

**Winston Capital Group Inc.**  
**(A Capital Pool Corporation)**  
Management Discussion and Analysis  
***For the Year Ended December 31, 2019***  
***and the Period from October 22, 2018 to December 31, 2018***

*Dated April 29, 2020*

# Winston Capital Group Inc.

## Management Discussion and Analysis

### FORM 51-102F1

***The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's financial statements and notes thereto for the year ended December 31, 2019. Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).***

This MD&A was prepared by management of Winston Capital Group Inc. ("the Company") and was approved by the Board of Directors on April 29, 2020. All amounts are in Canadian dollars unless otherwise stated.

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation'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. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation 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 unless required by applicable securities law.

#### **COVID-19**

The worldwide pandemic situation of Covid-19 has caused significant future uncertainty. Business interruption due to government mandated closure of non-essential services, self-isolation, quarantine and other measures by businesses and people in general have led to disruption to worldwide commercial activity. The impact of the pandemic situation to the economy, various industries and the environment in which the Corporation currently operates cannot be assessed at present. Federal and Provincial Governments are taking bold measures to bring it under control, however, the timeframe as to when the pandemic will be brought under control and the return to normalcy is not determinable at present.

#### **Description of the Business**

The Company was incorporated on October 22, 2018, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Corporation has been inactive between the date of incorporation and the date of the statement of financial position, other than issuance of share capital for cash. The Corporation is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation will be to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option, or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The Corporation 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 Corporation 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 Corporation 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.

# Winston Capital Group Inc.

## Management Discussion and Analysis

### Description of the Business

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

The Corporation 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 Corporation and may cause the shareholders' interest in the Corporation to be further diluted.

The board of directors of the Corporation 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 Corporation 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 Corporation 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 Corporation has not commenced commercial operations and has no assets other than cash.

### Initial Public Offering

On February 28, 2019 the Corporation completed its initial public offering raising gross proceeds of \$500,000. A total of 5,000,000 common shares in the capital of the Corporation were subscribed for at a price of \$0.10 per Share. Mackie Research Capital Corporation acted as the agent for the offering. The Agent received a cash commission equal to 10% of the gross proceeds of the offering, a corporate finance fee and non-transferable options to purchase up to 500,000 shares at a price of \$0.10 per share for a period of two years from the date the shares are first listed on the TSX Venture Exchange (the "TSXV"). Following the transaction, the Corporation has 7,500,000 shares issued and outstanding, with the directors, officers and seed shareholders of the Corporation, in aggregate, holding 2,500,000 shares which are subject to escrow restrictions. The Corporation has also granted 750,000 incentive stock options to its directors and officers which are exercisable for a period of ten years from the date of the grant at an exercise price of \$0.10 per Share.

### Selected Financial Information

The following selected financial data is derived from the financial statements of the Corporation's recently completed financial periods derived from the audited financial statements of the Corporation.

	As at Dec 31, 2019	As at Dec 31, 2018
	\$	\$
Net loss for the year	(168,717)	(65,867)
Comprehensive loss for the year	(168,717)	(65,867)
Non-Current assets	Nil	Nil
Current assets	400,810	89,133
Non-Current liabilities	Nil	Nil
Current liabilities	23,140	30,000
Working capital	377,670	59,133
Deferred income tax	Nil	Nil
Share capital	518,547	125,000
Warrants	26,449	Nil
Shareholders' equity	377,670	59,133

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

# Winston Capital Group Inc.

## Management Discussion and Analysis

### Results of Operations

For the year ended December 31, 2019, the Corporation realized a loss of \$168,717 (2018-\$65,867). During the year ended December 31, 2019 the Corporation focused its efforts on the preparation of its preliminary prospectus and completing its initial public offering.

On June 24, 2019, the Corporation announce details concerning its proposed arm's length qualifying transaction involving a proposed business combination with 2695389 Ontario Corp. ("Ontario"), a private company incorporated under the laws of the Province of Ontario on May 9, 2019. The Corporation has entered into a non-binding letter of intent with Ontario dated June 21, 2019, pursuant to which the Corporation and Ontario intend to complete a share purchase, plan of arrangement, amalgamation, three-cornered amalgamation or alternate structure to be determined, having regard to relevant tax, securities and other factors and potentially including a pre-closing reorganization of Ontario, to form a new company called "Verrian Corp.". (See Note 9 Subsequent Events in the Financial Statements).

### Professional and Administrative Fees

During the year ended December 31, 2019, the Corporation incurred legal and professional fees totaling \$101,459 (2018-\$65,867). The majority of these fees relate directly to the preparation of the preliminary prospectus and the initial public offering.

