

# GOOD LIFE NETWORKS INC.

(formerly Exito Energy II Inc.)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the three months ended March 31, 2018

*This management discussion and analysis ("MD&A") of Good Life Networks Inc. (the "Company" or "GLN") for the three months ended March 31, 2018 is as of May 25, 2018. 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 acquiree is the accounting acquirer, as the former shareholders of GLN obtained a controlling interest of the resulting entity after the completion of the transaction.

The GLN management team consists of Media, Entertainment, Technology and business Alpha Leaders. GLN is led by award winning broadcaster, best selling author and company Founder - Jesse Dylan. Dylan's 35+ years of broadcast leadership and business building experience guides GLN through the current labyrinth of Digital Media, Programmatic Advertising and the current relevancy of Advertising Technology. In its initial iteration as a Digital Agency, GLN compiled strategic relationships with global brands such as Bill Foley (Fidelity Finance, Las Vegas Golden Knights and Foley Food and Wine Society), Disney, Isagenix and many more of the world's leading brands.

In 2014, GLN had established itself as a leading Digital Branding and Advertising Agency with exclusive expertise in Broadcasting, Branding & Design, Development, Content Creation, Marketing, Social Media Management and Distribution.

In 2015, GLN completed its evolution from an award winning broadcast, traditional marketing and web design agency into an industry leader in Ad Tech.

In 2016, GLN launched a proprietary technology platform designed for one of the largest and fastest growing industries in the world, digital advertising.

GLN has developed a Programmatic Marketing Platform to intelligently connect digital advertisers to consumers across online display, mobile and video advertising channels, and solve the key challenges that digital advertisers face. The Programmatic Marketing Platform is powered by GLN's proprietary machine learning technology that uses "Big Data" to intelligently target and connect digital advertisers with consumers. The GLN platform is a proprietary video advertising platform, designed specifically for this rapidly growing industry. GLN's technology provides unparalleled levels of visibility and scale, affording a unique opportunity to scale high revenue that is not available on any commercially available platform.

The platform is the cornerstone of GLN's business, providing industry leading insights and data. This allows GLN to match their clients to buyers in a way that provides significant and sustainable value to both. This "Big Data" model means GLN can forecast algorithmically the needs and wants of the brands they represent, maximizing the efficiency for their partners while increasing their margins and profitability.

GLN's technology developers use machine learning, the branch of artificial intelligence involving systems that learn from data. Large volumes of data are gathered, and GLN's proprietary learning algorithms are designed to generalize from that data to other cases of interest. Rapidly shifting data combined with a large volume of data requires training algorithms, which are the foundation of GLN's Programmatic Marketing Platform.

The Programmatic Marketing Platform allows advertisers to manage their purchasing of online display advertising in real-time using real-time bidding ("RTB"). RTB is a method of buying online display advertising in which ad spots (called impressions) are released in an auction that occurs in 100 milliseconds. GLN purchases impressions for advertisers through publishers, ad networks and exchanges. GLN's technology platform benefits advertisers by enabling them to manage their bid amounts, target specific performance metrics and strive to achieve consumer targeting goals.

## **CORPORATE UPDATE**

In November of 2016, GLN launched its SaaS (Software as a Service) platform "ORA" using its proprietary technology.

In December of 2016, GLN licensed the platform to RLLCLL, LLC and Mega Media, LLC. GLN charges a minimum service fee for use of the platform to each licensee, then receives a percentage of each sale (ad placement) that each client makes using the platform. The SaaS business model has the advantage of providing more robust software to small and medium-size businesses without forcing them to incur large investments in servers, staff, and application design and programming. GLN continued to develop its SaaS platform and introduced the full SaaS platform to market in 2017.

In 2018 the Company launched a new R&D project with Net Applications Inc. The Net Applications R&D Project gives GLN the unique position of having its AdTech advertising platform baked directly into several applications that are shipped on millions of Sony Ericsson mobile handsets sold within the USA over the coming 18 months. What this means for GLN is that when users of those handsets open the applications, GLN is used to monetize those users on a rev 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 GLN is focused on the AdTech side of the implementation, in future GLN can syndicate content and add additional revenue streams.

