

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**ITEM 1. Name and Address of Company**

Capricorn Business Acquisitions Inc.  
77 King Street West  
Suite 3000, PO Box 95 TD Centre  
Toronto, Ontario M5K 1G8

**ITEM 2. Date of Material Change**

July 1, 2019

**ITEM 3. News Releases**

A press release in the form of Schedule A attached hereto was disseminated on July 16, 2019 via CNW Group news service.

**ITEM 4. Summary of Material Change**

Capricorn Business Acquisitions Inc. (NEX: CAK.H) ("**Capricorn**" or the "**Company**"), a capital pool company, has announced that it has entered into a letter of intent dated July 1, 2019 with Delaware-based Tikkun Pharma, Inc., d/b/a Tikun Olam Skincare ("**TO Skincare**") that outlines the general terms and conditions pursuant to which Capricorn and TO Skincare would be willing to complete a transaction that will result in a reverse take-over of Capricorn by the shareholders of TO Skincare, and which is intended to constitute the "Qualifying Transaction" of Capricorn pursuant to the policies of the TSX Venture Exchange.

**ITEM 5. Full Description of Material Change**

**5.1 Full Description of Material Change**

See Schedule A attached.

**5.2 Disclosure for Restructuring Transactions**

Not applicable

**ITEM 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**ITEM 7. Omitted Information**

Not applicable.

**ITEM 8. Executive Officer**

The following officer of the Company may be contacted for further information:

Yvan Routhier, CEO  
514-249-0714  
[routhieryvan@hotmail.com](mailto:routhieryvan@hotmail.com)

**ITEM 9. Date of Report**

This report is dated this 16<sup>th</sup> day of July, 2019.

## Schedule A

### **CAPRICORN BUSINESS ACQUISITIONS INC.**

**(NEX: CAK.H)**

77 King Street West, Suite 3000

Toronto, Ontario, M5K 1G8

/C O R R E C T I O N from Source -- Capricorn Business Acquisitions Inc./

In the news release, Capricorn Business Acquisitions Announces Letter of Intent with Tikun Olam Skincare, issued 15-Jul-2019 by Capricorn Business Acquisitions Inc. over CNW, we are advised by the company that the biographical information for Gerald Goldberg has been amended. The complete, corrected release follows:

#### **Capricorn Business Acquisitions Announces Letter of Intent with Tikun Olam Skincare**

July 16, 2019 - Toronto, Ontario – Capricorn Business Acquisitions Inc. (NEX: CAK.H) ("**Capricorn**" or the "**Company**"), a capital pool company, is pleased to announce that it has entered into a letter of intent dated July 1, 2019 ("**LOI**") with Delaware-based Tikun Pharma, Inc., d/b/a Tikun Olam Skincare ("**TO Skincare**") that outlines the general terms and conditions pursuant to which Capricorn and TO Skincare would be willing to complete a transaction that will result in a reverse take-over of Capricorn by the shareholders of TO Skincare, and which is intended to constitute the "Qualifying Transaction" of Capricorn (the "**Qualifying Transaction**") pursuant to the policies of the TSX Venture Exchange (the "**Exchange**").

#### **About Tikun Olam Skincare**

Backed by Tikun Olam science, Tikun Olam Skincare is a cosmeceutical company that combines the latest scientific advancements with cannabinoid medicine and the highest quality products for the ultimate skincare and beauty treatments. The Tikun Olam Skincare brand encompasses both cosmetic and therapeutic treatments for skincare. It is intended that TO Skincare's cannabinoid activities will operate within the purview of the 2018 Farm Bill and it does not intend to engage in any "marijuana-related activities" (as such term is defined in CSA Staff Notice 51-352 (Revised) - *Issuers with U.S. Marijuana-Related Activities*) that is in contravention of the federal laws of the United States.

