

CABBAY HOLDINGS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

From Inception March 6, 2016 to December 31, 2016

Overview

This MD&A has been prepared as of May 26, 2017 and the following information should be read in conjunction with the Issuer's audited financial statements for the period from inception March 6, 2016 ended December 31, 2016 together with the notes thereto. The Issuer's financial statements for the period have been prepared in accordance with International Financial Reporting Standards (IFRS).

This discussion contains forward-looking statements that involve certain risks and uncertainties. Statements regarding future events, expectations and beliefs of management and other statements that do not express historical facts are forward-looking statements. In this discussion, the words "believe", "may", "will", "estimate", "continue", "anticipate", "intend", "expect", "plan", "predict", "potential" and similar expressions, as they relate to the Issuer, its business and management, are intended to identify forward looking statements. The Issuer has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting the financial condition of the business. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Except as may be required by applicable law or regulation, the Issuer undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If the Issuer updates one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Additional information relating to the Issuer, is available by accessing the SEDAR website at www.sedar.com.

Business Overview and Strategy

The Issuer is a holding company. Its major asset is an agreement with ForwoRx Therapeutics Inc. regarding the development of therapies to treat fibrosis and pulmonary arterial hypertension. The agreement covers the lead compound for Fibrosis, PTL-202 is a combination of already approved drugs which have well established safety profiles. PTL-202 has completed a phase 1 drug/ drug interaction clinical trial.

Overall Performance

The Issuer's plan is to continue as a holding company.

Corporate Highlights

During the period from inception, March 6, 2016 to December, 2016 the Issuer accomplished the following:

- The company was incorporated on March 6, 2016
- The Company announced that it has entered into an arrangement agreement dated April 18, 2016 in order to effect the plan of arrangement between the Company and Pacific Therapeutics Ltd. under the Business Corporations Act (British Columbia).
- May 31, 2016 the British Columbia Supreme Court granted final approval of the plan of arrangement to transfer the Pacific Therapeutics Ltd. asset purchase agreement relating to its biotechnology assets for the development of therapies for fibrosis and erectile dysfunction to Cabbay Holdings Corp.
- September 12, 2016, three new directors, Derick Sinclair, Robert Charlton and Douglas Unwin were appointed to the Issuer's board of Directors. Mr. Unwin was appointed president and CFO to replacer Nick Horsley who had resigned.
- October 3, 2016 the plan of arrangement became effective and the issuer became a reporting company in British Columbia.
- October 18, 2016 the company adopted a stock option plan that provides for the equivalent number of 10% of the outstanding shares to be available for the granting of stock options.
- October 31, 2016 the company issued 100,000 stock options to Company directors.

Selected Financial Information

The financial information reported here has been prepared in accordance with IFRS. The Issuer uses the Canadian dollar (CDN) as its reporting currency. Selected un-audited financial data for interim operations of the Issuer for from inception and for the three months ended September 30, 2016:

Selected Statement of Operations Data

Period ended	Three Months Ended December, 2016	From Inception March 6, 2016 to December 31, 2016
Total revenues	\$Nil	\$Nil
Net Income / (Loss)	(\$441,998)	(\$442,103)
Basic Income/(loss) per share	(\$0.33)	(\$1.08)
Diluted loss per share (Audited)	(\$0.33)	(\$1.08)
Weighted average shares	1,349,560	409,367

Selected Balance Sheet Data

Period ended	December 31, 2016
Cash & Equivalents	\$88
Current Assets	\$88
Total Assets	\$89
Current liabilities	\$441,187
Non-Current liabilities	\$Nil
Total liabilities	\$441,187
Working Capital	\$(441,099)

Comparison of the Quarters

There are no comparables as the company was only incorporated on March 6, 2016.

Revenues

There are no comparables as the company was only incorporated on March 6, 2016.

Expenses

There are no comparables as the company was only incorporated in March 6, 2016.

Research & Development Expense

The company does not conduct any research or development.

General and Administrative Expenses

General and administrative costs consist primarily of accounting costs and other professional and administrative costs associated with general corporate activities.

The General and administrative costs for the period from inception March 6, 2016 to December 31, 2016 was \$12,403. This expense was offset by reimbursement of \$5,659 of audit expense paid by Pacific Therapeutics Ltd., the Company's former parent company. The General and administrative costs for the 3 month period ended December, 2016 was \$6,639.

Intellectual Property and Intangible Assets

The company has no costs associated with the maintenance of patents or intellectual property under the asset purchase agreement with ForwoRx Therapeutics Inc.

