business on a daily basis. AQUA 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. AQUA relies on a third-party domain name service, or DNS, to direct traffic to its closest data center for efficient processing. If AQUA's DNS provider experiences disruptions or performance problems, this could result in inefficient balancing of traffic across AQUA's servers as well as impairing or preventing web browser connectivity to AQUA's platform, which may harm its business.

Personnel

The loss of any member of AQUA'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 AQUA's business and operating results.

At present and for the near future, AQUA 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 AQUA 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 AQUA 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, AQUA 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 AQUA moves into new geographies, it will need to attract and recruit skilled employees in those areas. AQUA 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 AQUA 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 AQUA may participate, the Directors and Officers of AQUA may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with AQUA. 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 AQUA and will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the Directors of AQUA are required to act honestly, in good faith and in the best interests of AQUA. In determining whether or not AQUA will participate in a particular transaction, the Directors will primarily consider the potential benefits to AQUA, the degree of risk to which AQUA may be exposed and its financial position at that time.

Financial and Accounting Risks

Additional Financing

There can be no certainty that AQUA's financial resources and revenue from sales will be sufficient for its future needs. AQUA may need to incur significant expenses for growth, operations, research and development, as well as sales and marketing of AQUA's Programmatic Marketing Platform. In addition, other unforeseen costs could also require additional capital. The ability of AQUA to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of AQUA. It may be difficult or impossible for AQUA 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 AQUA, 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 AQUA pays to service future debt incurred by AQUA and affect AQUA's ability to fund ongoing operations. If additional financing is raised by the issuance of shares or other forms of convertible securities, control of AQUA may change and shareholders may suffer dilution. If adequate funds are not available, or not available on acceptable terms, AQUA 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 AQUA'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 AQUA to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Foreign Sales

AQUA 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, AQUA incurs a portion of its operating expenses in US dollars. In the future, AQUA'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 AQUA's business, financial condition and results of operations. AQUA has not previously engaged in foreign currency hedging. If AQUA 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 AQUA 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. AQUA 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. AQUA's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause AQUA's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of AQUA. 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 AQUA's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. AQUA 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, AQUA is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a venture issuer, AQUA 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 AQUA 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 AQUA’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, AQUA’s customers could develop their own solutions. Many of AQUA’s competitors have longer operating histories, greater name recognition, substantially greater financial, technical, marketing, management, service, support, and other resources than does AQUA. They may be able to respond more quickly than AQUA can to new or changing opportunities, technologies, standards, or customer requirements.

In addition to other companies offering Programmatic and real time bidding solutions, AQUA 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. AQUA also competes for a share of advertisers’ total advertising budgets with online search advertising, for which AQUA 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 AQUA, 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 AQUA from its sources of supply of inventory in order to improve their own competitive position in the markets targeted by AQUA.

New products or technologies will likely increase competitive pressures and competition could result in pricing pressures, reduced margins, or the failure of AQUA’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 AQUA’s competitive position.

As a result of these and other factors, AQUA may be unable to compete effectively with current or future competitors. Such inability would likely have a material adverse effect on AQUA’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 AQUA 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 AQUA’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, AQUA collects and stores IP addresses for fraud prevention purposes only and not for advertisement targeting purposes.

In addition, while AQUA 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. AQUA's failure to comply with applicable laws and regulations, or to protect personal information, could result in enforcement action against AQUA, 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 AQUA's reputation and inhibit adoption of its offerings by current and future advertisers and advertising agencies.

Ability to Protect AQUA's Proprietary Offering

Any failure to protect AQUA's proprietary Programmatic Marketing Platform could harm its business and competitive position. There can be no assurance that any steps AQUA 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 AQUA's technology.

AQUA 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. AQUA 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 AQUA'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 AQUA 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 AQUA's proprietary rights if it is unsuccessful in such proceedings. Moreover, AQUA's financial resources may not be adequate to enforce or defend its rights in its technology. Additionally, any patents that AQUA 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 AQUA from engaging in actions necessary to its business, products, or services.