#### **About Tikun Olam Ltd.**

Tikun Olam Ltd. ("**Tikun Olam**") is a leading global medical cannabis brand operating in several countries around the world. Tikun Olam cultivates, produces and provides evidence-based award-winning cannabinoid therapies. For 15 years, Tikun Olam has pioneered modern medical cannabis agriculture, treatment and clinical research and has developed multiple proprietary award winning cannabidiol strains, including the first-ever, high-CBD, "high-less" strains Avidikel and Rafael. Tikun Olam holds the first cultivation licenses in Australia, Israel and Greece, and is co-founder of MedReleaf Canada, Tikun Olam USA, Tikun Olam MC UK, TO Pharma, Jay Pharma and Tikun Olam Skincare. For more information, please visit [tikunolam.com](http://tikunolam.com).

#### **Transaction Summary**

Prior to the completion of the Qualifying Transaction, Capricorn shall effect a name change (the "**Name Change**") to "Tikun Olam Skin Care Corp." or as may otherwise be mutually agreed upon and

acceptable to the applicable regulatory authorities and the Exchange. The Qualifying Transaction is then expected to proceed by way of a three-cornered amalgamation, share exchange or statutory plan of arrangement pursuant to which Capricorn will acquire all of the issued and outstanding common shares of TO Skincare (the “**TO Skincare Shares**”), in exchange for common shares in the capital of Capricorn (“**Capricorn Shares**”) on the basis of 2.2216 Capricorn Shares for every one TO Skincare Share (the “**Exchange Ratio**”), reflecting a deemed price of approximately CAD \$0.2251 per TO Skincare Share or such other value acceptable to TO Skincare, Capricorn and the Exchange, such that TO Skincare will be a wholly-owned subsidiary of Capricorn as it exists following the completion of the Qualifying Transaction (Capricorn following the Qualifying Transaction, the “**Resulting Issuer**”) and will carry on the business of TO Skincare. The Qualifying Transaction will also provide that all outstanding options, warrants and broker warrants to purchase TO Skincare Shares shall be exchanged for economically equivalent securities of the Resulting Issuer, subject to adjustment in number and exercise price based on the Exchange Ratio.

In connection with the Qualifying Transaction, TO Skincare intends to complete a non-brokered private placement (the “**TO Financing**”) of secured convertible debenture units (“**Units**”) at a price of CAD \$1,000 per Unit for gross proceeds of up to CAD \$1,500,000. Each Unit will consist of (i) a convertible debenture (a “**Convertible Debenture**”) that has a face value of CAD \$1,000, an interest rate of 10% per annum, a maturity date of three years from the date of issuance, and will be convertible, at the option of the holder thereof or automatically upon completion of the Qualifying Transaction, into TO Skincare Shares at a price of CAD \$0.50 per share (“**Debenture Shares**”) and (ii) 2,000 non-transferrable warrants (“**Warrants**”), with each Warrant entitling the holder thereof to acquire one (1) TO Skincare Share at a price of CAD \$0.65 per share until the earlier of the date on which the Qualifying Transaction is completed or 60 months from closing. TO Skincare expects to engage Foundation Markets Inc. (“**Foundation Markets**”) to act as an advisor and exclusive finder in connection with the TO Financing. TO Skincare may pay finder’s fees to eligible finders equal to up to 8% of the gross proceeds raised under the TO Financing, and issue finder’s warrants (“**Finder Warrants**”) entitling the holder thereof to acquire a number of finder units (“**Finder Units**”) equal to 8% of the Debenture Shares sold pursuant to the TO Financing, with each Finder Warrant being exercisable at a price of \$0.50 into one (1) Finder Unit comprised of one (1) TO Skincare Share and one half of one (1/2) Warrant.

Lastly, TO Skincare may also complete a further financing immediately prior to closing of the Qualifying Transaction for gross proceeds of up to CAD \$5,000,000 (the “**Subsequent Financing**”), in order to meet the minimum listing requirements of the Exchange, on terms to be mutually determined at the time the Subsequent Financing is undertaken. TO Skincare and Capricorn expect that the net proceeds of the TO Financing and Subsequent Financing will be sufficient to meet the minimum listing requirements of the Exchange. TO Skincare intends to apply the net proceeds of the TO Financing and any Subsequent Financing toward funding TO Skincare’s development and commercialization of its initial products, sales and marketing efforts comprised primarily of targeting of specific lead market segments, marketing and branding efforts, and general working capital purposes.

