YDX INNOVATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2019

GENERAL

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of November 29, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of YDX Innovation Corp., formerly YDreams Global Interactive Technologies Inc. (the "Company" or "YDX Innovation" or "YDX") as at and for the nine months ended September 30, 2019 and the audited consolidated financial statements as at and for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards ("IFRS").

All amounts are expressed in Canadian dollars unless noted otherwise.

DISCLAIMER FOR FORWARD LOOKING STATEMENTS

This following Management's Discussion and Analysis contains "forward-looking statements" (also referred to as "forward-looking information") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this Management's Discussion and Analysis that address activities, events or developments that the Company expects or anticipate will or may occur in the future, including statements about the anticipated impact of the operations of the Company, as well as the benefits expected to result from capital expenditures, potential management contracts for ongoing services, and other such matters are forward-looking statements. When used in this Management's Discussion and Analysis, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Management's Discussion and Analysis. Although the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include but are not limited to risks related to: general business operations; sales assumptions; limited operating history; development of the Company's brand; competition; need for continued improvement; intellectual property issues; interactive digital media; potential liability claims; litigation; insurance; economic downturns; currency; key personnel; conflicts of interest; changes in general applicable laws; compliance with advertising laws and regulations; foreign operations; operations in Brazil; no guaranteed return on investment; dilution; fluctuation of share price; access to capital; internal controls; accounting policies; and other factors beyond the control of the Company. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the risks as more particularly described under "Risk Factors." Although the Company attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

OVERVIEW

YDX Innovation Corp. was incorporated in the province of British Columbia on April 16, 2007, under the Business Corporations Act of British Columbia. The Company trades on TSX Venture Exchange under the symbol “YDX”.

YDX Innovation is a technology company with offices in Vancouver, São Paulo and Rio de Janeiro, that combines Augmented and Virtual Reality Technology, Design and Intelligence to respond to the challenges and demands of today’s users and consumers. YDX works as a partner for companies and brands to reframe their strategy through relevant human-centered ventures that integrates digital experience with the physical presence and venues. YDX has developed over 1,000 projects for clients all over the world, such as NBA, Adidas, Cisco, Nokia, Nike, Mercedes Benz, Coca-Cola, Santander, AmBev, Qualcomm, Unilever, City of Rio and Fiat.

The Company’s Canadian head office and principal business address is located at 2820 – 200 Granville Street, Vancouver, British Columbia, V6C 1S4 and registered and records office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

The following discussion of the Company’s financial performance is based on the condensed consolidated interim financial statements for the nine months ended September 30, 2019.

OVERALL PERFORMANCE AND HIGHLIGHTS

- The Company's gross profit increased by $91,792 from a gross profit of $522,908 in the nine months ended September 30, 2018 to a gross profit of $614,700 in the nine months ended September 30, 2019.

- During the nine months ended September 30, 2019, the Company reported a net loss of $2,014,730 ($0.02 basic and diluted loss per share) compared to a net loss of $2,217,709 ($0.03 basic and diluted loss per share) during the nine months ended September 30, 2018.

- On June 5, 2019, the Company issued 7,376,934 units for gross proceeds of $959,001. Each unit consisted of one common share and one warrant with each warrant entitling the holder to purchase one common share at $0.20 for three years. Using the residual value, the common share purchase warrants were fair valued at $184,423.

  In connection with the financing, the Company incurred finders’ fees of $15,960, other issuance costs of $6,485 paid in cash and issued 122,770 finders’ warrants with a fair value of $8,214. Each finders’ warrant entitles the holder to purchase one common share at $0.20 per share until June 5, 2022. The finders’ warrants were measured at $0.07 at the grant date using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 126%, risk-free interest rate 1.31% and an expected life of 3 years.

- On September 9, 2019, the Company issued 1,000,000 common shares pursuant to the exercise of stock options with an exercise price of $0.08 per option.

- On October 23, 2019, the Company issued 4,519,966 units for gross proceeds of $271,198. Each unit consisted of one common share and one warrant with each warrant entitling the holder to purchase one common share at $0.13 for two years. The common share purchase warrants were valued at $67,799 using the residual value method.

- Near the end of fiscal 2016 the Company identified a significant opportunity within the emerging Market of Location Based Entertainment using Virtual Reality (“VR”). After performing several market-based studies the Company concluded that it would pursue this rapidly growing VR market and development of its Arkave product. Arkave has the scalability and potential for a substantial new source of revenue that could represent exponential growth for years to come. The Company started the development of the platform and invested in Research and Development of its new technology. A dedicated team was created and the Company presented the technology in several events, the most important ones being in Vancouver and Las Vegas, as well as several events in Brazil dedicated to activities for shopping malls and franchises.

The Company also invested in the opening of the first Arkave store in December 2017. Many new arenas are in the process of being negotiated, primarily located within large malls in South America and Family Entertainment Centers in the United States and Canada. The return on investment is intended to be obtained by selling Arkave VR arenas to different facilities, charging annual license fees or receiving a share of revenues earned by every Arena that is opened.

During the nine months ended September 30, 2019, the Company's actively commissioned major projects including the following:

- On February 12, 2019, the Company announced the third U.S. installation of its Arkave VR platform will be at Launch Trampoline Park in Methuen, Massachusetts.

- On February 21, 2019, the Company announced it has signed a nonexclusive collaboration agreement with Dallas, Texas based Jackpot Rising to create eSports tournaments featuring Arkave VR, in the U.S.

- On February 26, 2019, the Company announced an agreement with The Walt Disney Company Brazil to create exclusive content for Arkave VR. The objective is to create a new VR experience using Disney´s iconic IP – Mickey Mouse. The first game will be co-created by Disney and Arkave in Brazil and will bring Mickey Mouse to Arkave VR. On July 15, 2019, the Company announced that, with the support of The Walt Disney Company Brazil, it has opened pre-orders for "Mickey Mouse and the Golden Heart."

