



Management's Discussion and Analysis

For the three months ended March 31, 2019

Overview

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations, financial position and financial performance of Aylen Capital Inc. ("Aylen" or the "Company") for the three months ended March 31, 2019. It is supplementary information and should be read in conjunction with the Company's financial statements and accompanying notes for the three months ended March 31, 2019 and the year ended December 31, 2018. Reference should also be made to the Company's filings with the Canadian securities regulatory authorities that are available at www.sedar.com.

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is comprised of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

Aylen was incorporated on October 28, 2010 under the Canada Business Corporations Act. Aylen carries on a web-based survey and data collection business based in Markham, Ontario under the name Grapevine Solutions ("Grapevine") which operates as an unincorporated division of Aylen.

Aylen is a publicly-traded company listed on the Canadian Securities Exchange under the symbol "AYL".

FORWARD-LOOKING STATEMENTS

Matters may be included in this MD&A that constitute "forward-looking" information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. Most of these factors are outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Overall Performance in the First Quarter 2019

The revenues of the Grapevine business in the first quarter of 2019 increased 32.2% from the same period in the prior year due to more effective sales and marketing efforts in the face of increased competition. The economy in North American economy, where a majority of Grapevine's customers reside, continued to be relatively healthy in the quarter.

At March 31, 2019, the Company had cash and cash equivalents of \$606,000 (December 31, 2018 \$725,000).

The Grapevine Business

Grapevine, which operates as a division of Aylen, was acquired by Centiva Capital Inc. (“Centiva”), the Company’s predecessor, in October 2007. For accounting purposes, TriNorth’s carrying value for Grapevine was nil and the acquisition of Grapevine was recorded at that carrying value.

Grapevine’s business is based in Markham, Ontario and it consists of licensing and selling web-based survey and data collection software to third parties, most of whom are companies based in North America. Its software is used to perform customizable employee evaluations such as 360° employee evaluations, employee surveys, customer surveys, training surveys, web polls and data collection . The business has three full-time employees and engages consultants to provide software programming and upgrading and design services.

The primary business objectives for Aylen over the next 12 months are to grow the revenues of the Grapevine business through increased sales and marketing efforts and to establish Grapevine as a leading Human Resources online survey firm in North America.

The following is a summary of selected financial information for Grapevine over the past three financial years ended December 31 extracted from the audited financial statements of Aylen.

	2018	2017	2016
Total Revenues	560,714	778,357	830,000
Contract Liabilities (1)	293,651	218,106	249,000
Selling Expenses	428,440	458,263	473,000

(1) Contract liabilities are unearned subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract.

Grapevine’s revenues have decreased in each of the last 4 years as a result of increased competition and less effective sales and marketing efforts. The majority of Grapevine’s revenues originate in the US and the majority of Grapevine’s sales are made in US dollars. The weaker Canadian dollar relative to the US dollar during 2018 and in the first quarter of 2019 has had a positive impact on Grapevine’s revenues which are recorded in Canadian dollars.

Adoption of IFRS 15

Effective January 1, 2018, the Company adopted IFRS 15: Revenue from Contracts with Customers. The adoption of this standard has not impacted the revenue recognized from the Company’s Software-as-a-Service (SaaS) business

Investments

Leonardo Worldwide Corporation

In November 2018 the Company sold its investment in Leonardo Worldwide Corporation to Jonas Software (the “Purchaser”), an unrelated third party. The proceeds payable to the Company on closing were US \$642,000. Two additional amounts of the purchase price payable to the Company in respect the sale are being withheld by the Purchaser (the “Holdbacks”). The first Holdback payable to the Company is approximately US\$89,000 and is payable one year after closing and the second Holdback payable to the Company is approximately US\$62,000 and is payable two years after closing. The Holdbacks may be reduced by the portion attributable to the Company of any shortfall pursuant to a net tangible asset purchase price adjustment mechanism or any claims for indemnification made by the Purchaser.

Results of Operations

Grapevine had sales revenue of \$187,000 and selling expenses of \$121,000 for the first quarter of 2019 (for the first quarter of 2018 sales revenue was \$141,000 with selling expenses of \$110,000). Contract liabilities, which represent unearned subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract, were \$234,000 at March 31, 2019 (\$207,000 at March 31, 2018).

The Company's other source of revenue arises from interest and other income from its cash, which for the current quarter was \$1,000 (\$nil for the first quarter 2018).

General and administrative expenses totalled \$86,000 for the current quarter compared with \$86,000 for the first quarter of 2018. The lack of change in general and administrative expenses reflects a consistency in salaries, directors' fees and consulting fees. For the year ended December 31, 2018 the general and administrative expenses were \$385,000.

As a result of the foregoing the Company recorded a net loss and comprehensive loss of \$23,000 - (\$0.001 per share for the first quarter of 2019) (net loss and comprehensive loss of \$54,000 – (\$0.003 per share) for the first quarter of 2018).

