
Scaling Capital 1 Corp.

(A Capital Pool Company)

Management Discussion & Analysis

For the three and nine months ended September 30, 2022

(Stated in Canadian Dollars) (unaudited)

Scaling Capital 1 Corp. Management Discussion and Analysis

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Form 51-102F1

The following management discussion and analysis (“**MD&A**”) of the results of the operations and financial position of Scaling Capital 1 Corp. (the “**Corporation**” or the “**Company**”) should be read in conjunction with the interim condensed financial statements of the Corporation for the three and nine months ended September 30, 2022 (the “**Financial Statements**”) and the audited financial statements of the Corporation for the period ended December 31, 2021. The Financial Statements, including the comparative figures, were prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. Unless otherwise noted, all dollar amounts are in Canadian dollars.

The information in this MD&A is current as of November 29, 2022, unless otherwise noted.

Additional information regarding the Corporation, including the Financial Statements, news releases, and other disclosure items, is available under the Corporation’s profile on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements and information contained in this MD&A may constitute forward-looking information under applicable securities laws. All statements and information other than statements of historical fact or historical information may be forward-looking information. Forward-looking information typically contains statements with words such as “expect”, “intend”, “estimate”, “will”, “anticipated”, or similar words, including negatives thereof, suggesting future outcomes or statements regarding an outlook. The forward-looking information is based on a number of factors, expectations and assumptions which have been used to develop such information, and which may prove to be incorrect. Although the Corporation believes that the factors, expectations, and assumptions on which the forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Corporation can give no assurances that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent known and unknown risks and uncertainties which are beyond the control of the Corporation. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information due to a number of factors and risks. Accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Corporation will derive therefrom. The forward-looking information included in this MD&A is made as of the date hereof and the Corporation does not undertake an obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise, except as required by applicable law.

The Corporation

The Corporation was incorporated under the *Business Corporations Act* (Alberta) on November 1, 2021 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “**Exchange**”) Corporate Finance Manual (the “**Manual**”).

The head office and the registered office of the Corporation is located at 800 - 333 7 Ave SW, Calgary, Alberta, T2P 2Z1.

The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as such term is defined in the Manual. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash.

Pursuant to the Manual, the proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction.

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Summary of Quarterly Financial Results with Selected Financial Information

Quarter Ended	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2022
Revenue	\$0	\$0	\$0	\$0
Net and comprehensive loss	\$0	\$(5,000)	\$0	\$(15,612)
Basic and diluted loss per share	\$0.00	\$(0.00)	\$0.00	\$(0.00)

The Company incurred no revenues or operating expenses in the three months ended September 30, 2022.

Statement of Loss and Comprehensive Loss

Expenses

	Three months ended September 30, 2022	Nine months ended September 30, 2022
Professional fees	\$ 0	5,000
Total Expenses	0	5,000
Net loss and comprehensive loss	\$ 0	(5,000)
Net loss per share (note 8)		
Basic and diluted	\$ 0.00	(0.00)

Discussion of Operations

Revenue

For the three and nine months ended September 30, 2022, the Company incurred \$0 revenue.

Operating Expenses

For the three months ended September 30, 2022, the Company incurred \$0 operating expenses.

For the nine months ended September 30, 2022, the Company incurred \$5,000 in legal fees related to the filing of the Company's capital pool company prospectus.

Net loss and comprehensive loss

For the three months ended September 30, 2022, the Company reported a net loss and comprehensive loss of \$0.

For the nine months ended September 30, 2022, the Company reported a net loss and comprehensive loss of \$5,000.

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Statement of Financial Position

*As at September 30, 2022
(in Canadian Dollars) (unaudited)*

	September 30, 2022		December 31, 2021	
Assets				
Current				
Cash	\$	625,000	\$	625,000
Deferred share issue costs		22,273		-
Total Assets	\$	647,273	\$	625,000
Liabilities				
Current				
Accrued liabilities	\$	42,885	\$	15,612
Total Liabilities	\$	42,885	\$	15,612
Shareholders' Equity				
Share capital	\$	625,000	\$	625,000
Deficit		(20,612)		(15,612)
Total Shareholders' Equity	\$	604,388	\$	609,388
Total Liabilities and Shareholders' Equity	\$	647,273	\$	625,000

As at September 30, 2022, the Company had total assets of \$647,273 (December 31, 2021 - \$625,000). The increase of total assets was the result of the deferred share issuance costs for the initial public offering.

As at September 30, 2022, the Company had total liabilities of \$42,885 (December 31, 2021 - \$15,612). The increase in total liabilities was the result of professional fees and filing fees incurred during the period.

Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares (as defined in the Financial Statements).