- On March 21, 2019, the Company has signed a new project for the Brazilian aerospace conglomerate Embraer S.A. Embraer is building a new center to host clients, investors and visitors at its global headquarters. YDx Innovation was initially commissioned to create the client journey, conceive the interior design and plan the interactive technology attractions.

- On April 22, 2019, the Company announced an agreement with Synthesis VR to bring dozens of popular Virtual Reality Games distributed by the Company to every Arkave VR Arena. On July 2, 2019, the Company announced the installation of a new Arkave VR Arena at the Virtual Reality gaming facility "VR Territory," operated by Synthesis VR, located in Los Angeles, California.

- On May 9, 2019, the Company announced the installation of the fifth location of Arkave VR to be installed in the US. This was the first agreement brought by Studio 41B, Arkave VR official reseller in the US.

- On May 10, 2019, the Company announced the signing of a collaboration agreement with Liquid Media Group Ltd., a global studio producing content for several platforms including film, TV, gaming and VR through its network of shared services.

- On May 13, 2019, the Company announced the installation of another Arkave VR Arena, launched at the District Eat and Play Family Entertainment Center in Orlando.

- On May 23, 2019, the Company announced that from May 31st to June 2nd, Arkave VR will be featured at the eSports event "Worten Game City" in Lisbon, Portugal.

- On May 27, 2019, the Company announced a partnership with the sports marketing agency Octagon to install an interactive installation at the NBA House.

- On June 24, 2019, the Company announced the installation of three new Arkave VR Arenas at the Vitoria Shopping Mall in the city of Vitoria, Brazil.

- On June 27, 2019, the Company announced the completion of a project commissioned by McDonald's. The Company was selected by McDonald's as a strategic consultant to assist in the planning and design of a conceptual flagship store in Brazil.

- On July 9, 2019, the Company announced the installation of seven Arkave VR Arenas at the 2019 edition of the Game XP Event, happening July 25 to 28th, in Rio de Janeiro, Brazil.

- On July 18, 2019, the Company announced the purchase of two Arkave VR Arenas from the new Virtual Reality gaming facility "Game Changerz VR" located in Prince George, BC, Canada. The new facility is set to open in September.

- On July 29, 2019, the Company announced the purchase of two Arkave VR Arenas by the new entertainment gaming facility "Electric Dreams" located in London, UK.

- On August 15, 2019, the Company announced the signing of a project development agreement with a main sponsor of "Water and Us" about the importance of water to our planet and for humankind. The project is expected to generate revenues of $220,000 and will be in Brazil.

- On August 19, 2019, the Company announced that it was commissioned to create an interactive experience in Virtual Reality for Shell Brazil. The project involved several 360-degree films combined with interactive branded content that can be visualized using a VR headset.

- On August 29, 2019, the Company announced the appointment of Mr. Gary Fearnall as a director of the Company and the Company's audit committee, effective August 28, 2019.

- On September 3, 2019, the Company announced the installation of six Arkave VR Arenas at the 2019 edition of Rock in Rio and launch of two new Arkave VR pop-up arenas in a new shopping mall in Brazil.

- On September 5, 2019, the Company announced a new design project with the Brazilian Aerospace manufacturer Embraer S.A.

- On September 24, 2019, the Company announced the opening of two pop-up Arkave VR Arenas at Minas Shopping Mall in Belo Horizonte, Brazil.

- On September 25, 2019, the Company announced that it was selected to be one of the ten Canadian companies to attend Europe's largest VR/AR conference in Munich, Germany.

- On September 26, 2019, the Company announced that it has signed an agreement with the Corporate Office of Launch Family Entertainment to have Arkave VR as an official solution to be offered to franchisees.

- On October 2, 2019, the Company announced the installation of an Arkave VR Arena at the 2019 edition of Brazil Game Show, sponsored by the Bank of Brazil.

- On October 8, 2019, the Company announced an immersive exhibition created by a division of YDX named "Landscapes of Van Gogh" opened at a large shopping mall in Brasilia, the capital of Brazil.

- On October 17, 2019, the Company announced that it signed a contract to create a new immersive exhibition with Getnet, a company that is part of the Santander Bank Group, as the main sponsor.

- On October 25, 2019, the Company announced the installation of two Arkave VR Arenas at the 2019 edition of EGLX – Enthusiast Gaming Live Expo which occurred October 2019.

- On October 28, 2019, the Company announced that it was selected by Ericsson as one of the technical consultants to deliver the first live entertainment activation using 5G technology for Claro, a mobile telecommunications leader in Latin America.

- On November 4, 2019, the Company announced that YDreams Global, a subsidiary of YDX, has signed a contract with energy group Energisa to lead a new project for permanent educational exhibition focused on sustainable energy use.

- On November 12, 2019, the Company announced a partnership with event agency Zuk Experience to bring an Arkave VR arena to the 2019 edition of the Formula 1 Heineken Gran Prix in Sao Paulo, Brazil.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table presents selected financial information for each of the last eight quarters.

