

Cherry Street Capital Inc.
Management Discussion and Analysis
For the Year Ended December 31, 2018

April 26, 2019

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Cherry Street Capital Inc. (the “Company” or “Cherry Street”) for the year ended December 31, 2018 should be read in conjunction with the Company’s financial statements for the year ended December 31, 2018. All figures contained in this MD&A are presented in Canadian dollars.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Company

The Company was incorporated under the Ontario Business Corporations Act on June 5, 2017 and is a Capital Pool Corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”).

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no assets other than cash held in trust. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company as defined under the policies of the TSX Venture. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

During the period from incorporation (June 5, 2017) to December 31, 2017 the Company issued 2,000,000 common shares at \$0.25 per share for total proceeds of \$500,000. The Company incurred share issuance costs of \$5,178 related to this issuance.

On September 27, 2018, the Company completed an initial public offering (“IPO”) of 1,050,000 common shares at \$0.50 per share (\$525,000 gross proceeds). The Company paid a commission of 10% of gross proceeds to the Agent (Canaccord Genuity Corp.) and granted the Agent an option purchase up to 105,000 of the common shares issued in the offering exercisable for a period ending twenty-four months from the date the Company’s Common Shares are listed on the TSX Venture Exchange, exercisable at \$0.50 per share. The Company also reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering.

Upon closing of the Offering, the Company issued 305,000 stock options to directors and officers. Each stock option entitles the holder to acquire one common share of the Company at an exercise price of \$0.50. The stock options expire 5 years from the date of grant.

The head office and the registered head office of the Company is located at 77 King Street West, Suite 700, Toronto, Ontario M5K 1G8.

On April 26, 2019 the Board of Directors approved the financial statements for the year ended December 31, 2018.

Summary of Quarterly Results

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Total Assets	\$834,763	\$849,599	\$437,734	\$460,569	\$485,551	\$500,000	nil
Total Revenues	nil	nil	nil	nil	nil	nil	nil
Total Expenses	\$13,782	\$140,927	\$21,374	\$19,460	\$16,950	\$5,179	nil
Net Loss	\$13,782	\$(140,927)	\$(21,374)	\$(19,460)	\$(16,950)	\$(5,179)	nil
Basic and diluted net loss per share	\$(0.05)	\$(4.07)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Results of Operations

Three month period ended December 31, 2018

The Company recorded a net loss of \$13,782 during the three months period ended December 31, 2018. The net loss for the three-month period ended December 31, 2018, is due mainly to professional fees and costs in relation to its listing on the Exchange.

Year ended December 31, 2018

The Company recorded a net loss of \$195,543 during the year ended December 31, 2018. The net loss for the three-month period ended December 31, 2018, is due mainly to costs in relation to its listing on the Exchange, stock-based compensation, and professional fees.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Company has no revenue from operations, the following is a breakdown of the material costs incurred in the period from incorporation (June 5, 2017) to December 31, 2018:

Material Costs	Period from incorporation (June 5, 2017) until December 31, 2018
Professional fees	\$69,549
Filing fees	\$33,534
Stock-based compensation	\$114,589

Liquidity and Capital Resources

As at December 31, 2018, the Company had cash of \$834,763. The Company had current liabilities of \$12,897 and working capital of \$821,866.

Negative cash flows of \$53,057 were recorded from operating activities during the year ended December 31, 2018. This is primarily due to cash proceeds from the Initial Public Offering net of cash outflows relating to filing fees and professional fees.

Outstanding Share Data

As of the date of this MD&A, 3,050,000 common shares are issued and outstanding.

Off-Balance Sheet Arrangements

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

During the year ended December 31, 2018, the Company incurred legal fees of approximately \$38,843 (2017-\$5,179) for services provided by a law firm whose partner is a director of the Company. As at December 31, 2018, \$8,665 (2017-\$12,858) is included in accrued liabilities for these services. As at December 31, 2017, \$12,858 has been included in deferred offering costs for these services.

Additionally, the Company incurred stock-based compensated expenses related to directors and officers valued at \$114,589.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the year ended December 31, 2018.

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash held in trust and accrued liabilities, approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Critical Accounting Estimates

The Company's significant accounting policies are summarized in its audited financial statements for the year ended December 31, 2018.

Changes in Accounting Policies

- IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the

contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The company adopted this standard on January 1, 2018, which had no impact on the financial statements.

Additional Information

For further detail, see the Company's financial statements for the year ended December 31, 2018. Additional information about the Company can also be found on SEDAR.