

**VICTORY CAPITAL CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**As at December 31, 2017  
and for the years ended December 31, 2017 and 2016**  
*(All figures expressed in Canadian dollars)*

## **Victory Capital Corp. Management's Discussion and Analysis**

### **GENERAL**

The following management discussion and analysis ("MD&A") of the financial condition of Victory Capital Corp. (the "Company" or "Victory") provides an overview of significant events that have affected the Company's business development for the years ended December 31, 2017 and 2016. It should be read in conjunction with the audited financial statements of the Company together with the related notes thereto for the years ended December 31, 2017 and 2016.

The audited financial statements for the years ended December 31, 2017 and 2016 (the "Financial Statements") referred to in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following MD&A and the Company's audited financial statements were approved by the Audit Committee and the Board of Directors on April 26, 2018.

All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **CAUTIONARY STATEMENT ON FORWARD LOOKING STATEMENTS**

This MD&A contains forward-looking information and statements. These forward-looking statements are based on current expectations and estimates, factors and assumptions as at the date of this MD&A. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. There are a number of risks and uncertainties that could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, but not limited to, change in general economic and political conditions, regulation and competitor change, industry related risks, regulatory approvals, continued availability of capital and financing, uncertainty in the future financial conditions and the impact of currency exchange rates and interest rates.

Given these risks and uncertainties, potential investors and readers are urged to consider these factors carefully in evaluating these forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

### **ABOUT VICTORY CAPITAL CORP. AND CURRENT NATURE OF OPERATIONS**

Victory was incorporated on November 6, 2009 pursuant to the Business Corporation Act (Ontario) and is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. ("the Exchange") Corporate Finance Manual. The principal business of Victory will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. A Qualifying Transaction is defined as a transaction where a CPC acquires significant assets, other cash, by way of purchase, merger amalgamation, or another such arrangement with another company or by other means. Victory is currently in the process of identifying potential acquisitions but has not yet entered into a Qualifying Transaction.

The Company proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's Length Qualifying Transaction will also be subject to "Majority of the Minority Approval" as defined pursuant to the CPC Policy. The Company has not conducted commercial operations other than to begin the process of identifying potential acquisitions with a view to completing a Qualifying Transaction.

Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. With the consent of the

Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under "Restrictions on Use of Proceeds" and "Private Placements for Cash", the funds raised pursuant to the Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Company has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Company has not yet entered into an Agreement in Principle as of the date of this MD&A.

The Company may use cash, secured or unsecured debt, issuance of treasury shares, public financing of debt or equity, or a combination of these, for the purpose of financing its proposed Qualifying Transaction. A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Company and may cause the shareholders' interest in the Company to be further diluted.

The board of directors of the Company must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors must act honestly and in good faith with a view to the best interests of the Company and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The acquisition of, or participation in, companies, assets or businesses may arise in numerous ways. The Company has not established pre-determined criteria for such participations or acquisitions other than sound business fundamentals. Such fundamentals include, but are not limited to: (i) the ratio of risk to reward; (ii) the potential for growth; (iii) the length of the payout period; and (iv) the rate of return.

The Company has not commenced commercial operations and has no assets other than cash.

#### **INITIAL PUBLIC OFFERING**

During the year ended December 31, 2017, the Company completed its initial public offering by issuing 3,888,750 common shares at a price of \$0.20 per share for gross proceeds of \$777,750. In connection with the initial public offering, the Company paid a commission of \$77,775 and issued agents warrants to acquire 388,875 common shares of the Company at a price of \$0.20 per share for a period of 24 months from the date of listing of the Company's common shares on the TSX Venture Exchange (see note 6 of the Financial Statements).

#### **SELECTED ANNUAL INFORMATION**

The following selected financial data for the Company's most recently completed financial periods are derived from the audited financial statements of the Company, unless otherwise noted.