	September 30 2019	June 30 2019	March 31 2019	December 31 2018
Net sales revenue	$ 841,401	$ 513,530	$ 359,292	$ 664,457
Net income (loss)	(441,240)	(869,554)	(703,936)	(318,674)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.00)
Total assets	1,289,253	1,060,322	942,763	1,134,460
Working capital (deficiency)	(698,257)	(758,094)	(1,021,201)	(494,599)
	September 30 2018	**June 30 2018**	**March 31 2018**	**December 31 2017**
Net sales revenue	$ 416,802	$ 526,678	$ 663,585	$ 390,908
Net income (loss)	(771,874)	(441,828)	(1,004,007)	(1,752,981)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	1,578,037	1,316,535	1,653,113	514,296
Working capital (deficiency)	132,676	(77,628)	256,335	(1,205,226)

Net loss decreased by $748,974 from the fourth quarter of 2017 to the first quarter of 2018 mainly due to a decrease in share-based payments, consulting and an increase in gross profits of $385,504. Net loss decreased by $562,179 from the first quarter to the second quarter of 2018 due to cost reduction strategies to discontinue non-essential spending in consulting, personnel expense and travel and promotion. Net loss increased by $133,606 from the second quarter to the third quarter of 2018 due a decrease in net sales revenue as well as an increase in travel expenses and professional fees. Net loss increased by $10,452 from the third quarter to the fourth quarter of 2018 mainly due to an increase in net sales revenue. Net loss increased by $385,263 from the fourth quarter of 2018 to the first quarter of 2019 mainly due to a decrease in revenues due to the timing of revenue recognition related to contracts. Net loss increased by $165,618 from the first quarter to the second quarter of 2019 mainly due to an increase in share-based payments. Net loss decreased by $428,314 from the second quarter to the third quarter of 2019 mainly due to a decrease in share-based payments and an increase in gross profit.

Overall, revenues have both increased and decreased during the previous 8 quarters but have stayed relatively consistent. This is primarily due to the nature of large revenue contracts that can shift the timing and amount of revenues recognized in any given period. The Company has also shifted its focus to expand its new Arkave product offering. The Company expects its Arkave revenue stream to continue to increase during fiscal 2019. The Company is currently devoting most of its senior sales and marketing team to focus on international markets like, Canada and the US. The Company expects sales to stabilize after the transition period when the Company establishes itself in these new markets and the Company's larger projects begin to materialize.

DISCUSSION OF OPERATIONS

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

Revenue

Three months ended		September 30, 2019		September 30, 2018
Net Sales Revenue	$	841,401	$	416,802
Total	$	841,401	$	416,802

During the three months ended September 30, 2019, the Company reported net sales revenue of $841,401 as compared to net sales revenue of $416,802 during the three months ended September 30, 2018. The $424,599 increase in revenue is due to the timing of revenue recognition of contracts. A portion of the increase is due to the focused expansion of Arkave VR.

Cost of Services Rendered

Three months ended		September 30, 2019		September 30, 2018
Cost of Services Rendered	$	545,183	$	308,222
Total	$	545,183	$	308,222

Total cost of services rendered increased by $236,961 for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. The increase in the cost of services rendered reflects the increase in revenue during the quarter. Also, the expansion of Arkave VR has increased the cost of services rendered.

Operating Expenses

Three months ended		September 30, 2019		September 30, 2018
EXPENSES				
Personnel expenses	$	72,988	$	118,143
Consulting		43,331		41,869
Depreciation		33,464		13,655
Management fees		102,364		106,260
Office and miscellaneous		91,518		77,800
Professional fees		103,936		201,057
Share-based payments		34,566		72,397
Shareholder information		7,389		19,881
Transfer agent and filing fees		4,934		3,059
Travel and promotion		122,476		139,098
Other expenses		8,077		1,559
TOTAL OPERATING EXPENSES	$	(625,043)	$	(794,778)

Total operating expenses increased by $169,735 for the three months ended September 30, 2019 compared to the three months ended September 30, 2018, primarily due to the following:

- *Personnel expenses* decreased by $45,155 due more of the employees' time being allocated directly to delivering contracts.

- *Depreciation* increased by $19,809 due to an increase in equipment required for the Arkave Arenas in fiscal 2019. Also, a portion of the increase is due to a change in accounting treatment for leases beginning January 1, 2019.

- *Professional fees* decreased by $97,121 due to a reduction in costs associated with legal and accounting fees from the prior year.

- *Share-based payments* decreased by $37,831 due to a decrease in the number of stock options vesting compared to corresponding period in the prior year.

Net Loss

Three months ended		September 30, 2019		September 30, 2018
Net loss	$	(441,240)	$	(771,874)
Loss per share (basic and diluted)		(0.00)		(0.01)

Net loss for the three months ended September 30, 2019 decreased by $330,634 compared to net loss for the three months ended September 30, 2018. Major contributing factors for the variance include:

- Gross profit increased by $187,638 due to an increase in sales.
- Operating expenses decreased by $169,735 due to the decrease in personnel expenses, professional fees and share-based payments.
- Loss from other items increased by $26,739 primarily due to an increase in interest expense of $23,494 from the same period in the prior year.

FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Revenue

Nine months ended		September 30, 2019		September 30, 2018
Net Sales Revenue	$	1,714,223	$	1,607,065
Total	$	1,714,223	$	1,607,065

During the nine months ended September 30, 2019, the Company reported net sales revenue of $1,714,223 as compared to net sales revenue of $1,607,065 during the nine months ended September 30, 2018. The increase in revenue is due to the timing of revenue recognition of contracts. A portion of the increase is due to the focused expansion of Arkave VR.

Cost of Services Rendered

Nine months ended		September 30, 2019		September 30, 2018
Cost of Services Rendered	$	1,099,523	$	1,084,157
Total	$	1,099,523	$	1,084,157

Total cost of services rendered increased by $15,366 for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. The increase in the cost of services rendered reflects an increase in sales.

Operating Expenses

Nine months ended		September 30, 2019		September 30, 2018
EXPENSES				
Personnel expenses	$	283,857	$	239,365
Consulting		111,736		93,195
Depreciation		101,621		45,251
Management fees		314,063		314,297
Office and miscellaneous		241,086		326,903
Professional fees		486,117		649,305
Share-based payments		483,005		226,449
Shareholder information		14,532		45,680
Transfer agent and filing fees		31,120		24,155
Travel and promotion		331,993		437,778
Other expenses		28,020		18,009
TOTAL OPERATING EXPENSES	$	(2,427,150)	$	(2,420,387)

Total operating expenses increased by $6,763 for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, primarily due to the following:

- *Depreciation* increased by $56,370 due to an increase in equipment required for the Arkave Arenas in fiscal 2019. Also, a portion of the increase is due to a change in accounting treatment for leases beginning January 1, 2019.