During the period the Company also purchased the commercial relationships, contracts and agreements that existed between RLLCLL and numerous partners.

### **Completed integrations in 2018**

#### ***Answer Media***

GLN has entered a commercial agreement with Answer Media, a major publisher technology provider, and its publisher platforms Yield Nexus and Rocket Yield. The Answer Media agreement will give GLN access to a global supply chain consisting of over 100 million unique users and over 300 publishers (websites on desktop and mobile). Good Life will integrate into Yield Nexus and Rocket Yield's unique mediation technology stacks. These integrations are expected to add numerous new opportunities for advertisers and to contribute substantially to Good Life's annual revenue model. Management of GLN anticipates that the integrations will be completed within the next few weeks.

#### ***Advenue***

GLN has entered a commercial partnership with Advenue Ltd., a United Kingdom leader in data-driven advertising for in-application users. GLN's integration with London-based Advenue expands GLN's global reach by up to nine new regions and includes access to over 4,000 mobile publishers across Android and iOS platforms to deliver real-time, data-driven and targeted advertising to consumers. The Advenue exchange platform offers a highly efficient integration process, cognitive learning technology and verified telco subscriber data with international reach and scale. Advenue's carrier-grade platform delivers verified GDPR-compliant (General Data Protection Regulation) telco data in the bid stream from three geographic regions (expanding to nine in mid-2018). Age, gender and home location data obtained through mobile operator subscriber CRM (customer relationship management) allows advertisers to target verified audiences and validate the authenticity of the supply channels.

#### ***Clickky***

GLN has entered a commercial agreement to integrate with Clickky, a New York-based global leader in monetization solutions for mobile applications. Clickky offers video advertising opportunities inside thousands of mobile applications, such as games, utility apps and others -- reaching one billion daily advertising opportunities and five million monthly new application installations. As a leader in mobile application video advertising, Clickky is an ideal partner for Good Life's high-speed exchange, allowing the company to reach users inside their favourite mobile applications. This agreement builds on GLN's technology leadership and unique global position for mobile application advertising.

### **OVERALL PERFORMANCE**

#### **REVENUE AND MEDIA COSTS**

The Company generates revenue by building proprietary technology to connect online users to advertisers. During the three months ended March 31, 2018, the Company generated revenue of \$1,322,139 (2017 - \$60,870).

Media costs comprise advertising impressions the Company purchased from real-time advertising exchanges or through other third parties. For the three months ended March 31, 2018, media costs were \$873,869 compared to \$58,899 for the three months ended March 31, 2017, representing an increase of \$814,970 attributable to the added cost of buying media for a greater number of advertising campaigns. As a percentage of revenue, revenue less media costs were 30% for three months ended March 31, 2018 compared to 3% for the prior period. The Company's

Management Team regularly evaluates the Company's pricing strategy in order to optimize the Company's objectives of market penetration and profitability; accordingly, margins may fluctuate from quarter to quarter.

## **RESULTS OF OPERATIONS**

### ***Financial and operating highlights for the three months ended March 31, 2018 and to the date of this report***

As of March 2018, the Company achieved the following:

- Completed reverse takeover transaction with Exito, and concurrently raised \$9.2-million of equity;
- Granted patent pending status by the USPTO on several innovations related to the Company's exchange platform, algorithms and blockchain design;
- Entered a commercial agreement with Answer Media, a major publisher technology provider, and its publisher platforms Yield Nexus and Rocket Yield; and
- Entered a commercial partnership with Advenue Ltd, a UK leader in data-driven advertising for in-application user.