FMI Capital Advisory Inc. (“**FMICA**”) has been engaged to provide advisory services to TO Skincare in the ordinary course of business. Pursuant to the engagement letter between TO Skincare and FMICA, TO Skincare agreed to pay a success fee equal to 5% of the total number of common shares of the Resulting Issuer that are outstanding immediately following closing of the Qualifying Transaction (the “**Success Fee**”). Alex Storcheus is a director of Capricorn and is a Managing Director, Corporate Finance of FMICA and of Foundation Markets. The Success Fee will be subject to the approval of the Exchange and will be set out in the disclosure document to be prepared in connection with the Qualifying Transaction. Mr. Storcheus has recused himself from the approval of the LOI. These relationships give rise to the potential for conflicts of interest between the interests of Capricorn and TO

Skincare, however under the policies of the Exchange the Qualifying Transaction is not considered a Non-Arm's Length Qualifying Transaction (as such term defined in the Corporate Finance Manual of the Exchange) since Mr. Storcheus is not a Control Person (as such term defined in the Corporate Finance Manual of the Exchange) of either TO Skincare nor Capricorn.

### **Conditions to Qualifying Transaction**

The Qualifying Transaction is subject to various conditions, including the following:

- completing satisfactory due diligence;
- Capricorn and TO Skincare entering into a definitive agreement (the “**Definitive Agreement**”) with respect to the Qualifying Transaction;
- Capricorn and TO Skincare obtaining, if necessary, the requisite board and shareholder approvals for the Qualifying Transaction and any ancillary matters contemplated in the Definitive Agreement; and
- obtaining all requisite shareholder and regulatory approvals relating to the Qualifying Transaction, including, without limitation, Exchange approval.

### **Proposed Management, Directors and Control Persons of the Resulting Issuer**

Upon completion of the Qualifying Transaction, the board of directors and officers of the Resulting Issuer will be reconstituted, such that the board of directors will be comprised of four (4) nominees of TO Skincare and one (1) of Capricorn, and all of the officers will be comprised of nominees of TO Skincare. The following sets out the names and backgrounds of the persons that are currently proposed to be four of the five directors and all of the senior officers of the Resulting Issuer. The fifth proposed director of the Resulting Issuer will be determined at a later date.

*Michael Indursky – Executive Chairman and interim Chief Executive Officer.* Mr. Indursky is a 30-year global expert in the personal care, beauty, and wellness business who has worked across virtually every category and channel of distribution. Mr. Indursky last served as President of [Bliss World, LLC](#) (Bliss®), a leading global omni-channel spa skincare and service brand with 700 employees, 32 spas, and 7,000 points of retail distribution across 40 countries. His efforts built the enterprise value of the company, culminating in the December 2015 sale of Bliss and its parent Steiner Leisure for \$920 million. Prior to Bliss, Mr. Indursky was Chief Marketing and Strategy Officer of [Burt's Bees, Inc.](#) (Burt's Bees®), the leading global natural personal care company. One of the key leaders in the natural and sustainable skin care movement, his efforts helped the company increase its enterprise value in four years by approximately \$775 million when it sold to [The Clorox Company](#) (NYSE: CLX) for \$950 million in 2008. Before that, Mr. Indursky held senior executive positions at [L'Oreal®](#), where he was VP of Marketing for [Garnier®](#) and [Maybelline®](#), and 11 years at [Unilever](#) (NYSE: UN) where he was last SVP of Strategic Planning and Marketing for all of the fragrance and cosmetics brands including Calvin Klein, Vera Wang, Valentino, Lagerfeld, and others. Mr. Indursky holds an M.B.A. with a concentration in Marketing from New York University and a B.B.A. Degree in Business Administration from Baruch College.