- *Office and miscellaneous* decreased by $85,817 due to general cost cutting in the Company on rent, utilities and postage expenses from the prior year.

- *Professional fees* decreased by $163,188 due to a reduction in costs associated with legal and accounting fees from the prior year.

- *Share-based payments* increased by $256,556 due to an increase in the number of stock options granted. During the nine months ended September 30, 2019, 5,500,000 stock options were granted compared to 925,000 stock options granted during the nine months ended September 30, 2018.

- *Travel and promotion* decreased by $105,785 as a result of a decrease in the Company's marketing activities as compared to the same period in prior year.

Net Loss

Nine months ended		September 30, 2019		September 30, 2019
Net loss	$	(2,014,730)	$	(2,217,709)
Loss per share (basic and diluted)		(0.02)		(0.03)

Net loss for the nine months ended September 30, 2019 decrease by $202,979 compared to net loss for the nine months ended September 30, 2018. Major contributing factors for the variance include:

- Gross profit increased by $91,792 due to higher sales**.**
- Loss from other items decreased by $117,950 primarily due to a decrease in interest expense of $80,448 and a decrease in the impairment of recoverable taxes of $34,997 from the nine months ended September 30, 2019.

FINANCING ACTIVITIES

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company's cash and cash equivalents were $106,182 (December 31, 2018 – $623,591) and the Company had a working capital deficit of $698,257 (December 31, 2018 - $494,599). As at September 30, 2019, the Company had share capital of $9,574,607 (December 31, 2018 – $8,721,576) and 92,710,800 (December 31, 2018 – 84,333,866) common shares issued and outstanding, and an accumulated deficit of $13,849,938 (December 31, 2018 – $11,838,904).

Cash provided by (used in)		Nine months ended September 30 2019		2018
Operating Activities	$	(1,185,666)	$	(2,410,098)
Investing Activities		(219,111)		(149,507)
Financing Activities		832,238		3,000,827
Effect of exchange rate on cash		55,130		496,209
Change in cash and cash equivalents		(517,409)	$	937,431

Cash used in operating activities for the nine months ended September 30, 2019, was primarily related to the net loss of $2,014,730 which relates to the Company working towards expanding into new markets. This was offset by items not involving cash totalling $615,765 which includes share-based payments, depreciation and accrued interest. Changes in non-cash working capital items totalled $213,299.

During the nine months ended September 30, 2019, investing activities related to equipment purchases and intangible asset additions. The equipment purchases of $99,922 were mainly used for setting up Arkave Arenas and the $199,189 additions to the intangible asset were due to the development of Arkave software.

Financing activities during the nine months ended September 30, 2019, provided cash of $832,238 compared to $3,000,827 in the nine months ended September 30, 2018. Cash from private placements totalled $959,001 and was offset by share issuance cost of $23,194. Cash from the exercise of options totalled $80,000. YDBR borrowed an additional $339,499 in loans from Brazilian banks, which was offset by loan and interest repayments totalling $648,186 (described below). All funds from financing are used to fund operational activities and the expansion of the Company's offerings and are described in more detail below.

As of September 30, 2019, the Company had cash and cash equivalents of $106,182, trade accounts receivable and prepaids of $553,000, accounts payable and accrued liabilities of $601,087, current loans and financing of $146,385, current salaries and social charges payable of $256,230, current taxes and contributions payable of $298,835, current short term lease obligations of $48,995, current lease liability of $52,371 and other payables of $890. The Company's other payables and accounts payable and accrued liabilities are due within 90 days. The Company's loans and financing have regular scheduled payments due within 12 months and are outlined in Note 12. Taxes and contributions payable are repayable in monthly instalments as outlined in Note 13. The Company addresses its liquidity through debt and equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Loans and financing for the nine months ended September 30, 2019, consists of the following:

	September 30, 2019		December 31, 2018	
Balance, Beginning	$	695,989	$	898,163
Borrowing		339,499		604,881
Repayments		(648,186)		(927,620)
Accrued interest		31,139		129,662
Amortized value of bonus shares		-		45,530
Foreign exchange impact		(59,739)		(54,627)
Balance, Ending	$	358,702	$	695,989
Current	$	146,385	$	552,199
Noncurrent		212,317		143,790
	$	358,702	$	695,989

The following table summarizes information about the loans and financing outstanding at each reporting period:

	Number of payments	Monthly minimum payment		September 30, 2019		December 31, 2018	
Banco Bradesco S.A. -							
Matured January 2019	24	R$	22,852	$	-	$	7,739
Maturing September 2019	24		20,687		-		39,996
Maturing February 2021	24		26,127		108,176		-
Guarantee account – due on demand	n/a		n/a		31,819		100,570
Banco Itau S.A.							
Maturing April 2019	18	R$	13,727		-		11,072
Maturing June 2019	18		27,026		-		53,754
Maturing August 2020	24		12,298		-		71,978
Maturing August 2020	24		11,983		-		101,586
Maturing August 2020	24		11,983		-		70,131
Maturing September 2020	24		17,591		-		70,131
Maturing August 2022	36		21,118		138,286		
Guarantee account – due on demand	n/a		n/a		11,954		70,293
Banco Santander							
Guarantee account – due on demand	n/a		n/a		55,943		75,287
Accrued interest					12,524		23,452
				$	358,702	$	695,989

The bank facilities bear interest at rates ranging between 35.1% and 113.1% per year. The borrowings are guaranteed by the Company directors.

