

CLUNY CAPITAL CORP.

(a capital pool company)

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –

QUARTERLY HIGHLIGHTS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2019

(EXPRESSED IN CANADIAN DOLLARS)

Cluny Capital Corp.
(a Capital Pool Company)
Interim Management’s Discussion and Analysis – Quarterly Highlights
Nine Months Ended September 30, 2019
Discussion dated: November 21, 2019

Introduction

The following interim Management’s Discussion & Analysis (“**MD&A**”) of Cluny Capital Corp. (the “**Company**”) for the three and nine months ended September 30, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management’s discussion & analysis for the fiscal year ended December 31, 2018. This MD&A does not provide a general update to the annual management’s discussion & analysis, or reflect any non-material events since the date of the annual management’s discussion & analysis.

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company’s annual financial statements, together with the notes thereto, and management’s discussion & analysis for the fiscal years ended December 31, 2018 and 2017, and unaudited condensed interim financial statements, together with the notes thereto, and management’s discussion & analysis for the three and nine months ended September 30, 2019. Results are reported in Canadian dollars, unless otherwise noted. The Company’s unaudited condensed interim financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 21, 2019, unless otherwise indicated.

Information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company expects to complete a Qualifying Transaction (defined below)	The Company expects to identify an asset or business to acquire and close a Qualifying Transaction, on terms favourable to the Company	The Company’s inability to find a target to complete a Qualifying Transaction, resulting in the Company remaining as a public shell on the NEX trading board of

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		the Exchange (defined below)
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending September 30, 2020	The operating activities of the Company for the twelve-month period ending September 30, 2020, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company was incorporated under the *Business Corporations Act* (Ontario) on August 11, 2011 and is classified as a capital pool company ("**CPC**") as defined in Policy 2.4 *Capital Pool Companies* ("**Policy 2.4**") of the TSX Venture Exchange Inc. (the "**Exchange**"). The Company has no significant assets. The common shares of the Company were listed on the Exchange at the close of business on August 19, 2014 and commenced trading on the Exchange under the stock symbol "CLN.P" on August 20, 2014.

The Company proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction (as such term is defined in Policy 2.4).

Effective March 13, 2017, the Company was transferred to the NEX trading board of the Exchange and the trading symbol for the Company was changed from CLN.P to CLN.H.

As of the date of this MD&A, there are currently 9,233,700 common shares of the Company issued and outstanding.

The registered address of the Company is located at 1 First Canadian Place, 100 King Street West, Suite 6000, Toronto, Ontario M5X 1E2.

Cluny Capital Corp.
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Interim Management's Discussion and Analysis – Quarterly Highlights
Nine Months Ended September 30, 2019
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The Company's financial year end is on December 31.

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 potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as permitted by Policy 2.4, the funds that will be raised and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions.

Operational Highlights

On August 19, 2019, the Company entered into a letter of intent with Xebra Brands Ltd. ("**Xebra**") for the proposed combination of the businesses of the two companies (the "**Proposed Transaction**"). The Proposed Transaction is intended to constitute the Company's Qualifying Transaction and would result in a reverse take-over of the Company by Xebra. Other than the foregoing, there are no significant activities to report during the three and nine months ended September 30, 2019.

Trends

For the immediate future, the Company intends to work towards, completing the Proposed Transaction. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Strong equity markets are favourable conditions for completing a public merger or acquisition transaction.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties" below, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Major Operating Milestones

None

Financial Highlights

Financial Performance

Three months ended September 30, 2019, compared to the three months ended September 30, 2018

The Company's net loss totaled \$41,213 for the three months ended September 30, 2019, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$33,725 with basic and diluted loss per share of \$0.00 for the three months ended September 30, 2018. The increase in the net loss of \$7,488 was principally because the Company recorded professional expenses (including tax and disbursements) of \$33,745, compared to \$24,719 in 2018, related to the Proposed Transaction.