As of May 25, 2018, the Company achieved the following:

- On April 12, 2018, the Company's shares commenced listing on the Frankfurt Stock Exchange under the trading symbol 4G5;
- Entered into an Advisory Agreement with First Coin Capital to assist in the detailed analysis and planning of the GLN accounts receivable ("AR") Blockchain application;
- Entered a commercial agreement (the "agreement") to integrate with Clickky, a New York based global leader in monetization solutions for mobile applications;
- Launched of a "CEO Verified" Discussion Forum on AGORACOM; has secured an ongoing media campaign with extensive editorial coverage services from Market One Media Group Ltd. ("Market One"); and
- Entered into a binding letter of intent to acquire all of the issued and outstanding shares of Impression X Inc., a leading connected television (CTV) advertising technology company. The Company will acquire all outstanding shares for \$5.5- million (U.S) and commit to fund the operations with \$500,000 (U.S). Under the terms of the letter of intent, the total consideration of \$6.0 (U.S) for the purchased shares will consist of a combination of cash, common shares of the Company (subject to the approval of the TSX Venture Exchange) and performance earn outs based on agreed-upon milestones. Closing of the transaction is conditional upon the successful completion of standard due diligence.

## Results for the three months ended March 31, 2018 and 2017

The following table summarizes various results for the three months ended March 31, 2018 and 2017:

	Three Months Ended March 31,	
	2018	2017
	\$	\$
Total revenue	1,322,139	60,870
Direct expenses	873,869	58,899
Operating expenses	1,361,860	711,570
Other Expenses	2,034,889	46,596
Net loss	(2,948,479)	(756,195)
Loss per share - Basic and diluted	(0.05)	(0.03)

Revenue for the three months ended March 31, 2018 was \$1,322,139 and increase of \$1,261,269 or 2,072% from \$60,870 for the three months ended March 31, 2017.

Year-over-year revenue growth was attributable to growth in Canada and US in terms of marketing and advertising, as well as very strong growth in the Company's self-service business services. Sales of the Company's Programmatic Marketing Platform on a self-service basis contributed revenue of \$1,322,139 during the three months ended March 31, 2018 compared to \$60,870 in the comparative period, an increase of \$1,261,269 in revenue or 2,072%.

Revenue generated in the US subsidiary was \$nil (2017 - \$51,848) for the three months ended March 31, 2018, a decrease of \$51,848 or 100% from the comparative period.

Net loss for the three months ended March 31, 2018 of \$2,948,479 was primarily due to one time listing fee of \$2,318,018.

The Company's revenues and operating results may vary from quarter to quarter as a result of a variety of factors, some of which are outside of the Company's control, including seasonality and cyclicity.

Seasonality may be affected by customer mix, such that retail advertisers may concentrate their advertising spending with GLN in the second quarter while entertainment advertisers may concentrate their spending to coincide with the launch and display of content, such as television shows or movies. The Company's growth has led to fluctuating overall operating results due to investments in GLN's sales, marketing, research and development from quarter to quarter and increases in employee headcount. As a result of these factors, one quarter's operating results are not necessarily indicative of a subsequent quarter's operating results.

### Operating expenses

Operating expenses include salaries and benefits of the administrative staff, occupancy costs, public company fees, professional fees, supplies and other operating costs. Operating expenses increased by \$601,066 over the three months ended March 31, 2018. The increased expense are attributable to the following significant increase in certain expenses:

### Share-based compensation

For the three months ended March 31, 2018, share-based compensation were \$488,830, increasing by \$488,830 from \$nil during the three months ended March 31, 2017. The increase was primarily due to share-based compensation were issued to the directors and officers of the Company.

### **Management and director fees**

For the three months ended March 31, 2018, management and director fees were \$185,000, increasing by \$110,000 from \$75,000 during the three months ended March 31, 2017. This increase is directly associated to the Company's increased corporate activity.

### **Consulting fees**

For the three months ended March 31, 2018, consulting fees were \$200,193, decreasing by \$101,371 from \$301,564 during the three months ended March 31, 2017. This decrease is directly associated to the Company's change in classification of consulting fees to management fees that were incurred to consultants in the prior period who were appointed as directors and officers during the current period. In addition, the decrease in corporate activity in the US subsidiary has impacted the decrease in consulting fees.