*Eric Lerner – President.* Mr. Lerner is a co-founder at TO Pharmaceuticals LLC d/b/a TO Pharma and T.O. Global LLC d/b/a Tikun Olam USA where he has served as a Manager since June 2015. He has served as Executive Vice President and Board Secretary of Tikun Olam USA since July 2016. Mr. Lerner previously served as an attorney at Pryor Cashman LLP working in the Entertainment, Media, Sports and Communications practice. Prior to that, he was a litigation associate at Kasowitz Benson Torres LLP. Mr. Lerner holds a J.D. from Fordham University School of Law and B.A. in Economics from UCLA.

*Lorne Gertner – Director.* Mr. Gertner is a serial entrepreneur with experience in start-ups, going public transactions, fashion, retail, architecture, real estate, finance and cannabis. Mr. Gertner is the current Chairman of HG2 Capital Corp., an investment, merchant bank in the cannabis sector. Mr. Gertner is a co-founder and former chairman of PharmaCan Capital Corporation (now Cronos) Canada's first publicly traded merchant bank in the medical marijuana sector with investments in many of the legal licensed producers in Canada. He is also a co-founder of Tokyo Smoke. Mr. Gertner is currently a director of Green Acre Capital and the board of the Design Exchange, and an adjunct professor of the Daniel School of Architecture Landscape and Urban Design at The University of Toronto. Mr. Gertner is a graduate of The John H. Daniels Faculty of Architecture, University of Toronto and has completed the ICD.D designation at the Rotman School of Management.

*David Stefansky – Director.* Mr. Stefansky has over 20 years of experience in the capital markets, merchant banking, and strategic advisory. He is a principal of Bezalel Partners, a merchant bank that provides capital formation and strategic advisory services to mid-market private and small to mid-cap public companies in the healthcare, life sciences, and technology sectors. He previously founded Kalytera Therapeutics (CSE:KLY) and served as Chairman of the board.

*John Van Buiten – Chief Financial Officer.* Mr. Van Buiten is an experienced finance executive with extensive background in public company accounting and financial reporting. He currently serves as a manager at Financial Consulting Strategies, LLC, preparing annual and quarterly SEC filings for clients in a wide range of industries and sizes. He is a Certified Public Accountant.

*Barry Farkas – Director.* Berel (Barry) Farkas has served as a Manager of TO Pharmaceuticals LLC since July 2018, and as a Manager of T.O. Global LLC since June 2015, and as Chairman of the Board thereof since July 2016. Since 2011, Mr. Farkas has served as a partner of Lightstone Management, LLC, a real estate investment firm.

*Gerald Goldberg – Director.* Mr. Goldberg is a Chartered Professional Accountant and a former senior partner at two major accounting firms. Mr. Goldberg has over 30 years' of audit experience and was the head of the public company audit division of a major firm. He was active in corporate finance and development and was involved in the structure and design of numerous innovative financing instruments, tax shelters and syndications, both in Canada and the U.S. He was actively involved with the audit of various public Canadian, U.S., Chinese and other foreign companies listed in the U.S. and Canada. Mr. Goldberg holds the designation of C.T.A. University of South Africa and is a member of the Institute of Chartered Professional Accountants of Ontario and the Public Accountants Council of Ontario. Mr. Goldberg was and is a director and audit committee chairman of numerous Canadian and U.S. public companies. Mr. Goldberg currently serves as Chairman and CEO of Osoyoos Cannabis Inc. (CSE:OSO) and Director at FSD Pharma Inc. (CSE: HUGE), Capricorn and Baymount Incorporated (NEX:BYM.H) and is Chief Executive Officer and a Director of Leo Acquisitions Corp. (NEX:LEQ.H). Mr. Goldberg previously served as Interim Chief Executive Officer of Canada House Wellness Group Inc. (CSE:CHV).

*TOP Invest LLC (an affiliate of Tikun Olam) – Control Person.* TOP Invest LLC holds 7,124,858 TO Skincare Shares or 34.44% on an undiluted basis and, upon closing of the Qualifying Transaction and assuming that the TO Financing is fully subscribed, is expected to hold 15,828,584 Capricorn Shares or 22.01% on an undiluted basis.