Infringement of Intellectual Property Rights

If AQUA's proprietary Programmatic Marketing Platform violates or is alleged to violate third party proprietary rights, AQUA 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 AQUA's business.

AQUA 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. AQUA receives representations from advertisers that the content of the advertising that AQUA places on their behalf is lawful. AQUA also relies on representations from its advertisers that they maintain adequate privacy policies that allow AQUA 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 AQUA's product. If any of these representations are untrue and AQUA's advertisers do not abide by laws governing their content or privacy practices, AQUA 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

AQUA'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 AQUA make available source code for modifications or derivative works AQUA creates based upon the type of open source software AQUA uses. If AQUA combines its proprietary software with open source software in a certain manner, AQUA could, under certain open source licenses, be required to release the source code of its proprietary software to the public. This would allow AQUA's competitors to create similar solutions with lower development effort and time and ultimately put AQUA at a competitive disadvantage.

Although AQUA 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 AQUA's ability to commercialize its services. Moreover, AQUA cannot guarantee that its processes for controlling its use of open source software will be effective. If AQUA 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 AQUA business, operating results and financial condition.

Unanticipated Problems Associated with the Programmatic Marketing Platform

AQUA 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 AQUA's technology is complex, undetected errors and failures may occur, especially when new versions or updates are made. AQUA'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 AQUA'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, AQUA 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 AQUA by its customers and other parties.

Mobile Advertising

AQUA'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 AQUA 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 AQUA'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 AQUA's ability to provide advertisements on them or AQUA's ability to fulfill advertising space, or inventory, from developers whose applications are distributed through their controlled channels, AQUA's ability to generate revenue could be significantly harmed.

Net Applications

The Net Applications project gives AQUA 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 AQUA is that when users of those handsets open the applications, AQUA is used to monetize those users on a revenue share basis. This gives AQUA 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

AQUA'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 AQUA's platform obsolete or relatively less competitive. AQUA'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. AQUA 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 AQUA's offering to purchase offerings of competitors instead.

Catastrophic Events

AQUA 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 AQUA to operate its business for some period of time. One co-location facility where AQUA maintains data used in its business operations is located in the Greater Los Angeles Area, a region known for seismic activity. If AQUA 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 AQUA's operations could negatively impact its business and results of operations, and harm its reputation. In addition, AQUA 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 AQUA's business, financial condition and results of operations.

Economic, Political and Market Conditions

AQUA'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 AQUA'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 AQUA's offering; and expose AQUA 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 AQUA 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 AQUA 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 AQUA's public float; (v) actual or anticipated changes or fluctuations in AQUA's results of operations; (vi) whether AQUA'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 AQUA, 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 AQUA from any of the other risks cited herein.

Substantial Control by Insiders

As at September 30, 2020, AQUA's directors and executive officers, in the aggregate, beneficially own approximately 4% of the Common Shares. As a result, these insiders may be able to influence or control matters requiring approval by AQUA'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 AQUA, could deprive AQUA's shareholders of an opportunity to receive a premium for their Common Shares as part of a sale of AQUA 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 AQUA'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 AQUA or its business. AQUA will not have any control over these analysts. If one or more of the analysts who covers AQUA should downgrade the Common Shares or change their opinion of AQUA's business prospects, AQUA's share price would likely decline. If one or more of these analysts ceases coverage of AQUA or fails to regularly publish reports on AQUA, AQUA could lose visibility in the financial markets, which could cause AQUA'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

AQUA 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. AQUA employs reasonable measures to detect and eliminate fraud to the best of its ability. However, despite its efforts, AQUA is not in the fraud detection business and there are no guarantees as to the degree to which fraud can be minimized.

Publisher Protection

AQUA offers managed media campaign services and licenses its technology to third parties who use it to carry out media buys. Despite AQUA'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 AQUA will not experience loss of potential revenue as a result of ad blocking.