

CAPRICORN BUSINESS ACQUISITIONS INC.
(A Capital Pool Corporation)

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FISCAL 2017 ENDED APRIL 30, 2017
August 25, 2017**

The following discussion and analysis of the operating results and financial position is supplementary to, and should be read in conjunction with, the audited financial statements for the year ended April 30, 2017 of Capricorn Business Acquisitions Inc. ("Capricorn" or the "Company"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). All monetary amounts are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION

The discussion and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are based to be reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

Company Profile

Capricorn Business Acquisitions Inc.

Capricorn Business Acquisitions Inc. ("Capricorn" or the "Company") was incorporated under the Business Corporations Act (Ontario) on May 7, 2008 and is classified as a Capital Pool Corporation as defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4. The Company has nominal assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a qualifying transaction, as defined in Exchange Policy 2.4.

As at April 30, 2017, the members of Company's management and Board of Directors consisted of:

Name	Position
Yvan Routhier	Chief Executive Officer, Chairman of the Board and Director
Gary Hokkanen	Chief Financial Officer
Gerald Goldberg	Director
David Posner	Director
Oleksandr Storcheus	Director
Yisroel Weinreb	Director

On April 17, 2017, the board of directors were compensated by stock options.

Recent Developments

On March 21, 2017, the Company completed the consolidation of its outstanding common shares on a ratio of 3 old shares for 1 new share. The number of shares, options and per share amounts have been adjusted for the effects of the consolidation for the years ended April 30, 2017 and 2016.

On March 21, 2017, the Company closed its non-brokered private placement, consisting of 4,285,708 post-Consolidation common shares at a subscription price of C\$0.07 per share to raise gross proceeds of \$300,000. No warrants were issued during the private placement.

On March 23, 2017, the Board approved the Company to complete the option modification, which had been approved prior by the TSX Venture Exchange, with respect to an aggregate of 462,148 pre-consolidation stock options, dated February 27, 2015. The 154,050 post-consolidation options are now exercisable at a price of \$0.10 per common share.

On April 17, 2017, the Company granted 520,000 stock options to the officers and directors of the company. The fair value of the options granted to directors and officers was estimated at \$39,000 using the Black-Scholes pricing model.

The directors of the Company continue to seek out appropriate potential qualifying transactions.

Selected Annual Information

Summarized selected financial information with respect to Capricorn for the years ended April 30, 2017, 2016 and 2015 is as follows:

		Year ended April 30, 2017	Year ended April 30, 2016	Year ended April 30, 2015
Total expenses		\$ 115,647	\$ 18,120	\$ 45,851
Net finance (income)		(150)	(16)	(638)
Loss and comprehensive loss		(115,497)	(18,104)	(45,213)
Loss per share		(0.039)	(0.007)	(0.018)
Total assets		302,094	24,329	31,781
Total liabilities		149,006	54,274	43,595
Shareholders' equity (deficiency)		153,088	(29,918)	(11,814)
Cash dividends declared		-	-	-

Results of Operations

Three-month period ended April 30, 2017 compared to 2016

Capricorn recorded a loss of \$58,710 during the three-month period ended April 30, 2017 compared to a loss of \$1,995 during the comparative period in the prior year. The loss in the current and comparative periods is mainly the result of professional fees and filing fees.

Loss per share during the three-month period ended April 30, 2017 was \$0.020 compared to loss per share of \$0.0008 during the comparative period in the prior year.

Year ended April 30, 2017 compared to 2016

Capricorn recorded a loss of \$115,497 during the year ended April 30, 2017 compared to a loss of \$18,104 during the comparative year. The loss in the current year is mainly the result of professional fees and filing fees. In the current year, the loss was mainly attributable to legal costs associated with the private placement, accrued audit fees, filing fees and professional fees associated with financial reporting.

Loss per share during the year ended April 30, 2017 was \$0.039 compared to loss per share of \$0.007 during the comparative year.

Summary of Quarterly Results

The following table presents selected financial data of Capricorn for its last eight quarters as reported in the particular period:

Period:	Net finance income	Profit (loss):	Earnings (Loss) Per Share:
2017 Q4	-	(58,710)	(0.020)
2017 Q3	-	(43,970)	(0.016)
2017 Q2	35	(8,527)	(0.002)
2017 Q1	116	(4,289)	(0.001)
2016 Q4	16	(18,104)	(0.0008)
2016 Q3	7	(9,592)	(0.004)
2016 Q2	-	(4,033)	(0.0002)
2016 Q1	9	(2,483)	(0.001)

Liquidity

At April 30, 2017, Capricorn had \$301,152 in cash and cash equivalents. On April 30, 2016, Capricorn had cash balances of \$23,387. The increase in cash is mainly associated with the loan received from Company's directors and funds raised through private placement.