## Capitalization

Capricorn has 6,750,203 Capricorn Shares issued and outstanding, as well as options to acquire an aggregate of 647,050 Capricorn Shares. TO Skincare is expected to have, exclusive of the TO Financing and the Subsequent Financing, 24,784,946 TO Skincare Shares issued and outstanding together with an aggregate of 740,513 share purchase warrants, and 420,000 stock options.

Based upon the number of issued and outstanding shares in each of Capricorn and TO Skincare on the date hereof, upon completion of the Qualifying Transaction, the TO Financing (assuming that the TO Financing is fully subscribed) but without taking into account the Subsequent Financing, it is expected that the Resulting Issuer will have approximately 71,901,102 Capricorn Shares issued and outstanding (non-diluted), of which the current shareholders of Capricorn will hold 6,750,203 Capricorn Shares representing approximately 9.4% of the issued and outstanding Capricorn Shares, the former shareholders of TO Skincare will hold 55,062,236 Capricorn Shares representing approximately 76.6% of the issued and outstanding Capricorn Shares, purchasers under the TO Financing will hold 6,664,800 Capricorn Shares representing approximately 9.3% of the issued and outstanding Capricorn Shares and FMICA will hold 3,423,862 Capricorn Shares representing approximately 4.8% of the issued and outstanding Capricorn Shares. In addition, upon completion of the Qualifying Transaction and the TO Financing, the Resulting Issuer will also have outstanding approximately 933,072 stock options, 8,956,974 share purchase warrants (inclusive of the Warrants), and 533,184 Finder Warrants.

A disclosure document in respect of the proposed Qualifying Transaction will be prepared and filed in accordance with Policy 2.4 of the Exchange on SEDAR at [www.sedar.com](http://www.sedar.com) no less than seven (7) business days prior to the Closing.

## TO Skincare Financial Information

TO Skincare is a development stage entity and has not earned significant revenue to date.

Capricorn will provide further details in respect of the financial information regarding TO Skincare in due course by way of press release. However, Capricorn will make available to the Exchange, all financial information as required by the Exchange and will provide, in a press release to be disseminated at a later date, summary financial information derived from such statements.

## Trading of the Resulting Issuer Shares

Trading in the Capricorn Shares has been halted as a result of the announcement of the proposed Qualifying Transaction. Capricorn expects that trading will remain halted pending closing of the proposed Qualifying Transaction, subject to the earlier resumption upon the Exchange acceptance of the Qualifying Transaction and the filing of required materials in accordance with the Exchange policies. Following successful completion of the Qualifying Transaction, it is anticipated that the Resulting Issuer will be a Tier 2 Life Sciences Issuer.

## Sponsorship

The Qualifying Transaction will be subject to Exchange Policy 2.2 on sponsorship and sponsorship requirements, unless exempt in accordance with Exchange policies. Capricorn intends to apply for an exemption from the sponsorship requirements of the Exchange, however there is no assurance that the Exchange will exempt Capricorn from all or part of applicable sponsorship requirements.

*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority*

*shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

**NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**

### **Forward-Looking Statements**

*This news release includes certain “forward-looking statements” under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to: the terms and conditions of the proposed Qualifying Transaction; the intention of the parties to enter into the Definitive Agreement; the terms and conditions of the proposed TO Financing and Subsequent Financing; listing as a Life Sciences Issuer; use of funds raised pursuant to the TO Financing and the Subsequent Financing; and the business and operations of the Resulting Issuer after the proposed Qualifying Transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. The material estimates and assumptions include the parties to the Definitive Agreement being able to obtain the necessary director, shareholder and regulatory approvals; Exchange policies not changing; and completion of satisfactory due diligence. Risk factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, but are not limited to: general business, economic, competitive, political and social uncertainties; conditions imposed by the Exchange; delay or failure to receive board, shareholder or regulatory approvals; changes in tax laws, general economic and business conditions; and the ability of the Resulting Issuer to execute and achieve its business objectives. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company cautions the reader that the above list of risk factors is not exhaustive. Accordingly, readers should not place undue reliance on forward-looking statements. TO Skincare and Capricorn disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

### **For more information, please contact**

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