### **Travel**

For the three months ended March 31, 2018, travel costs were \$72,651, increasing by \$60,032 compared to \$12,619 for the three months ended March 31, 2017. This increase is directly associated to the Company's increased corporate activity.

### **Wages and salaries**

For the three months ended March 31, 2018, wages and salaries were \$120,285, increasing by \$27,951 from \$92,334 during the three months ended March 31, 2017. This increase is directly associated to the Company's increased corporate activity.

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 March 31, 2018 and December 31, 2017, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Cash	US\$ 1,556,059	US\$ 855
Accounts receivable	5,698,426	7,567,257
Accounts payable and accrued liabilities	(3,703,911)	(5,630,126)
Other liabilities	(807,010)	(724,370)
	<b>US\$ 2,743,564</b>	<b>US\$ 1,213,616</b>
Canadian dollar equivalent	\$ 3,537,551	\$ 1,522,481

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 condensed consolidated interim statements of financial position as at March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018	December 31, 2017
Working capital (deficit)	\$ 4,007,536	\$ (786,785)
Deficit	\$ (12,603,120)	\$ (9,640,753)

The Company 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. There can be no assurance of continued access to finance in the future, and an ability to secure such finance may require the Company to substantially curtail operations and new business opportunities.

### Sources and Uses of Cash

	Three Months Ended March 31,	
	2018	2017
Cash used in operating activities	\$ (2,410,931)	\$ (126,171)
Cash used in investing activities	(1,872,646)	-
Cash provided by financing activities	7,183,674	178,284
Foreign exchange effect on cash	22,594	(46,596)
Net increase in cash and cash equivalents	\$ 2,922,691	\$ 5,517

The increase in cash was primarily attributable to the proceeds of share issuance, less purchase of intangibles from investing activities and payables from operating activities, as compared to the three months ended March 31, 2017.

The Company's operational activities during the first quarter of 2018 were financed mainly by the issuance of equity and debt. As at March 31, 2018, the Company had current assets of \$10,710,265 compared to \$9,774,300 as at December 31, 2017. The Company had available cash of \$2,938,159 as at March 31, 2018 compared to \$15,468 as at December 31, 2017.

The Company believes that its cash position and expected future cash inflows from financing, and revenues will be sufficient to finance its operational and capital needs for at least 12 months. However, the Company's future cash requirements may vary materially from those now expected due to a number of factors, including the costs associated with commercialization efforts, clinical trials, and strategic opportunities. As a result, in the future it may 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") on the assumption that the Company is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Company has neither the intention nor the need to liquidate and is able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has experienced losses since inception and has a shareholders' deficiency. Additional financing will be required to support operating and investing activities as the Company continues to expand its operations in the foreseeable future. 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.

#### **TRANSACTIONS WITH RELATED PARTIES**

During the three months ended March 31, 2018, the Company incurred management fees of \$166,250 (2017 - \$75,000) to officers and companies controlled officers.

During the three months ended March 31, 2018, the Company incurred director fees of \$18,750 (2017 - \$Nil) to directors.

During the three months ended March 31, 2018, the Company paid short-term compensation included in wages and salaries of \$120,285 (2017 - \$68,017) to close family members of an officer.

During the period ended March 31, 2018, the Company incurred share-based compensation of \$201,283 (2017 - \$nil) to directors and officers and \$106,171 (2017 - \$nil) to close family members of an officer.

During the period ended March 31, 2018, the Company paid transaction costs in connection to the RTO of \$613,438 (2017 - \$nil) to directors and companies controlled by directors.

During the period ended March 31, 2018, the Company paid share-issuance costs of \$172,970 (2017 - \$nil) to a company controlled by a director.

At March 31, 2018, included in accounts payable and accrued liabilities was \$29,250 (December 31, 2017 - \$138,608) owing to an officer and directors. Included in accounts receivable is \$147,373 (December 31, 2017 - \$154,692) advanced to and officer. The amounts due to or from related parties are without stated terms of repayment or interest.