Total liabilities were \$149,006 at April 30, 2017, up from \$54,247 at April 30, 2016. The increase is primarily attributable to professional fees, legal accruals, promissory note during the period.

Shareholders' equity increased from \$(29,918) on April 30, 2016 to \$153,088 on April 30, 2017 as a result of the \$115,497 loss and shares issued recorded during the year ended April 30, 2017.

Capricorn believes it has sufficient remaining capital resources to consummate an alternative qualifying transaction.

Capital Resources

Capricorn financed operations during the year ended April 30, 2017 through the remaining net cash proceeds of the initial public offering.

Off-Balance-Sheet Arrangements

As of April 30, 2017, Capricorn had no off-balance-sheet arrangements.

Related-Party Transactions

None.

Share Capital

As at April 30, 2017, Capricorn had authorized unlimited common shares without par value and had issued 6,750,503 common shares. During the year ended April 30, 2017, none stock options expired, and the company issue 674,050 stock options to the directors and officers of the Company. Total options outstanding and exercisable as at April 30, 2017 was 674,050.

Financial Instruments and Other Instruments

Capricorn' financial instruments consist of cash and cash equivalents, other receivables and accounts payable and accrued liabilities. It is management's opinion that Capricorn is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments.

Critical Accounting Estimates

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee. The critical accounting policies followed by the Company are as follows:

Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the

revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others the fair value of options issued and the fair value of financial assets and liabilities. Significant judgments include management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to complete a qualifying transaction. Actual results may differ from those estimates.

Financial Instruments

Financial Assets

Financial assets are classified into one of four categories:

- 1) Fair value through profit or loss ("FVTPL");
- 2) Held-to-Maturity ("HTM");
- 3) Loans and receivables; and
- 4) Available-for-sale ("AFS")

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVPTL assets are measured at fair value, and changes are recognized in profit or loss. Cash is classified as FVTPL.

Held-to-Maturity ("HTM")

Financial assets that have a fixed maturity date and which the Company has positive intention and the ability to hold to maturity are classified as held-to-maturity and are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Transaction costs incurred to acquire held-to-maturity financial instruments are included in the underlying balance. No financial assets were classified as held-to-maturity.

Available-for-sale ("AFS")

Available-for-sale assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets classified as available-for-sale are carried at fair value with the changes in fair value recorded in other comprehensive income, except for investments in equity instruments that do not have a quoted market price in an active market which should be measured at cost. Interest on

available-for-sale assets is calculated using the effective interest rate method and is recognized in the net income. Transaction costs incurred to acquire available-for-sale financial instruments are included in the underlying balance. When a decline in fair value is determined to be other-than-temporary, the cumulative loss included in accumulated other comprehensive income is removed and recognized in net income. Gains and losses realized on disposal of available-for-sale securities are recognized in net income. No financial assets were classified as available-for-sale.

Financial Liabilities

Financial liabilities are classified into one of two categories:

- 1) Fair value through profit or loss; and
- 2) Other financial liabilities

Financial liabilities at fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in the statement of operations and comprehensive loss. The Company has no financial liabilities at FVTPL.

Other financial liabilities

Other financial liabilities are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities as other financial liabilities.

Stock based compensation

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share option reserves is transferred to share capital to recognize the total consideration for the shares issued.

Loss per Share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. Contingently issuable shares are not considered outstanding

common shares and consequently not included in loss per share calculation. The Company computes the dilutive effect of options and similar instruments using the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the year. Diluted earnings (loss) per share calculation assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings (loss) per share.

Financial Instruments and Financial Risk Management

The Company is exposed to different types of risks in the normal course of operations, including credit risk and liquidity risk as follows:

a) Fair Value

The carrying values of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate fair values due to the relatively short-term maturities of these instruments.

b) Credit Risk

The Company's exposure to credit risk arises from the possibility that its debtors may fail to meet their obligations. The Company continually evaluates the collectability of amounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management reasonably believes will be collected.

The Company manages the credit exposure related to cash and cash equivalents of \$301,152 as at April 30, 2017 by making sure that the trust funds held by a legal firm is maintained in bank accounts with Schedule 1 banks in Canada.

The carrying amount of cash and cash equivalents and other receivables represents the maximum credit exposure.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations.

Outlook

The Company is considering potential Qualifying Transactions.