	<b>As at and for the Year Ended December 31, 2017 (\$)</b>	<b>As at and for the Year Ended December 31, 2016 (\$)</b>	<b>As at and for the Year Ended December 31, 2015 (\$)</b>
<b>Net loss for the year</b>	(146,171)	(70,617)	Nil
<b>Comprehensive loss for the year</b>	(146,171)	(70,617)	Nil
<b>Non-current assets</b>	Nil	Nil	Nil
<b>Current Assets</b>	658,677	86,450	Nil
<b>Non-current liabilities</b>	Nil	Nil	Nil
<b>Current Liabilities</b>	32,016	37,067	Nil
<b>Working Capital</b>	626,661	49,383	Nil
<b>Deferred Income Taxes</b>	Nil	Nil	Nil

<b>Share Capital</b>	726,610	120,000	Nil
<b>Shareholders' Equity</b>	626,661	49,383	Nil

## SELECTED QUARTERLY INFORMATION

The following table shows selected financial information related to the results of the Company's most recent periods. The information contained in this table should be read in conjunction with the Company's Financial Statements.

Fiscal Year	2017				2016			
	Dec	Sep	Jun	Mar	Dec	Sep	Jun	Mar
For the quarters ended	\$							
Net Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss for the period	(119,373)	(2,000)	(3,000)	(21,798)	(61,254)	(9,356)	(7)	Nil
Comprehensive loss for the period	(119,373)	(2,000)	(3,000)	(21,798)	(61,254)	(9,356)	(7)	Nil
Loss per share, basic and diluted	(0.07)	Nil	Nil	(0.02)	(0.17)	(0.03)	Nil	Nil

## RESULTS OF OPERATIONS

For the year ended December 31, 2017, the Company realized a net loss of \$146,171, an increase of \$75,554 when compared to a net loss of \$70,617 realized during the year ended December 31, 2016. During the years ended December 31, 2017 and 2016, the Company focused its efforts on the preparation of its preliminary prospectuses and completing its initial public offering. As such, the losses for the years ended December 31, 2017 and 2016 were primarily affected by the following factors:

### Filing Fees

During the years ended December 31, 2017 and 2016, the Company incurred filing fees of \$22,628 and \$15,353, respectively, related to the filing of its preliminary prospectuses and the completion of its IPO. The increase in the fees year-over-year is a function of the filing of the preliminary and final prospectuses during the year ended December 31, 2017.

### Professional Fees

During the years ended December 31, 2017 and 2016, the Company incurred professional fees of \$46,324 and \$55,214, respectively, related to legal and accounting fees. While accounting fees increased during the year ended December 31, 2017 as a result of the Company's quarterly financial reporting obligations, and legal expenses increased in connection with the preparation of the prospectuses, an aggregate decrease in professional fees of \$8,890 was still realized. During the year ended December 31, 2016, the Company incurred a corporate consulting and finance charge of \$28,250 in addition to legal and accounting fees.

### Share-Based Compensation

During the year ended December 31, 2017, the Company granted 508,875 stock options, each of which entitles the holder to acquire one common share of the Company at a price of \$0.20 per share. The fair value of the options of \$75,870 was recorded as share-based compensation expense during the year ended December 31, 2017. The Company did not incur any such charges during the year ended December 31, 2016.

## LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

As at December 31, 2017, the Company had a total of \$655,677 cash available within its operating bank account to

pay current liabilities of \$32,016. Current liabilities consist of accounts payable and accrued liabilities for accounting, legal and other fees incurred. The Company anticipates generating negative cash flows from operating activities on a quarterly basis until a Qualifying Acquisition has been completed and the Company generates revenue.

As at December 31, 2017, the net assets of the Company were \$626,661 (December 31, 2016-\$49,383).

The Company may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. The CPC Policy provides that until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a Maximum of the lesser of (i) 30% of the gross proceeds realized by the Company in respect of the sale of its securities, and (ii) \$210,000, may be used for purposes other than evaluating businesses or assets.