These transactions are in the normal course of business and have been valued in these unaudited condensed consolidated interim financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

#### *Key management compensation*

The compensation paid or payable to key management personnel during the three months ended March 31, 2018 and 2017 were as follows:

	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Salaries and short-term employee benefits	\$ 386,283	\$ 92,300

Salaries and short-term employee benefits consisted of \$185,000 (2017 - \$75,000) in management and director fees, consulting fees of \$nil (2017 - \$17,300), and share-based compensation of \$201,283 (2017 - \$nil) to directors and companies controlled by directors and officers.

Executive Officers own directly or beneficially 17.27% of the issued common shares of the Company ("Common Shares") as at March 31, 2018.

#### **CONTRACTUAL OBLIGATIONS**

In December 2016, the Company filed a civil claim against, among others, Lerna, and Lernalabs and 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 relief for the promissory note principal in the amount of US \$150,000 issued by the Company and interest accrued at 24% per annum. Management of the Company has accrued amounts for loan principal in promissory notes and interest in interest payable.

At the date of the condensed consolidated interim financial statements, the outcome of this claim cannot be determined and no further amounts have been accrued.

#### **REVERSE TAKE-OVER OF EXITO**

On January 26, 2018, the Company closed the arrangement with Exito. The transaction was considered a reverse takeover since the legal acquiree is the accounting acquirer as the former shareholders of the Company obtain a controlling interest of the resulting entity after the completion of this transaction.

The following summarizes the reverse takeover of Exito by Good Life and the assets acquired and the liabilities assumed on January 26, 2018, the amalgamation date:

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Net tangible assets (estimated fair value) acquired:	
Cash and cash equivalents	\$ 67,994
Accounts receivable	9,364
Notes receivable	25,000
	<hr/>
	\$ 102,359
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Consideration paid:	
Shares Good Life Network Inc. deemed issued	\$ 1,000,000
Options issued to Exito shareholders	126,000
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	\$ 1,126,000
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At the time of the amalgamation, Exito's assets consisted primarily of cash and accounts receivable, and it did not have any processes capable of generating outputs; therefore, Exito did not meet the definition of a business. Accordingly, as Exito did not qualify as a business in accordance with IFRS 3 Business Combinations, the amalgamation did not constitute a business combination; however, by analogy it has been accounted for as a reverse takeover. Therefore, Good Life, the legal subsidiary, has been treated as the accounting parent company, and Exito, the legal parent, has been treated as the accounting subsidiary.

As the acquisition was not considered a business combination, the excess value of consideration paid over the net assets acquired together with the estimated fair value of 750,000 options granted to Exito shareholders are expensed as a listing fee.

The fair value of the common shares amounted to \$1,000,000, based on the shares issued in a concurrent financing of the Company's common shares at the time of the transaction of \$0.25 per common share. The fair values of the stock options were determined the using the Black-Scholes pricing model with the following weighted average assumptions: exercise price – \$0.20, expected life – 1 year, volatility – 180%, risk-free rate – 1.77%, and dividend yield – 0%

Consideration paid	\$ 1,126,000
Net tangible assets acquired	(102,359)
Additional transaction costs	1,294,377
	\$ 2,318,018

Concurrent with the reverse take-over transaction, the Company completed a private placement of 141,321,044 subscription receipts for gross proceeds of \$9,200,000. Upon completion of the Arrangement, each subscription receipt will be automatically exchanged into one common share of the Company and ultimately common shares of the resulting combined entity based on the exchange ratio. The Company paid \$1,261,422 cash commission in connection with the private placement. The Company issued 2,545,064 agents' options to purchase common shares at \$0.25 per share until January 26, 2020.

#### **OUTSTANDING SHARE CAPITAL**

As of May 25, 2018, there were 76,398,960 Common Shares issued and outstanding, 8,820,064 stock options, and 4,874,141 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 PERIOD**

As of January 1, 2018, 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 9, Financial Instruments (“IFRS 9”)**

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. For financial liabilities, the standard retains most of the IAS 39 requirements.