Share capital activity for the nine months ended September 30, 2019 is described as follows:

(i) On June 5, 2019, the Company issued 7,376,934 units for gross proceeds of $959,001. Each unit consisted of one common share and one warrant with each warrant entitling the holder to purchase one common share at $0.20 for three years. Using the residual value, the common share purchase warrants were fair valued at $184,423.

In connection with the financing, the Company incurred finders' fees of $15,960, other issuance costs of $6,485 paid in cash and issued 122,770 finders' warrants with a fair value of $8,214. Each finders' warrant entitles the holder to purchase one common share at $0.20 per share until June 5, 2022. The finders' warrants were measured at $0.07 at the grant date using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 126%, risk-free interest rate 1.31% and an expected life of 3 years.

While the Company currently does not have adequate cash on hand to meet its cash requirements for the coming year, the Company's future operations are dependent upon many factors, including the ability of the Company to generate sufficient profit and cash flows from operations, and the Company's ability to raise capital to fund its operations. The Company will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. In the short term, the Company's business in Brazil continues to develop with its existing clients. The Company is working towards expanding to new markets starting with the Dubai, China, US and Canada, in order to develop new projects, increase profit and growth.

The accompanying consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. For the nine months ended September 30, 2019, the Company incurred a net loss of $2,014,730 (2018 - $2,217,709). At September 30, 2019, the Company had an accumulated deficit of $13,849,938 (December 31, 2018 - $11,838,904) and working capital deficit of $698,257 (December 31, 2018 - $494,599). These factors indicate the existence of a material uncertainty that raise significant doubt about the Company's ability to continue as a going concern, which is dependent upon its ability to obtain and maintain an appropriate level of financing on a timely basis and to achieve sufficient cash flows to cover obligations and expenses. The outcome of these matters cannot be predicted. These consolidated financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

OFF BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Company's Board of Directors, officers, close family members and enterprises controlled by these individuals as well as certain persons performing similar functions. Apart from those transactions detailed in this section, there were no other related party transactions.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers. The following expenses were incurred with key management personnel.

For the nine months ended September 30, 2019, the Company had the following related party transactions and balances:

(a) management fees of $180,000 (2018 - $161,897) and rent of $nil (2018 - $25,000) were paid or accrued to Daniel Japiassu, a director and CEO of the Company. At September 30, 2019, accounts payable and accrued liabilities included $50,708 (December 31, 2018 - $782) owed to Daniel Japiassu for management fees and expense reimbursements;

(b) management fees of $98,363 (2018 - $103,498) were paid to Karina Israel, Director of the Company. At September 30, 2019, accounts payable included $7,496 (December 31, 2018 - $8,288) owed to Karina Israel for management fees and expense reimbursements;

(c) management fees of $12,500 (2018 - $35,400) were paid to a private company that James Nelson, director, is president of and rent of $nil (2018 - $10,895) was paid to a public company James Nelson, is president of. At September 30, 2019, accounts payable included $2,650 (December 31, 2018 – $2,625) owed to a private company that James Nelson is president of for management fees;

(d) management fees of $7,500 (2018 - $13,500) were paid to a private company controlled by Miguel Remedio, a director of the Company. At September 30, 2019, accounts payable included $1,500 (December 31, 2018 - $nil) owed to a private company controlled by Miguel Remedio for management fees;

(e) consulting expenses of $18,000 (2018 - $4,500) were paid to Eli Dusenbury, former CFO of the Company. At September 30, 2019, accounts payable included $nil (December 31, 2018 - $525) owed to Eli Dusenbury for consulting fees;

(f) management fees of $8,000 (2018 - $nil) were paid or accrued to Jamil Garcia, CFO of the Company. At September 30, 2019, accounts payable and accrued liabilities included $7,000 owed to Jamil for management fees; and

(g) the Company incurred share-based compensation expense of $235,503 (2018 - $22,205), to related parties.

The transactions noted above were measured at the exchange amounts which were agreed upon by the transacting parties.

Critical accounting judgements and estimates

Significant accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

i. The inputs used in valuing share-based payments;
ii. Recoverability of accounts receivable;
iii. Estimated life of depreciable assets; and
iv. The inputs used in the accounting for revenue recognition under the percentage of completion method for long-term contracts.

Critical accounting judgments

i. The determination of categories of financial assets and financial liabilities;
ii. The determination of the functional currency of each entity within the Company;
iii. The extent to which deferred tax assets or liabilities are recognized;
iv. The application of the Company's accounting policy for research and development expenditures as research or development; and
v. The assessment of the Company as a going concern.

Changes in significant accounting policies and adoption of new accounting standards

The following new accounting policies were adopted during the nine months ended September 30, 2019:

The Company adopted the requirements of IFRS 16 effective January 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

On adoption, the Company transitioned to the new standard using the modified retrospective approach and:

- Measured the lease liability based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate of at January 1, 2019;
- Measured the right-of-use asset as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at January 1, 2019; and
- Recording the cumulative difference to deficit.

The net impact on retained earnings on January 1, 2019 was a decrease of $3,696.

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at January 1, 2019:

	$
Lease liabilities before discounting	439,248
Discounted using incremental borrowing rate	(175,258)
Operating lease liability	263,990

The following is a reconciliation of lease liabilities to right of use lease asset at January 1, 2019:

	$
Operating lease liability at January 1, 2019	263,990
Prepaid lease payment	33,865
Lease payments prior to January 1, 2019	8,233
Right of use lease asset at January 1, 2019	306,088

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
ii. the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

FINANCIAL INSTRUMENTS AND RISK

Fair value

As at September 30, 2019, the Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, deposits, accounts payable and accrued liabilities, loans and financing and other payables. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The functional currency of the Company is CAD and the functional currency of YDBR is the R$, respectively. The reporting currency is CAD.