Summary of Quarterly Information

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenue								
Sales	187,023	145,385	159,189	132,403	141,385	227,728	146,975	208,661
Interest and other income	1,445	31	-	34	292	775	1,218	1,416
Realize gain on sale of shares in private company and other income	-	1,006,410	-	-	-	-	-	-
Gain (loss), realized and unrealized, on marketable securities	-	-	-	(96)	(810)	4,568	4,623	(6,081)
Net Comprehensive Income (Loss)								
Total	(22,911)	758,363	(52,166)	(65,928)	(54,470)	17,401	(63,707)	(8,639)
Per Share	(0.001)	0.045	0.00	0.00	0.00	0.00	0.00	(0.00)
Per Share diluted	(0.001)	0.045	0.00	0.00	0.00	0.00	0.00	(0.00)

Revenues at Grapevine are subject to the influences of North American economic conditions and are also subject to some seasonal fluctuations. The demand for Grapevine's product offerings, which consist primarily of surveys and polls for businesses, including employee surveys and evaluations, is directly affected by economic conditions generally. In difficult economic times such as the period from 2008 to 2010, businesses tend to reduce discretionary spending, which would include Grapevine's products and conversely in more robust economic times spending on discretionary items tends to increase. In addition there is a limited amount of seasonality to Grapevine's revenues. Businesses tend to conduct the majority of employee surveys and polls at or towards the end of the calendar year and sales tend to slow down in the summer months due to vacations. As a result Grapevine's revenues are somewhat stronger in the fourth and first quarter and tend to be somewhat softer in the second and third quarters.

Liquidity and Financial Position and Capital Resources

The Company's ability to generate sufficient cash to fund its operations and working capital requirements depends entirely upon the ability of the Grapevine business to generate positive cash flow. Grapevine's ability to generate positive cash flow from its business requires it to have revenues in excess of its costs. The table set out below shows Grapevine's revenues and costs for the three years 2015 to 2017 inclusive and the net amount of cash generated by Grapevine which is available to fund other Company expenses. The cash generated by Grapevine and from the interest has not been sufficient to cover the Company's general and administrative expenses and the Company has experienced negative cash flow and negative working capital as shown in the following table.

Summary of Cash Flow and Working Capital for last 3 fiscal years

	2018	2017	2016
Grapevine revenues	560,714	778,357	830,365
Grapevine costs	428,440	458,263	473,104
Interest, other income	549	4,424	4,693
Net amount of cash available to fund other Company expenses	131,725	315,670	364,954
Proceeds from sale of marketable securities, net of purchase	4,226	20,539	6,796
Working capital	488,203	(217,739)	(147,362)

At March 31, 2019, the Company had working capital of \$462,000 after deducting contract liabilities of \$234,000.

With respect to the Company's working capital requirements, the quarterly general and administrative expenses of the Company were \$86,000 in the first quarter 2018 and \$86,000 for the first quarter in 2017. The general and administrative expenses in 2018 were substantially all committed and non-discretionary expenses and are representative of the approximate amount of general and administrative expenses which would likely be incurred by the Company in a year in the normal course of business. It is likely that the cash generated by Grapevine will not be sufficient to cover all of the Company's operating expenses. In such event the Company will use its existing cash on hand to fund the deficiency and continue its operations.

Current liabilities were \$287,000 at March 31, 2019 (\$387,000 at March 31, 2018), and this amount includes \$234,000 of contract liabilities which represent the unearned portion of subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract. Accounts payable and accrued liabilities were \$53,000 at March 31, 2019 (\$94,000 at March 31, 2018).

The cash and cash equivalents included in working capital was \$606,000 at March 31, 2019 (\$49,000 at March 31, 2018). Accounts receivable included in working capital were \$11,000 at March 31, 2019 (\$22,000 at March 31, 2018). Ayleen has sufficient cash and cash equivalents to provide liquidity to the Company for the next 12 months.

Analysis of Financial Condition and Financial Performance

The financial condition of the Company is dependent on the performance of Grapevine. In the first quarter ending March 31, 2019 Grapevine's revenues were \$187,000 which was an increase of 32.2% from March 31, 2018.

The majority of Grapevine's customer base resides in the US. The products offered by Grapevine are heavily focused on the human resources sector of businesses and include products such as employee surveys and evaluations. These products represent discretionary, non-critical expenses for most businesses. In difficult economic times, such as the period from 2008 to 2010 in North America, businesses in general often try to reduce discretionary spending as a first measure to survive during the period of reduced demand for their goods and services.

Related Party Transactions

The following related party transactions occurred and were reflected in the financial statements during the periods ended March 31, 2019 and 2018 as follows:

REMUNERATION OF KEY PERSONNEL

	Three Months March 31,	
	2018	2017
Salaries	\$ 55,000	\$ 55,000
Directors' fees	3,750	3,750
Consulting fees	12,000	6,500
Total	<u>\$ 70,750</u>	<u>\$ 80,671</u>

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the Chief Executive Officer.