The Company does not have financial instruments measured at fair value through other comprehensive income.

### **IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)**

The new revenue standard introduces a single principles-based, five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

(a) IFRS standards issued but not yet effective

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ending December 31, 2018, and have not been applied in preparing these condensed consolidated interim financial statements. The Company considers the following standard the most significant and is not a complete list of new pronouncements that may impact the financial statements.

### **IFRS 16 Leases (“IFRS 16”)**

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.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard is effective for the Company’s annual period beginning on January 1, 2019.

## **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 unaudited condensed consolidated interim 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.

#### ***Reliance of Key Customers***

Historically, a majority of GLN’s sales have been to relatively few customers. For the three months ended March 31, 2018, approximately 99% of the Company’s revenues were derived from its top four customers. While it is expected that this reliance will decrease over time, GLN will continue to depend upon a relatively small number of customers for a significant portion of its revenue for the foreseeable future. The loss of a significant customer or failure to attract new customers could harm GLN’s business and severely impact the future financial success of the Company.

#### ***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 may attempt to acquire businesses or technologies that it believes are a strategic fit with its business. GLN currently has no commitments for any acquisition and furthermore, it has not made any acquisitions to date. Accordingly, the Company's ability as an organization to acquire and integrate other companies, products or technologies in a successful manner is unproven. It may not be possible to find 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.

#### ***Existing Debt***

GLN has granted a security interest in its assets, including its intellectual property, to a lender as security for the loan. The loan also requires GLN to comply with certain financial covenants, which are tested on a monthly basis, and contains a number restrictive covenants, which would, among other things, prevent GLN from: (i) disposing of or selling its assets; (ii) making any changes in its debt or capital structure or amending its bylaws, (iii) consolidating or merging with other entities; (iv) entering into contracts outside of the normal course of business; (v) purchasing or redeeming any shares; (vi) paying dividends; or (vii) incurring lease obligations or capital expenditures above defined thresholds. A failure by GLN to repay the loan in accordance with its terms or other default would entitle the lender to, among other things, foreclose on GLN's assets, which would likely terminate its ability to continue operations.

#### ***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.

### ***Use of Third Party Cookies***

GLN uses “cookies” (small text files) in connection with its Programmatic Marketing Platform. GLN’s cookies are known as “third party cookies” because they are placed on individual browsers when internet users visit a website owned by a publisher, advertiser or other first party that has given GLN permission to place cookies. These cookies are placed through an internet browser on an internet user’s computer and correspond with a data set that is kept on GLN’s servers. GLN’s cookies record certain information, such as when an internet user views an ad, clicks on an ad, or visits one of GLN’s advertiser’s websites through a browser while the cookie is active. GLN uses these cookies to help it achieve advertisers’ campaign goals, to help it ensure that the same internet user does not unintentionally see the same advertisement, to report aggregate information to advertisers regarding the performance of their advertising campaigns and to detect and prevent fraudulent activity. GLN’s also uses data from cookies to help it decide whether to bid on, and how to price, an opportunity to place an advertisement in a certain location, at a given time, in front of a particular internet user. Without cookie data, GLN may bid on advertising without as much insight into activity that has taken place through an internet user’s browser. A lack of cookie data may detract from GLN’s ability to make decisions about which inventory to purchase for an advertiser’s campaign, and undermine the effectiveness of the Programmatic Marketing Platform.

Cookies may easily be deleted or blocked by internet users. Most commonly used internet browsers allow internet users to modify their browser settings to prevent cookies from being accepted by their browsers. Internet users can also delete cookies from their computers at any time. Certain internet users also download free or paid “ad blocking” software that prevents third party cookies from being stored on a user’s computer. If more internet users adopt these settings or delete their cookies more frequently than they currently do, GLN’s business could be harmed. In addition, some internet browsers block third party cookies by default, and other internet browsers may implement similar features in the future. Unless such default settings in browsers are altered by internet users to accept third party cookies, fewer of GLN’s cookies may be set in browsers, adversely affecting its business.