As at September 30, 2019, the Company and YDBR are exposed to currency risks arising from fluctuations in foreign exchange rates between CAD and R$ the degree of volatility of these rates. The Company raises funds from equity financings primarily in CAD. The Company and YDBR do not use derivative instruments to reduce their exposure to foreign exchange and currency risks. The Company and YDBR's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

The foreign exchange risk exposure of the Company and YDBR's financial instruments as at September 30, 2019 is as below:

Financial instrument type		Currency	+/- 10% fluctuation Increase / (decrease)	
Cash and cash equivalents	$ 253,808	R$	$ 8,076	$ (8,076)
Trade accounts receivable	935,415	R$	29,764	(28,764)
Recoverable taxes	82,329	R$	2,620	(2,620)
Loans and financing	(1,127,331)	R$	(35,870)	35,870
Accounts payable and accrued liabilities	(486,592)	R$	(15,483)	15,483
Salaries and social charges payable	(805,285)	R$	(25,623)	25,623
Taxes and contributions payable	(2,963,093)	R$	(94,281)	94,281
Other payables	(2,797)	R$	(89)	89
Total	$ (4,113,546)		$ (130,886)	$ 130,886

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents (Note 5) and YDBR's receivables (Note 6) are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. YDBR closely monitors its receivables. The Company has no amounts receivable that are past due (December 31, 2018 - $Nil). The maximum exposure to credit risk it the carrying amount of the Company's financial instruments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest expense on loans and financing and interest income on Canadian dollar cash. The Company has debt instruments at fixed rates and is therefore not exposed to risk in the event of interest rate fluctuations. As at September 30, 2019, the Company is exposed to interest rate risk upon the renewal of debt instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

As of September 30, 2019, the Company had cash and cash equivalents of $106,182, trade accounts receivable and prepaids of $553,000, accounts payable and accrued liabilities of $601,087, current loans and financing of $146,385, current salaries and social charges payable of $256,230, current taxes and contributions payable of $298,835, current short term lease obligations of $52,371 and other payables of $890. The Company's other payables and accounts payable and accrued liabilities are due within 90 days. The Company's loans and financing have regular scheduled payments due within 12 months and are outlined in Note 12. Taxes and contributions payable are repayable in monthly instalments as outlined in Note 13. The Company addresses its liquidity through debt and equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

PROPOSED TRANSACTIONS

There are no proposed transactions as of the date of this Management's Discussion and Analysis.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

Our common shares are listed on the TSX Venture Exchange under the symbol "YDX", on the Frankfurt Stock Exchange under the symbol "A2PB03", and on the Pink Sheets under the symbol "YDRMF".

Authorized - Unlimited common shares without par value

As at November 29, 2019, there were 97,230,766 (September 30, 2019 - 92,710,800) common shares issued and outstanding. As at November 29, 2019, there were 4,816,669 (September 30, 2019 - 9,633,355) common shares held in escrow.

Stock options

As at November 29, 2019, the Company had 7,450,000 (September 30, 2019 – 7,450,000) stock options outstanding and 7,050,000 (September 30, 2019 – 7,050,000) stock options exercisable as below:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
250,000	March 16, 2020	0.30	$0.20	250,000	$0.20
1,000,000	August 4, 2021	1.68	$0.49	600,000	$0.49
750,000	October 16, 2021	1.88	$0.15	750,000	$0.15
200,000	March 24, 2022	2.31	$0.41	200,000	$0.41
200,000	April 26, 2022	2.41	$0.41	200,000	$0.41
550,000	March 16, 2023	3.30	$0.20	550,000	$0.20
4,250,000	April 8, 2024	4.36	$0.15	4,250,000	$0.15
250,000	August 8, 2024	4.70	$0.08	250,000	$0.08
7,450,000		3.44	$0.21	7,050,000	$0.20

During the nine months ended September 30, 2019 and the subsequent period, the following transactions took place:

a) On April 8, 2019, the Company granted 4,250,000 stock options with an exercise price of $0.15 per share and an expiry date of April 8, 2024. These stock options vested immediately.

b) On August 8, 2019, the Company granted 1,250,000 stock options with an exercise price of $0.08 with maturity dates ranging from 1 to 5 years. The options vested immediately.

c) During the nine months ended September 30, 2019, 125,000 stock options were forfeited and the fair value of $22,205 was recognized as a deduction to share-based payments.

Share Purchase Warrants

As at November 29, 2019, the Company had 37,762,296 (September 30, 2019 – 33,242,330) share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share of the Company at the following exercise price per common share with the following expiry dates:

Expiry Date	Exercise Price	Number
April 24, 2020	$0.30	1,458,333
October 23, 2021	$0.20	4,519,966
June 5, 2022	$0.20	7,499,704
July 11, 2022	$0.25	500,000
February 9, 2023	$0.25	4,376,665
February 21, 2023	$0.25	13,956,668
February 21, 2023	$0.25	1,050,960
July 9, 2023	$0.25	4,400,000
		37,762,296

RISKS AND UNCERTAINTIES

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this Management's Discussion and Analysis, before making any decision to invest in the Company. The directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Company's business.

General Business Risks

The Company will be subject to general business risks and to risks inherent in the interactive technology and design agency business. The Company's ability to achieve profitable operations may be adversely affected by various operating risks common to the interactive technology and design agency industry, many of which are beyond the Company's control, including among others, the following:

(i) competition from other interactive technology and/or design agency companies;

(ii) increases in operating costs due to inflation, increases in labour costs, marketing and promotional costs and other factors;

(iii) restrictions on the ability to respond to cost and market pressures;

(iv) changes in governmental laws and regulations and fiscal policies and the related costs of compliance with laws and regulations and fiscal policies;

(v) adverse effects of international, national, regional and local economic and market conditions;

(vi) unforeseen events beyond the Company's control, such as terrorist attacks, travel-related health concerns, including pandemics and epidemics, imposition of taxes or surcharges by regulatory authorities, and unusual weather patterns, including natural disasters such as hurricanes, tsunamis or earthquakes; and

(vii) general business risks as discussed in detail herein.

