

Cherry Street Capital Inc.
Management Discussion and Analysis
For the Year Ended December 31, 2019

April 28, 2020

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Cherry Street Capital Inc. (the “Corporation” or “Cherry Street”) for the year ended December 31, 2019 should be read in conjunction with the Corporation’s financial statements for the year ended December 31, 2019. 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 Corporation’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 Corporation 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 Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Corporation

Cherry Street Capital Inc. was incorporated under the Business Corporations Act (Ontario) on June 5, 2017 and is classified as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual (the “Manual”). The head office and the registered head office of the Corporation is located at 77 King Street West, Suite 700, Toronto, ON M5K 1G8.

The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Corporation has not commenced operations and has no assets other than cash held in trust. The Corporation’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.

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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 Corporation 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 Corporation as defined under the policies of the TSX Venture. The Corporation is required to complete its QT on or before two years from the date the Corporation's shares were first listed on the Exchange.

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

On September 27, 2018, the Corporation completed its Initial Public Offering ("IPO") of 1,050,000 common shares at \$0.50 per share (\$525,000). The Corporation paid a commission of 10% of the gross proceeds to Canaccord Genuity Corp. (the "Agent"), and granted the Agent warrants to acquire 10% of the common shares issued in the IPO exercisable for a period ending twenty-four months from the closing of the IPO, exercisable at \$0.50 per share. The Corporation also paid a corporate finance fee and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. Cash issuance costs of \$94,873 were associated with these issuances and the value attributed to warrants granted to the Agent is \$27,873.

Concurrently with the completion of the IPO, the Corporation granted 305,000 stock options to its directors and officers at an exercise price of \$0.50 per share for a period of five years from the grant date.

On April 28, 2020 the Board of Directors approved the financial statements for the year ended December 31, 2019.

Summary of Quarterly Results

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Total Assets	\$794,063	\$799,948	\$800,596	\$822,377	\$834,763	\$849,599	\$437,734	\$460,569
Total Revenues	nil	nil	nil	nil	nil	nil	nil	nil
Total Expenses	\$6,095	\$1,098	\$20,438	\$1,264	\$13,782	\$140,927	\$21,374	\$19,460
Net Loss	(\$6,095)	(\$1,098)	(\$20,438)	(\$1,264)	(\$13,782)	(\$140,297)	(\$21,374)	(\$19,460)
Basic and diluted net loss per share	(\$0.00)	(\$0.00)	(\$0.02)	(\$0.00)	\$(0.05)	(\$4.07)	\$-	\$-

Results of Operations

Three month period ended December 31, 2019

The Corporation recorded a net loss of \$6,095 during the three months period ended December 31, 2019. The net loss for the three-month period ended December 31, 2019, is mainly due to professional fees and costs in relation to its listing on the Exchange.

Year ended December 31, 2019

The Corporation recorded a net loss of \$28,895 during the year ended December 31, 2019. The net loss for the year ended December 31, 2019, is mainly due to professional fees and costs in relation to its listing on the Exchange.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation 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, 2019:

Material Costs	Period from incorporation (June 5, 2017) until December 31, 2019
Professional fees	\$85,747
Filing fees	\$46,231
Stock-based compensation	\$114,589

Liquidity and Capital Resources

As at December 31, 2019, the Corporation had cash held in trust of \$794,063 (2018 – 834,763). The Corporation had current liabilities of \$1,092 (2018 – 12,897) and working capital of \$792,971 (2018 - 821,866).

Negative cash flows of \$40,700 (2018 – 53,057) were recorded from operating activities during the year ended December 31, 2019. This is primarily due to professional fees and costs in relation to its listing on the Exchange.

Outstanding Share Data

As of the date of this MD&A, 3,050,000 common shares are issued and outstanding. In addition, there are 305,000 stock options outstanding, exercisable at \$0.50 per share, expiring on September 27, 2023 and 105,000 Agent's Warrants outstanding, exercisable at \$0.50 per share, expiring on September 27, 2020.

Off-Balance Sheet Arrangements

The Corporation 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, 2019, the Corporation incurred legal fees of approximately \$4,712 (2018 - \$38,843) for services provided by a law firm whose partner is a director of the Corporation. As at December 31, 2019, \$1,092 (2018 - \$8,665) is included in accrued liabilities for these services.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the years ended December 31, 2019 and 2018.

Capital Management

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

The Corporation'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 Corporation 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 Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation'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 Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Critical Accounting Estimates

The Corporation's significant accounting policies are summarized in its audited financial statements for the year ended December 31, 2019.

Additional Information

For further detail, see the Corporation's financial statements for the year ended December 31, 2019. Additional information about the Corporation can also be found on SEDAR.