### Share-Based Compensation

During the year ended December 31, 2019, the Corporation granted 750,00 stock options, each of which entitles the holder to acquire one common share of the Corporation at a price of \$0.10 per share. The fair value of the options of \$67,258 was recorded as share-based compensation expense. There were 750,000 outstanding stock options at the end of the year.

### Liquidity, Capital Resources and Financial Position

As at December 31, 2019, the Corporation had a total of \$400,840 cash available to pay current liabilities of \$23,140. Current liabilities consist of accounts payable and accrued liabilities for accounting, legal and other fees incurred. The Corporation anticipates generating negative cash flows from operating activities on a quarterly basis until a Qualifying Acquisition has been completed and the Corporation generates revenue.

The Corporation 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 Corporation 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 Corporation requires additional funding for ongoing expenses or costs in connection with a potential Qualifying Acquisition, the Corporation 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 Corporation 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 Corporation 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 Corporation's plans to raise capital or to consummate a Qualifying Acquisition will be successful.

The Corporation 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 Corporation has no contractual or purchase type of obligations other than those reported in the Corporation's statement of financial position as of December 31, 2019.

**Winston Capital Group Inc.**  
**Management Discussion and Analysis**

**Related Party**

There were no transactions with related parties during the year ended December 31, 2019.

**Share Capital**

Authorized: Unlimited number of voting Common Shares

<b>Issued Common Shares</b>	<b>Number of Shares</b>	<b>\$</b>
Issued on incorporation	-	-
Issued at \$0.05 per share (i)	2,500,000	125,000
Balance December 31, 2018	2,500,000	125,000
Issued at \$0.10 per share (ii)	5,000,000	500,000
Share issue costs		(80,004)
Broker warrants		26,449
Balance December 31, 2019	7,500,000	571,445

- i. The Company has issued 2,500,000 Common Shares subject to an escrow agreement whereby 10% of the shares will be released upon completion and approval of the Company's qualifying transaction. An additional 15% of the escrowed Common shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Common Shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions. These founder Common Shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.
- ii. On February 28, 2019, the Company completed its initial public offering and raised gross proceeds of \$500,000 through the issuance of 5,000,000 Common Shares at a price of \$0.10 per share.

The Company granted Agent's Options (the "Agent's Options") which entitles the Agent to purchase in aggregate up to 500,000 Common Shares at an exercise price \$0.10 per Common Share. The Agent's Options will expire 24 months from the date the Common Shares were listed on the TSX Venture. The Agent also received a cash commission equal to 10% of the gross proceeds of the Offering, a corporate finance fee of \$25,000 and was reimbursed for its legal fees and reasonable expenses.

# Winston Capital Group Inc.

## Management Discussion and Analysis

### Risk and Uncertainties

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

- a) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- b) the Corporation has had no business activity and has not acquired any material assets since its incorporation other than cash;
- c) the Corporation does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction;
- d) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- e) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- f) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Corporation;
- g) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;
- h) if the Corporation fails to complete a Qualifying Transaction within 24 months of listing, the Exchange could suspend or delist the common shares of the Corporation and an interim cease trade order may be issued against the Corporation's securities by an applicable securities commission if its common shares are suspended from trading on or delisted from the Exchange or otherwise; and
- i) the Corporation competes with other Capital Pool Companies that are seeking suitable Qualifying Transactions. In addition, other Capital Pool Companies may have substantially greater financial and technical resources than the Corporation.

# Winston Capital Group Inc.

## Management Discussion and Analysis

### 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 Corporation's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Corporation's disclosure controls and procedures. Based on their review, they have concluded that the Corporation'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.

### Subsequent Events

On February 11, 2020, the Corporation announced that the letter of intent entered into with 2695389 Ontario Corp. ("Ontario"), previously announced on June 24, 2019, had been terminated by Winston as the parties were unable to close the transaction by the deadline. The Corporation's management continues to pursue opportunities for a potential qualifying transaction.

### COVID-19

The worldwide pandemic situation of Covid-19 has caused significant future uncertainty. Business interruption due to government mandated closure of non-essential services, self-isolation, quarantine and other measures by businesses and people in general have led to disruption to worldwide commercial activity. The impact of the pandemic situation to the economy, various industries and the environment in which the Corporation currently operates cannot be assessed at present. Federal and Provincial Governments are taking bold measures to bring it under control, however, the timeframe as to when the pandemic will be brought under control and the return to normalcy is not determinable at present.

### Other Information

The policies of the TSX Venture Exchange prohibit Capital Pool Companies from carrying on formal investor relations activities. Corporate communications and investor inquiries are handled by the Directors of the Company. Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## CORPORATE INFORMATION

### CONTACT

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### AUDITORS

#### MNP LLP

Mississauga, Ontario

### Directors

Bruce Bent  
John Gamble  
Michael White  
David Woolford

### TRANSFER AGENT

TSX Trust Company  
Calgary, Alberta