Limited Operating History

The Company's business is still in its early stages (operating since 2007) and given that the Company has limited operating history, there is no assurance that the Company will be able to implement its business plans in the timeframes estimated by management or will be able to achieve or maintain profitable operations.

Ability to Continue as a Going Concern

The independent auditor has added an emphasis of matter to their audit report issued in connection with the Company's annual audited financial statements for the year ended December 31, 2018 which states that the accumulated deficit and the amount of working capital, raise doubt about the Company's ability to continue as a going concern. This is dependent upon the Company's ability to obtain and maintain an appropriate level of financing on a timely basis and to achieve sufficient cash flows to cover obligations and expenses. The outcome of these matters cannot be predicted. The consolidated financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

Development of the Company's Brand

There can be no certainty as to the ability of the Company to successfully develop and increase awareness of the Company's brand. Any loss of trust in any of the Company's projects can harm the value of the Company's brand and may have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and ability to make distributions to shareholders.

Competition

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company. The interactive technology and design agency industries are highly competitive, and the Company competes with other companies providing similar products and services. The Company will compete for customers as well as for the recruitment and retention of qualified employees.

Need for Continued Improvement

The Company's competitors are constantly developing innovations in interactive technology and design agency services. As a result, the Company will be required to continuously invest significant resources in research and development in order to enhance its technologies. In addition, these new products and services may present new and difficult technology challenges, and the Company may be subject to claims if users of these offerings experience service disruptions or failures or other quality issues. The Company's operating results would also suffer if its innovations are not responsive to the needs of its users, advertisers and other network members; are not appropriately timed with market opportunities, or are not effectively brought to market. As interactive technology and design agency services continue to develop, the Company's competitors may be able to offer interactive technologies and/or design agency services that are, or that are seen to be, substantially similar to or better than those of the Company. This may force the Company to compete in different ways and expend significant resources in order to remain competitive.

Intellectual Property Issues

Although the Company is not aware of any potential violations of others' intellectual property rights, the Company may face claims, including from direct competitors or other companies, asserting that the Company's technology or the commercial use of such technology infringes or otherwise violates the intellectual property rights of others. The Company cannot be certain that its technologies and processes do not violate the intellectual property rights of others. If the Company's market profile grows, then it could become increasingly subject to such claims.

If the Company were found to be infringing or otherwise violating the intellectual property rights of others, then it could face significant costs to implement work-around methods, and there is no assurance that any such work-around would be available or technically equivalent to the Company's technology. In such cases, the Company might need to license a third party's intellectual property, although any required license might not be available on acceptable terms, or at all.

If the Company is unable to work around such infringement or obtain a license on acceptable terms, then it might face substantial monetary judgments against it or an injunction against continuing to use or license such technology, which might cause the Company to cease operations.

In addition, even if the Company is not infringing or otherwise violating the intellectual property rights of others, it could nonetheless incur substantial costs in defending itself in suits brought against it for alleged infringement. Also, if the Company is able to enter into a license agreement in the future and it provides that the Company must defend and indemnify its customer licensees for claims against them relating to any alleged infringement of the intellectual property rights of third parties in connection with such customer licensees' use of such technologies, then the Company may incur substantial costs defending and indemnifying any customer licensees to the extent it is subject to these types of claims. Such suits, even if without merit, would likely require the Company's management team to dedicate substantial time to addressing the issues presented. Any party bringing claims might have greater resources than the Company, which could potentially lead to the Company settling claims against which it might otherwise prevail on the merits.

Interactive Digital Media

The market for interactive digital technology is relatively new and its potential is uncertain. The Company's success depends on the acceptance of its interactive digital technology by advertising clients and their continuing and increased interest in this medium as a component of their advertising strategies. If a substantial number of clients lose interest in advertising using the Company's interactive digital technology, the Company will be unable to generate sufficient revenues and cash flow to operate the Company's business, and the Company's revenues, prospects and results of operations could be negatively affected.

Potential Liability Claims

In addition to possible intellectual property claims as described above, the Company is, as is the case with other participants in the industry, subject to lawsuits alleging claims which may involve large claims and significant legal costs. Further, the negative publicity that is likely to result from significant claims can cause material damage to the Company's reputation. Any claim against the Company not covered by, or in excess of, its insurance policies could have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and ability to make distributions to shareholders.

Litigation Risks

In addition to possible intellectual property claims as described above, in the normal course of the Company's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Company and as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Company's business operations, which could have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and ability to make distributions to shareholders.

Uninsured Risks

In the course of the development of interactive technologies and providing advertising services, certain unexpected risks may occur. There are certain types of risks, generally of a catastrophic nature, such as war, natural disasters or terrorism, which are either uninsurable or are not insurable on an economically viable basis. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability, result in increasing costs, and have a material adverse effect on the Company's business operations and a decline in the value of the common shares of the Company. Claims against the Company, regardless of their merit or eventual outcome, may also have a material adverse effect on the Company's business operations.

Economic Downturns

The target market for the Company is large companies with resources for marketing and customer experience budgets. Future downturns could adversely affect the ability of such companies to afford the Company's products and services.

Currency Risks

The Company will have foreign currency exposure related to foreign denominated revenues and costs. Fluctuations in foreign currency exchange may adversely affect the Company's reported earnings and the comparability of period-to-period results of operations. Changes in currency exchange rates may also affect the relative prices at which the Company and our foreign competitors purchase and sell products in the same market and the cost of certain items required in the Company's operations.