Certain international jurisdictions have adopted and implemented legislation that negatively impacts the use of cookies for online advertising, and additional jurisdictions may do so in the future. Currently, although the Canadian Anti-Spam Legislation (“CASL”) requires consent to install a computer program, CASL provides a deemed express consent for the installation of a cookie. Limitations on the use or effectiveness of cookies may impact the performance of the Programmatic Marketing Platform. GLN may be required to, or otherwise may determine that it is advisable to, develop or obtain additional tools and technologies to compensate for the lack of cookie data. GLN may not be able to develop or implement additional tools that compensate for the lack of cookie data. Moreover, even if GLN is able to do so, such additional tools may be subject to further regulation, time consuming to develop or costly to obtain, and less effective than GLN’s current use of cookies.

### ***Potential “Do Not Track” Standards***

As the use of cookies has received ongoing media attention in recent years, some government regulators and privacy advocates have suggested creating a “Do Not Track” standard that would allow internet users to express a preference, independent of cookie settings in their browser, not to have website browsing recorded. In 2010, the United States Federal Trade Commission, or FTC, issued a staff report criticizing the advertising industry’s self-regulatory efforts as too slow and lacking adequate consumer protections. The FTC emphasized a need for simplified notice, choice and transparency to the consumer regarding collection, use and sharing of data, and suggested implementing a “Do Not Track” browser setting that allows consumers to choose whether to allow “tracking” of their online browsing activities. All major internet browsers have implemented some version of a “Do Not Track” setting. Microsoft’s Internet Explorer 10 includes a “Do Not Track” setting that is selected by default. However, there is no definition of “tracking,” no consensus regarding what message is conveyed by a “Do Not Track” setting and no industry standards regarding how to respond to a “Do Not Track” preference. The World Wide Web Consortium chartered a “Tracking Protection Working Group” in 2011 to convene a multi- stakeholder group of academics, thought leaders, companies, industry groups and consumer advocacy organizations, to create a voluntary “Do Not Track” standard for the web. The group has yet to agree upon a standard. The “Do-Not-Track Online Act of 2013” was introduced in the United States Senate in February 2013. If a “Do Not Track” browser setting is adopted by many internet users, and the standard either imposed by legislation or agreed upon by standard setting groups, prohibits GLN from using non-personal information as it currently does, then that could hinder growth of advertising and

content production on the web generally, cause GLN to change its business practices and adversely affect its business.

### ***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. While GLN takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, if there is a data breach, there is a potential for claims for damages by consumers whose personal information has been disclosed without authorization. Evolving and changing definitions of personal information, within the Canada, the United States and elsewhere, especially relating to classification of machine or device identifiers, location data and other information, have in the past, and may cause GLN to, in the future, change business practices, or limit or inhibit GLN's ability to operate or expand its business. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. While GLN takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, and to offer certain privacy protections with respect to such information, such measures may not always be effective.

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.

### ***Social Media***

GLN's social media offering is currently limited to Facebook's FBX platform and the Facebook native platform. GLN has an agreement with Facebook allowing it to integrate directly with FBX to bid on advertising inventory on a real-time basis. As a result, GLN's ability to grow its revenue in the social channel is closely tied to the availability of inventory on FBX. If GLN is unable to compete favourably for advertising inventory on FBX, its social media offering may not be successful. Also, there is no guarantee that Facebook will continue to make its advertising inventory available to GLN at all or upon reasonable terms, and GLN may not be able to replace the FBX advertising inventory with inventory that meets its advertisers' specific goals with respect to social media. In addition, advertisers may prefer to work with companies that provide advertising on social media platforms other than FBX or that have a longer history of integration with social media platforms. If GLN is unable to run advertising campaigns on the FBX platform, integrate with social media platforms that may become available in the future or find alternative sources of quality social media inventory, its business could be harmed.

### ***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 Sony Ericsson 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 March 31, 2018, GLN's directors and executive officers, in the aggregate, beneficially own approximately 17.27% 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.