Included in accounts payable and accrued liabilities are directors' fees of \$3,750 (December 31, 2018 - \$Nil), consulting fees of \$Nil (December 31, 2018 - \$2,168).

Directors and Officers Compensation

The following table sets out all compensation payable to directors of the Corporation for their services as directors in the first quarter of 2019.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive compensation (\$)	plan Pension value (\$)	All other compensation (\$)	Total (\$)
Douglas Babcock	1,250	Nil	Nil	Nil	Nil	Nil	1,250
William Hale	1,250	Nil	Nil	Nil	Nil	Nil	1,250
John Pennal	1,250	Nil	Nil	Nil	Nil	Nil	1,250

In addition in the first quarter of 2019 John Pennal received \$60,000 as President and CEO, and Alex Falconer received \$7,500 as Chief Financial Officer.

Commitment

The Company has contracted with a third party to provide operations and sales management services to Grapevine for an annual fee of \$103,600 plus applicable taxes. The contract may be terminated by either

party on one month's notice. If the Company terminates the contract it will be liable to pay a termination fee equal to four (4) months compensation under the contract.

Risk Factors and Risk Management

Aylen shareholders and potential investors in Aylen should carefully consider the following risk factors when evaluating Aylen and its common shares.

An investment in Aylen's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks which are deemed to be material to the Company's business or the results of its operations. When reviewing forward-looking statements and other information contained in this prospectus, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry-specific factors that may adversely affect the Company's future results. If any of these risks should actually occur, the Company's business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties of which the Company is currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Negative Cash Flows

In prior years the Company has had negative cash flow from operating activities and has had to fund its operations with cash on hand. The Company's cash on hand less liabilities at March 31, 2019 was \$462,402.

Operating Liquidity

Grapevine's business is not fully developed and may continue to require additional funding to continue operations or to develop their business plans until they become self-funding. The Company has limited cash resources and is unable to provide any significant amount of additional funding to Grapevine if it should be required. In such an event, if no other source of funding is available, the operations would have to terminate and it would not be possible for the Company to recover its investment. If an additional source of funding is found, it may result in significant dilution of the Company's investment.

Industry Risks

Grapevine is subject to the risks inherent in the industry in which it operates. Grapevine's business is very dependent on the continued demand for on-line surveys and polls by businesses, particularly those surveys and polls relating to employees, and particularly in North America. Its business would be adversely affected by a significant downturn in its particular industry segment or a change in the demand by consumers for its products and services.

Competition

Grapevine faces intense competition, including competition from other companies with greater financial and other resources, and more advanced technological development. There can be no assurance that they will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows.

Effect of General Economic Conditions

Grapevine's results of operations in the period prior to 2010 were adversely affected by the global economic downturn and there is a significant risk that global economic conditions or economic conditions

in North America will deteriorate again which will have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. Its products and services represent discretionary expenses to the customers they serve and would be among the most likely expenses to be eliminated if economic conditions deteriorate.

Currency Fluctuations

The majority of the Company's costs are incurred in Canadian dollars and more than half of its revenues are received in U.S. dollars. A deterioration in the value of the U.S. dollar against the Canadian dollar will have a significant negative effect on the Company's revenues, financial condition, results of operations and cash flows. The Company does not use currency derivatives to hedge against adverse currency fluctuations.

Legal Claims and Other Contingencies

Aylen and Grapevine may become parties to law suits, claims and litigation arising in the ordinary course of business.

Such law suits could result in significant costs and the outcome of such law suits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

Lack of Market for Aylen's Shares

The Company's common shares are listed on the Canadian Securities Exchange (symbol -AYL). The Company's shares are thinly traded and there may not be a liquid market for the shares from time to time and any market price for the shares may not reflect the underlying value of the Company's business and assets.

Critical Accounting Policies and Estimates

See the Company's 2018 Annual MD&A and the 2018 annual consolidated financial statements and the related notes thereto for a discussion of the accounting policies and estimates that are critical to the understanding of the Company's business and results of operations.

Internal Controls

Disclosure controls and procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

Internal controls over financial reporting

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's internal controls over financial reporting.

International Financial Reporting Standards

The Company's financial statements for the three months ended March 31, 2019 and the year ended December 31, 2018 and the comparative information presented in the financial statements have been prepared in accordance with IFRS applicable to the presentation of financial statements.

Future Direction

The Company has revised the sales and marketing approach of its Grapevine business and the Company is striving to return to the revenue levels and growth experienced in 2015 and 2016. However, the industry in which Grapevine operates is subject to intense competition and it has difficult to increase revenues in such an environment.

Outstanding Share Data

The Company has authorized an unlimited number of common shares, an unlimited number of Class A common shares and an unlimited number of preferred shares issuable in series. As at the date of this MD&A, and as at March 31, 2019, there were 16,856,632 common shares issued and outstanding and there were no Class A common shares and no preferred shares outstanding.

Date and Other Available Information

Unless otherwise indicated, the information contained in this MD&A is presented as of May 28, 2019.

Additional information concerning the Company including its regulatory filings may be found on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.