Key Personnel

The Company is dependent on key personnel and the absence of any of these individuals could result in it having to cease operations. While engaged in the business of developing interactive technology and providing design agency services, the Company's ability to continue development and operations, and to develop a competitive edge in the marketplace, depends, in large part, on its ability to attract and maintain qualified key management personnel. Competition for such personnel is intense and the Company may not be able to attract and retain such personnel. The Company's growth will depend on the efforts of its senior management, particularly its Chief Executive Officer and director, Daniel Japiassú; its Chief Operating Officer and director, Karina Israel.

Conflicts of Interest – Generally

The directors of the Company will, from time to time, in their individual capacities, deal with parties with whom the Company may be dealing or may seek investments similar to those desired by the Company. Certain of the Company's directors and officers may be or become directors and officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any such directors and officers relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies.

Changes in General Applicable Laws

The Company's operations must comply with numerous federal, local laws and regulations in Brazil, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include those generally applicable to the development interactive technologies and design agency and business operations generally. Non-compliance with laws could expose the Company to liability. Lower revenue growth or significant unanticipated expenditures may result from the Company's need to comply with changes in applicable laws. The lower revenue growth and unanticipated expenditures that may result from such changes in the law may have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and ability to make distributions to shareholders.

Compliance with Advertising Laws and Regulations

Advertising laws and regulations require advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they prepare or distribute are fair and accurate and are in full compliance with applicable laws. Violation of these laws or regulations may result in penalties, including fines, confiscation of advertising fees, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, applicable government agencies or bodies may revoke a violator's license for advertising business operations.

Foreign Operations

As a result of the international aspect of the Company's operations, future revenue, gross margin, expenses and financial condition could suffer due to a variety of international factors, including:

- ongoing instability or changes in a country's or region's economic or political conditions, including inflation, recession, interest rate fluctuations and actual or anticipated military or political conflicts;
- longer collection cycles and financial instability among customers;
- trade regulations and procedures and actions affecting production, pricing and marketing of products;
- local labour conditions and regulations;
- managing a geographically dispersed workforce;
- changes in the regulatory or legal environment;
- differing technology standards or customer requirements;
- import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase the Company's cost of doing business in certain jurisdictions, prevent the Company from shipping to particular countries or markets, affect the Company's ability to obtain favourable terms for components, increase the Company's operating costs or lead to penalties or restrictions;
- difficulties associated with repatriating earnings generated or held abroad in a tax-efficient manner and changes in tax laws; and
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for the Company's products and shipments.

The factors described above could also disrupt the Company's product and component manufacturing and key suppliers.

Risks relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This involvement, as well as Brazil's political and economic conditions could adversely affect the Company's business, financial condition, results of operations, cash flows and prospects as well as the trading price of the Company's common shares.

The Brazilian government frequently exercises significant influence over the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, foreign exchange rate controls, capital controls and limits on imports. The Company will have no control over and cannot predict what measures or policies the Brazilian government may take in the future. The Company and the market price of the Company's common shares may be adversely affected by changes in Brazilian government policies, as well as general economic factors, including, without limitation:

- growth or downturn of the Brazilian economy;
- interest rates;
- currency fluctuations;
- inflation;
- liquidity of the domestic capital and lending markets;
- import and export controls;
- exchange rates and exchange controls and restrictions on remittances abroad;
- modifications to laws and regulations according to political, social and economic interests;
- fiscal policy and changes in tax laws;
- economic and social instability; and
- other political, social and economic developments in or affecting Brazil.

Developments in Brazil's political landscape may also impact the Company. Nevertheless, possible political crises may affect the confidence of investors and the public in general, which may result in economic deceleration and affect the trading prices of securities issued by companies with connections to Brazil.

No Guaranteed Return on Investment

The Company's common shares are equity securities and are not fixed income securities. The Company will not have a fixed obligation to make payments to shareholders and does not promise to return the initial purchase price of a share on a certain date in the future, if at all.

Dilution

The Company may, in its sole discretion, issue additional shares from time to time at prices and on terms at the discretion of the directors, and the interests of the Company's shareholders may be diluted thereby. Sales of substantial amounts of the Company's securities, or the availability of such securities for sale, could adversely affect the prevailing market price for the Company's securities.

Fluctuation of Share Price

The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, changes in the supply of or demand for interactive technologies, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's common shares. The Company is unable to predict whether substantial amounts of the Company's common shares will be sold in the open market or whether an active trading market in the Company's securities will be established and sustained. Any sales of substantial amounts of the Company's common shares in the public market, or perception that such sales might occur, could materially and adversely affect the market price of the Company's common shares and/or dilute the interests of shareholders.

Access to Capital

The interactive technology and design agency industries are capital intensive. The Company may require access to capital to fund its growth strategy from time to time. There can be no assurance that the Company will have access to sufficient capital or access to capital on terms favourable to the Company for future developments, funding operating expenses or other purposes. In addition, global financial markets have experienced a sharp increase in volatility during recent years. This has been, in part, the result of the re-valuation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant re-valuations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world in the near to medium term. These market conditions and unexpected volatility or illiquidity in financial markets may inhibit the Company's access to long-term financing in the capital markets. As a result, it is possible that the financing which the Company may require in order to grow and expand its operations may not be available or, if it is available, then it may not be available on terms favourable to the Company. Failure by the Company to access required capital could have a material adverse effect on the Company's business, cash flows, financial condition and results of operations and ability to make distributions to shareholders.

Accounting Policies

The accounting policies and methods utilized by the Company determine how it reports its financial condition and results of operations, and they may require management of the Company to make estimates or rely on assumptions about matters that are inherently uncertain. The Company believes that the assumptions underlying its reports of its financial condition are reasonable. However, the reports of The Company's financial condition may not reflect what the Company's financial position, results of operations or cash flows will be in the future.

ADDITIONAL INFORMATION

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.