Cluny Capital Corp.
(a Capital Pool Company)
Interim Management's Discussion and Analysis – Quarterly Highlights
Nine Months Ended September 30, 2019
Discussion dated: November 21, 2019

Nine months ended September 30, 2019, compared to the nine months ended September 30, 2018

The Company's net loss totaled \$70,710 for the nine months ended September 30, 2019, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$178,384 with basic and diluted loss per share of \$0.04 for the nine months ended September 30, 2018. The decrease in the net loss of \$107,674 was principally because the Company recorded stock-based compensation of \$41,684 and \$56,500 of investigation costs to find a Qualifying Transaction during the nine months ended September 30, 2018 compared to \$nil during the nine months ended September 30, 2019. In addition, professional expenses decreased by \$15,557 during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, due to cost reductions associated with the transition to the new management team of the Company.

Cash Flow

The Company had funds in trust of \$162,078 at September 30, 2019, compared to \$202,043 at December 31, 2018, a decrease of \$39,965, due to ongoing operating costs.

Liquidity and Financial Position

The Company manages its capital structure and makes adjustments to it, based on available funds to the Company. Pursuant to the policies of the Exchange, 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 its initial public offering or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under Policy 2.4. The Company has exceeded this limit. The impact of this violation, if any, is unknown and is ultimately dependent on the Exchange.

As at September 30, 2019, the Company has accounts payable and accrued liabilities of \$34,681 (December 31, 2018 - \$13,077) due within 12 months, convertible debentures with a carrying value of \$48,309 (December 31, 2018 - \$51,014) and funds in trust of \$162,078 (December 31, 2018 - \$202,043). Management believes the Company's working capital is sufficient for the Company to meet its ongoing obligations and meet its objective of completing a Qualifying Transaction within 12 months.

Convertible Debentures

On June 6, 2018, the Company issued an aggregate \$56,500 of convertible debentures to two arm's length service providers, which matured on June 6, 2019. These convertible debentures accrued interest at 6% per annum, and the principal amount is automatically convertible into an aggregate of 941,666 common shares of the Company at a deemed price of \$0.06 per share concurrent with the closing of a Qualifying Transaction. The convertible debentures were separated into its liability component of \$44,654 and equity component of \$11,846 using the effective interest rate method with an effective interest rate of 25% per annum.

Effective June 6, 2019, the convertible debentures were amended by extending the maturity date from June 6, 2019 to June 6, 2020. As a result, the Company extinguished these two convertible debentures when they matured on June 6, 2019 and treated them as two new convertible debentures with a maturity date of June 6, 2020. The Company calculated the fair value of the conversion feature and re-allocated the convertible debentures into two components, with the debentures carried at amortized cost, and the conversion feature carried at fair value. The convertible debentures that mature on June 6, 2020 were separated into its liability component of \$44,654 and equity component of \$11,846 using the effective interest rate method with an effective interest rate of 25% per annum.

Cluny Capital Corp.
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During the nine months ended September 30, 2019, the Company recorded an accretion expense of \$9,141 (nine months ended September 30, 2018 - \$6,170) and an interest expense of \$2,535 (nine months ended September 30, 2018 - \$1,077).

Related Party Transactions

Related parties include the directors of the Company, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the three and nine months ended September 30, 2019, nil (three and nine months ended September 30, 2018 - nil and 773,370, respectively) stock options were granted to directors and officers which were valued at \$nil (three and nine months ended September 30, 2018 - \$nil and \$41,684, respectively). There was no further compensation to key management personnel.

During the three and nine months ended September 30, 2019, the Company incurred \$nil (three and nine months ended September 30, 2018 - \$nil and \$10,692, respectively) in legal and agent fees to a law firm where a former director (Peter Simeon) of the Company was a partner. As at September 30, 2019, \$nil (December 31, 2018 - \$nil) was payable to the firm.

During the three and nine months ended September 30, 2019, the Company incurred \$25,877 and \$34,980, respectively (three and nine months ended September 30, 2018 - \$15,923 and \$44,708, respectively) in legal fees, disbursements and harmonized sales tax to a law firm where an officer (Robbie Grossman) of the Company is a partner. As at September 30, 2019, \$20,344 (December 31, 2018 - \$145) was payable to the firm, in respect of legal fees, disbursements and harmonized sales tax.

The Company received subscriptions from related parties for an aggregate amount of \$65,000 for 1,300,000 common shares during the nine months ended September 30, 2018.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's annual management's discussion & analysis for the fiscal year ended December 31, 2018, available on SEDAR at www.sedar.com.