	Number	Amount (\$)
Issued and outstanding Common shares		
Issuance of Common shares – November 1, 2021	12,500,000	625,000
Balance, September 30, 2022	12,500,000	625,000

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Statement of Cash Flows

For the period from January 1, 2022 to September 30, 2022
(in Canadian Dollars) (unaudited)

Operating activities		
Net loss for the period	\$	(5,000)
Changes in non-cash working capital:		
Increase in accrued liabilities related to operating activities		5,000
Cash provided by (used in) operating activities	\$	-
Financing activities		
Deferred share issuance costs		(22,273)
Increase in accrued liabilities related to financing activities		22,273
Cash provided by (used in) financing activities	\$	-
Net change in cash	\$	-
Cash, beginning of period		625,000
Cash, end of period	\$	625,000

For the nine months ended September 30, 2022, the Company's cash flows used in and provided by operating and financing activities were \$0.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred for the nine months ended September 30, 2022.

For the period from January 1, 2022 to September 30, 2022
(in Canadian Dollars) (unaudited)

Material Costs		
Deferred share issuance costs		\$22,273
Professional fees		5,000
Total		\$27,273

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Significant Accounting Policies

The Corporation's significant accounting policies are summarized in Note 3 of the Financial Statements.

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Financial instruments

The Company's financial instruments consist of cash and accounts payable. Cash is classified as an asset at amortized cost. Accrued expenses are classified as a liability at amortized cost.

Related Party Transactions

The Company's key management personnel include Directors and Officers with the responsibility of planning, directing and controlling activities of the Company. The Company did not pay any compensation to its key management personnel during the year.

Related Party Balances

Related party balances relate to payables to Ninepoint Partners LP. All balances are non-interest bearing and carry no specific terms of repayment. Related party payables as at September 30, 2022 were \$15,612.

Capital Management

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Company includes shareholders' equity of \$604,388 in the definition of capital.

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

The Company's plan is to raise capital through the issuance of additional common shares. There are no assurances that funds will be made available to the Company when required.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

Risks and Uncertainties

The Company has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Company will be able to obtain adequate financing to continue. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- A) 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;
- B) the Company has had no business activity and has not acquired any material assets since its incorporation other than cash;
- C) the Company does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction;
- D) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance the Company will be able to identify a suitable Qualifying Transaction;
- E) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;
- F) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Company;
- G) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares; and

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H) the Company competes with other Capital Pool Companies that are seeking suitable Qualifying Transactions. In addition, other Capital Pool Companies may have substantially greater financial resources than the company.

In addition, the Company is exposed to general risks faced by all businesses, including:

Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets, and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Credit risk

Credit risk is the risk of loss associated with the counterparty's ability to fulfil its payment obligations. The Company is not susceptible to significant credit risk as cash is held at a major financial institution.

Liquidity risk

The Company's exposure to liquidity risk is dependent on purchasing commitments and obligations and ability to raise funds to meet commitments and sustain operations. As at September 30, 2022, the Company has cash of \$625,000 to settle financial liabilities of \$42,885.

Measurement Uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates used in the financial statements. The Corporation does not have any significant estimates as of September 30, 2022.

COVID-19

The global outbreak of COVID-19 (coronavirus) and the war in Ukraine have had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The pandemic and war in Ukraine could continue to have a negative impact on the stock market. These factors, among others, could have a significant impact on the Company's operations. At this time, it is unknown the extent of the impact the COVID-19 outbreak and the war in Ukraine may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, the duration of the war and corresponding duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries.

Subsequent Event

On November 14, 2022, the Corporation filed a long form prospectus (the "**Prospectus**") for the purposes of completing a Canadian initial public offering (the "**Offering**") to raise gross proceeds of \$450,000 on the TSX Venture Exchange by issuing 4,500,000 common shares at a purchase price of \$0.10 per share. The proceeds of the Offering will be used by the Corporation, as a capital pool company, to fund its search for a Qualifying Transaction and in accordance with Exchange Policy 2.4.

The Corporation has agreed to pay the Agents (Canaccord Genuity) a commission equal to ten percent (10.0%) of the gross proceeds of the Offering, payable in cash, plus ten percent (10.0%) Agent's warrants, each whole

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warrant exercisable into one common share for a period of 5 years from closing of the Offering at a price of \$0.10. The Agent will also be paid a Corporate Finance Fee of \$15,000 and be reimbursed for all legal fees and other reasonable expenses regardless of whether the Offering is completed.

The Corporation has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "**Stock Option Plan**") for the benefit of directors and officers, and where permitted pursuant to Exchange policies, employees, and consultants of the Company. A maximum of ten percent (10%) of the issued and outstanding common shares of the Company upon completion of the initial public offering may be reserved for issuance pursuant to the exercise of stock options to be granted to directors and officers, and where permitted pursuant to Exchange policies employees and consultants, of the Company. In addition, subject to the policies of the Exchange, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) and for consultants and employees conducting investor relations activities shall not exceed two percent (2%) of the issued and outstanding common shares. The Stock Option Plan provides that the terms of the options and the option price shall be fixed by the directors, subject to the price restrictions and other requirements imposed by TSX Venture.

Stock options granted under the Stock Option Plan may not be exercisable for a period longer than ten (10) years and the exercise price must be paid in full upon exercise of the option.

The Corporation also proposes to grant options to purchase an aggregate of 1,700,000 common shares once the Offering is completed, at a price of \$0.10 per common share for a period of 10 years from the date of the grant.

Additional Information

Additional information about the Corporation can also be found on SEDAR