If the Company requires additional funding for ongoing expenses or costs in connection with a potential Qualifying Acquisition, the Company may seek funding by way of unsecured loans from its Sponsor, which loans would, unless approved otherwise by the TSX, bear interest at no more than prime rate plus 1%. Otherwise, and subject to any relief granted by the TSX, the Company may seek to raise additional funds through a rights offering of shares available to its shareholders, in accordance with the requirements of applicable securities legislation, and subject to placing the required funds raised in the escrow account in accordance with applicable TSX rules. Other than the foregoing, the Company will not be able to obtain any form of debt or equity financing other than in accordance with applicable securities laws and only with the consent of the TSX. There is no assurance that the Company's plans to raise capital or to consummate a Qualifying Acquisition will be successful.

The Company has not entered into any off-balance sheet financing arrangements and has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets. Further, the Company has no contractual or purchase type of obligations other than those reported in the Company's statement of financial position as of December 31, 2017.

#### **RELATED PARTIES**

There were no transactions with related parties during the years ended December 31, 2017 or 2016.

#### **OUTSTANDING SHARES, WARRANTS AND STOCK OPTIONS**

The following table sets forth information regarding the issued and outstanding securities of the Company as at April 26, 2018:

	TOTAL
Common Shares	5,088,750
Warrants	388,875
Stock Options	508,875
<b>Total</b>	<b>5,986,500</b>

Each of the outstanding warrants allow the holder to acquire one common share of the Company at a price of \$0.20 for a period of 24 months from the date of listing of the Company's common shares on the TSX Venture Exchange.

Each of the outstanding stock options allows the holder to acquire one common share of the Company at a price of \$0.20 per share. Each option shall expire on the later of (i) twelve months following the completion of a Qualifying Transaction; and (ii) 90 days following cessation of the Optionee's position with the Company, provided that if cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, provided that no options may expire later than five years from date such options are granted, that date being December 13, 2022.

#### **BASIS OF PRESENTATION, CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT ACCOUNTING POLICIES**

The preparation of the Company's financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and the related disclosure of contingent assets and liabilities, if any. The Company evaluates its estimates on an ongoing basis. Such estimates are based on various assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A summary of the significant judgments and estimates made by management and a summary of the Company's significant accounting policies used in the preparation of its financial information is provided within the Company's Financial Statements.

#### **DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Regulators, were effective and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

#### **MANAGING RISK**

Except as otherwise disclosed in this MD&A and in the Company's Financial Statements for the years ended December 31, 2017 and 2016, there have been no significant changes to the nature and scope of the risks faced by the Company as further described in the final prospectus of the Company dated May 24, 2017, and the amended and restated prospectus dated August 24, 2017, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Interested parties when evaluating the Company's performance and its outlook should consider these business risks.

#### **PROSPECTUS**

On May 24, 2017, the Company filed a prospectus for an initial public offering with the Ontario Securities Commission. Pursuant to an Agency Agreement dated May 24, 2017, the Company has appointed Gravititas Securities Inc. (the "Agent") as lead agent of the initial public offering with gross proceeds of a minimum of \$400,000 to a maximum of \$2,200,000 consisting of a minimum of 2,000,000 Common Shares to a maximum of 11,000,000 common shares at a price of \$0.20 per common share by way of an Initial Public Offering ("the Offering") pursuant to the policies of the TSX Venture Exchange governing CPCs. The Company will pay the Agent a commission of 10% of the gross proceeds of the Offering, payable immediately upon closing by certified cheque by the Company. During the year ended December 31, 2016, the Company paid the Agent a Corporate Finance Fee of \$25,000 which was due and payable upon execution of a letter agreement between the parties. In addition, the Company will grant to the Agent options to purchase the number of common shares as is equal to 10% of all common shares issued in the agency agreement. The Agent's option will be exercisable at any time up until 24 months after the listing of the shares of the Company on the TSX Venture Exchange at the issue price. On August 24, 2017, this Prospectus was replaced by an Amended and Restated Prospectus with the same terms.

Dated: April 26, 2018, Toronto, Ontario