Interest Expense/(Income)

The interest expense in the period from inception to December 31, 2016 was \$Nil. The interest expense in the 3 month period ended December 31, 2016 was \$Nil.

Profits

At this time, the Issuer is not anticipating profit from operations. The Issuer will report an annual deficit and quarterly deficit and will rely on its ability to obtain equity/or debt financing and maintenance fees from the Asset Purchase Agreement to fund on-going operations. For information concerning the business of the Issuer, please see “*Business Overview and Strategy*”.

Stock Based Compensation

For the period from inception March 6, 2016 ended September 30, 2016 stock based compensation was \$5. The stock based compensation in the 3 month period ended December 31, 2016 was \$5.

Selected Quarterly Information

	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016	Three Months Ended June 30, 2016	From Inception March 6, 2016 to March 31, 2016,
	\$	\$	\$	\$
Total Revenues	Nil	Nil	Nil	Nil
Net Loss	(441,998)	(33)	(53)	(5,678)
Loss per Share basic and diluted	Nil	(5,626)	(53)	(5,678)
Cash	88	7	40	93
Total Assets	89	7	40	93
Current Liabilities	441,187	111	5,770	5,770

Liquidity and Capital Resources

At December 31, 2016, the Issuer had cash and cash equivalents of \$88 and a working capital deficit of \$441,099. Working capital is defined as current assets less current liabilities.

The Issuer’s Cash flows from financing activities during the period from inception March 6, 2016 to December 31, 2016 consisted of the issuance of 1,379,887 common shares for \$1,000, assumptions of loans payable of \$248,539 and advances from related parties of 186,252 for a total of \$435,791.

Cash utilized in operating activities during the period from inception March 6, 2016 to December 31, 2016 was \$435,702.

At December 31, 2016 share capital was \$1,000 comprising of 1,379,887 issued and outstanding Common Shares.

Warrant and Option Reserves at December 31, 2016, is \$5.

As a result of the net loss for the period from inception March 6, 2016 ending December 31, 2016 of \$12,403 less reimbursement of \$5,659 and the arrangement financing fee of 435,359 the deficit at December 31, 2016 increased to \$442,103 from \$Nil at incorporation on March 6, 2016.

At present, the Issuer's operations do not generate cash inflows and its financial success after December 31, 2016 is dependent on the asset purchase agreement with ForwoRx Therapeutics Inc. The research and development process can take many years and is subject to factors that are beyond the Issuer's control.

In order to finance the Issuer's future administrative and overhead expenses in the coming years the Issuer may raise money through equity sales. Many factors influence the Issuer's ability to raise funds, including the Issuer's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of research activities at ForwoRx Therapeutics Inc. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. Should those risks fully materialize, it may not be able to raise adequate funds to continue its operations.

Off Balance Sheet Arrangements

There are currently no off balance sheet arrangements which could have an effect on current or future results or operations or the financial condition of the Company.

Transactions with Related Parties

- Included in accounts payable and accrued liabilities on December 31, 2016 is \$100 advanced to the Company by Nick Horsley the Issuer's past president and a former director. The advance does not bear interest and has no set terms of repayment.
- During the year, the Company paid accounting fees of \$4,000 to a director.
- The Company has \$166,178 owing to the CEO and director of the Company. The amounts do not bear interest and have no set terms of repayment.
- As of December 31, 2016, \$19,950 owing to a director of the Company. The amounts do not bear interest and have no set terms of repayment.
- The Company has included in accrued liabilities \$4,000 owing to a director.

Subsequent Events

- On January 18th, 2017 the Company issued 25,000 option to purchase common shares to a consultant to the company, the options may be exercised for \$0.10 for a period of five years.
- On January 27, 2017 the Company settled \$126,027 in debt that it had assumed by issuance of 84,017 shares.
- On February 10, 2017 Mr. Mark van der Horst joined the Company's board of directors.
- On April 24, 2017, the Company closed a financing, issuing 725,500 common shares at \$0.02 per share for total proceeds of \$14,510

Proposed Transactions

As at the date of this Management Discussion and Analysis there are no transactions currently contemplated by the Issuer.

Financial Instruments and Other Instruments

The Issuer's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and amounts due to shareholders. Unless otherwise noted, it is management's opinion that the Issuer is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

Disclosure of Outstanding Share Data

As at December 31, 2016, the Issuer had an unlimited number of authorized common shares with 1,379,887 common shares issued and outstanding.

As at December 31, 2016 the issuer had 100,000 options outstanding.

As at December 31, 2016 the Issuer had 362,333 warrants outstanding.