# A-LABS CAPITAL IV CORP.

## *MANAGEMENT`S DISCUSSION & ANALYSIS*

This Management's Discussion & Analysis dated February 25, 2020 ("MD&A") is intended to supplement and complement the financial statements of A-Labs Capital IV Corp. (the "Company") as at and for the three months ended December 31, 2019 and related notes thereto, which have been prepared using accounting principles consistent with International Financial Reporting Standards ("IFRS"). Readers are encouraged to review this MD&A in conjunction with the Company's audited annual financial statements. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations.

All monetary amounts in this MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at www.sedar.com. The reader should be aware that historical results are not necessarily indicative of future performance.

For the purposes of preparing this MD&A, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

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

## DESCRIPTION OF BUSINESS AND OVERVIEW

The Company was incorporated on November 26, 2018, pursuant to the provisions of the *Business Corporations Act* (BC) and is classified as a capital pool company as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "TSX-V"). From the period of incorporation (November 26, 2018) to December 31, 2019, the Company had no business operations and did not enter into any agreements to acquire an interest in businesses or assets. The Company's principal purpose is the identification and evaluation of assets or a business with a view to the negotiation of an acquisition or the participation in a business in order to satisfy the conditions of a qualifying transaction under the policies of the TSX-V (the "Qualifying Transaction"). The Company's registered head office address is 2800 Park Place, 666 Burrard Street, Vancouver, BC, V6C 2Z7.

On September 30, 2019, A-Labs Capital IV closed its initial public offering of 2,000,000 common shares at $0.10 per share for aggregate gross proceeds of $200,000 through Haywood Securities In., which acted as agent for the corporation (the "Offering"). The Corporation commenced trading on October 2, 2019, under the symbol "ALCC.P".

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. Management believes the Company has sufficient working capital to meet its liabilities for the next twelve months.

## OPERATIONAL HIGHLIGHTS

No significant activities to report during the three and nine months ended December 31, 2019, other than completing the IPO and searching for a Qualifying Transaction.

## TRENDS

For the immediate future, the Company intends to search for a Qualifying 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.

Apart from these and the risk factors noted under the heading "Risk Factors", 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.

## FINANCIAL PERFORMANCE

The Company's net loss totalled $4,235 for the three months ended December 31, 2019, with basic and diluted loss per share of $0.00. There are no comparatives for the three months ended December 31, 2019 as the Company was incorporated on November 26, 2018. The net loss of $4,235 resulted from:

- Operating expenses of $4,235 associated with the Company's listing on the TSX-V.

The Company's net loss totalled $80,117 for the nine-months ended December 31, 2019, with basic and diluted loss per share of $0.05. There are no comparatives for the nine months ended December 31, 2019 as the Company was incorporated on November 26, 2018. The net loss of $80,117 resulted from:

- A non-cash share based compensation expense of $29,823 related to the issuance of incentive stock options; and

- Operating expenses and professional fees of $25,812 and $24,482 respectively, associated with the Company's listing on the TSX-V.

### Cash Flow

As at December 31, 2019, the Company had cash of $208,179. The increase in cash for the nine month period ended December 31, 2019, was primarily due to the receipt of proceeds from the completion of the IPO.

## LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital structure and makes adjustments to it, based on funds available to the Company. Pursuant to the polices of the TSX-V, the proceeds raised through 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.

As at December 31, 2019, the Company had accounts payable and accrued liabilities of $8,603 (March 31, 2019 - $nil) due within 12 months, and cash of $208,179 (March 31, 2019 – $100,191). The Company believes that its working capital as of December 31, 2019, provides the Company with sufficient cash resources to meet its obligations for the upcoming annual period; however, upon completion of a Qualifying Transaction, additional capital may be necessary. As the Company has no revenues, its ability to continue as a going concern is dependent on obtaining additional financing and completing a Qualifying Transaction.

## RELATED PARTY TRANSACTIONS

As of the date of this MD&A, the Company has not entered into any related party transactions.

## SHARE CAPITAL INFORMATION

**Shares**

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

As of December 31, 2019, there were 4,000,000 common shares issued and outstanding. The issued and outstanding founders' common shares (2,000,000) are subject to a CPC Escrow Agreement.

## RISK FACTORS

Proposed Business

The Company does not have a history of operations. There is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

The Company is focused on completing a Qualifying Transaction in accordance with the policies of the TSX-V. There are restrictions on the Company's activities prior to the completion of a Qualifying Transaction and general and specific parameters regarding the characteristics and timing of a Qualifying Transaction. Until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions.

Requirement for Additional Financing

The Company does not currently have any operations generating cash to pay overhead costs for an extended period. The Company is therefore dependent upon debt and equity financing to complete a Qualifying Transaction and implement its business plan. There can be no assurance that such financing will be available to the Company. In the future, the Company will require additional funding to continue in operation. The lack of additional financing could result in the Company's inability to complete a Qualifying Transaction.

Reliance on Management

The Company is relying on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

The Company has no assets other than cash. The Company has no employees and the time committed to the Company by officers, directors and other consultants may be limited.

Approval by Majority of the Minority

Completion of any Qualifying Transaction is subject to a number of conditions, including acceptance by the TSX-V and in the case of a Non Arm's Length Qualifying Transaction, Majority of Minority Approval. In the event that the Company undertakes a Qualifying Transaction with a Target that is considered a Portfolio Company, the TSX-V has advised that it may require Majority of the Minority Approval for such Qualifying Transaction. The TSX-V will make such determination regarding Majority of Minority Approval upon considering the facts once the Target is identified and transaction terms are identified.

Trading Halt

Upon public announcement of a proposed Qualifying Transaction, trading of the Company's common shares will be halted for an indefinitely period of time, until certain reviews are conducted by the TSX-V, and obligations re satisfied. The trading of the Company's common shares will be reinstated upon review and acceptance from the TSX-V. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction. Trading of the Company's common shares may be halted at other times for other reasons, such as the failure by the Company to submit documents to the TSX-V in the required time period.

Possible Trading Suspension or Delisting

The TSX-V may suspend from trading or delist the securities of the Company in the event the Company fails to meet continued listing requirements of the TSX-V. Suspension from trading or delisting of the common shares may result in the regulatory authorities issuing an interim cease trade order against the Company. In addition, trading in the common shares of the Company may be halted at other times for other reasons, including for failure by the Company to comply with the policies of the TSX-V.

Foreign Qualifying Transaction

In the event that the management of the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon the foreign business and may find it difficult or impossible to enforce against such business, judgment obtained in Canada courts.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as of the date of this MD&A that have, or are reasonably likely to have, an effect on the results of operations or the financial conditions of the Company.

## OUTLOOK

For the immediate future, the Company intends to evaluate potential Qualifying Transactions. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future.

## FINANCIAL INSTRUMENTS

The Company's financial instrument consists of cash and accounts payable and accrued liabilities, approximate fair values due to the relatively short term maturities of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward looking statements. Forward-looking statements are usually identified by the Company's use of certain terminology, including "will", "may", "expects", "should", "anticipates" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results or achievements to be materially different from any future results or achievements express or implied by such forward-looking statements.

Forward-looking statements are statements that are not historical facts and include but are not limited to: estimates and their underlying assumptions; statements regarding plans; objectives and expectations with respect to the effectiveness of the Company's business model; future operations; products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the market for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint or strategic ventures; and statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.