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# **Scaling Capital 1 Corp.**

**(A Capital Pool Company)**

## **Management Discussion & Analysis**

For the three and nine months ended September 30, 2023

**(Stated in Canadian Dollars) (unaudited)**

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# Scaling Capital 1 Corp. Management Discussion and Analysis

For the three and nine months ended September 30, 2023

## 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**") should be read in conjunction with the unaudited financial statements of the Corporation for the three months and nine ended September 30, 2023 and 2022 (the "**Financial Statements**"). 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, 2023, 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.sedarplus.ca](http://www.sedarplus.ca).

### 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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## Management Discussion and Analysis

*For the three and nine months ended September 30, 2023*

### Initial Public Offering

On February 10, 2023, the Corporation completed 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.

### Summary of Quarterly Financial Results with Selected Financial Information

Quarter Ended	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Revenue	\$0	\$0	\$0	\$0	\$0
Net and comprehensive loss	\$(7,185)	\$(15,351)	\$(64,266)	\$(21,735)	\$0
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$0.00

For the three months ended September 30, 2023, the Corporation earned no revenues and incurred \$7,185 in operating expenses.

### Statement of Loss and Comprehensive Loss

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
<b>Expenses</b>				
Professional fees	\$ 2,970	\$ -	\$ 54,352	\$ 5,710
Stock options expense (note 6)	4,215	-	32,450	-
<b>Total Expenses</b>	<b>7,185</b>	<b>-</b>	<b>86,802</b>	<b>5,710</b>
Net loss and comprehensive loss	\$ 7,185	\$ -	\$ 86,802	\$ 5,710
<b>Net loss per share (note 9)</b>				
Basic and diluted	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.00)</b>

### Discussion of Operations

#### Revenue

For the three and nine months ended September 30, 2023, the Corporation earned \$0 in revenue. This compares to \$0 revenue for the three and nine months ended September 30, 2022.

# Scaling Capital 1 Corp.

## Management Discussion and Analysis

*For the three and nine months ended September 30, 2023*

### Operating Expenses

For the three months ended September 30, 2023, the Corporation incurred \$7,185 in operating expenses. This compares to \$0 in the three months period ended September 30, 2022. The difference is due to stock options expense and professional fees.

For the nine months ended September 30, 2023, the Corporation incurred \$86,802 in operating expenses. This compares to \$5,710 in the nine months period ended September 30, 2022. The difference is due to stock options expense and professional fees, particularly those related to the Offering.

### Net loss and comprehensive loss

For the three months ended September 30, 2023, the Corporation reported a net loss and comprehensive loss of \$7,185. This compares to a net loss and comprehensive loss of \$0 for the three months ended September 30, 2022.

For the nine months ended September 30, 2023, the Corporation reported a net loss and comprehensive loss of \$86,802. This compares to a net loss and comprehensive loss of \$5,710 for the nine months ended September 30, 2022.

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**Management Discussion and Analysis**  
*For the three and nine months ended September 30, 2023*

**Statement of Financial Position**

*As at  
(in Canadian Dollars)*

	<b>September 30, 2023</b>		December 31, 2022	
<b>Assets</b>				
<b>Current</b>				
Cash	\$	841,765	\$	611,757
Deferred issuance costs		-		56,743
<b>Total Assets</b>	<b>\$</b>	<b>841,765</b>	<b>\$</b>	<b>668,500</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$	212	\$	85,847
<b>Total Liabilities</b>	<b>\$</b>	<b>212</b>	<b>\$</b>	<b>85,847</b>
<b>Shareholders' Equity</b>				
Share capital (note 5)	\$	938,252	\$	625,000
Deficit		(96,699)		(42,347)
<b>Total Shareholders' Equity</b>	<b>\$</b>	<b>841,553</b>	<b>\$</b>	<b>582,653</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$</b>	<b>841,765</b>	<b>\$</b>	<b>668,500</b>

As at September 30, 2023, the Corporation had total assets of \$841,765 (December 31, 2022 - \$668,500). The increase of total assets was mainly the result of the capital raised due to the Offering of \$450,000 offset by \$136,748 due to the deferred issuance costs for the Offering.

As at September 30, 2023, the Corporation had total liabilities of \$212 (December 31, 2022 - \$85,847). The decrease in total liabilities was the result of paying down the balance owing on professional fees and the deferred issuance costs of \$136,748 being taken into share capital during the period.

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**Share Capital**

*a) Authorized and Issued*

The Corporation is authorized to issue an unlimited number of Common Shares (as defined herein).

Issued and outstanding Common Shares	Number	Amount (\$)
Issuance of Common shares – November 1, 2021	<b>12,500,000</b>	<b>625,000</b>
Balance, December 31, 2022 and June 30, 2022	<b>12,500,000</b>	<b>625,000</b>
Issuance of Common Shares – February 10, 2023	<b>4,500,000</b>	<b>450,000</b>
Balance, September 30, 2023	<b>17,000,000</b>	<b>1,075,000</b>

*b) Stock Options*

On February 10, 2023, directly following closing of the Offering, the Corporation issued to its directors and officers an aggregate of 1,700,000 options to purchase 1,700,000 common shares in the capital of the Corporation at an exercise price of \$0.10 per Common Share, expiring February 10, 2033.

The Corporation also issued an Agent's option to Canaccord Genuity to purchase 450,000 common shares in relation to the Offering at a price of \$0.10 per Common Share, expiring February 10, 2028. No more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction.

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**Statement of Cash Flows**

*For the Nine Months Ended September 30  
(in Canadian Dollars)*

<b>Operating activities</b>	<b>2023</b>	<b>2022</b>
Net loss for the period	\$ (86,802)	(5,710)
Items not involving cash:		
Stock options expense	32,450	-
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(85,635)	5,710
<b>Cash provided by (used in) operating activities</b>	<b>\$ (139,987)</b>	<b>-</b>
<b>Financing activities</b>		
Issuance of Common shares (note 6)	\$ 450,000	-
Deferred issuance costs	(80,005)	(22,273)
Increase in accrued liabilities related to financing activities	\$	22,273
<b>Cash provided by (used in) financing activities</b>	<b>\$ 369,995</b>	<b>-</b>
<b>Net change in cash</b>	<b>\$ 230,008</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>611,757</b>	<b>625,000</b>
<b>Cash, end of period</b>	<b>\$ 841,765</b>	<b>625,000</b>

For the three months ended September 30, 2023, the Corporation's cash flows used in and provided by operating and financing activities netted to an inflow of \$230,008.

**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, including general and administrative expenses incurred for the year ended September 30, 2023.

*For the nine months ended September 30, 2023  
(in Canadian Dollars)*

<b>Material Costs</b>	
Professional fees	\$54,352
Stock options expense	32,450
<b>Total</b>	<b>\$86,802</b>

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**Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Corporation 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. There were no critical accounting policy estimates or changes in accounting policies during the period ended September 30, 2023.

**Financial instruments**

The Corporation'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 Corporation's key management personnel include Directors and Officers with the responsibility of planning, directing and controlling activities of the Corporation. The Corporation's management includes its shareholders, who are also employees and controlling shareholders of a non-arms length entity – Ninepoint Partners LP. The Corporation recorded an expense of \$32,450 with respect to stock options provided to its key management personnel during the year.

**Related Party Balances**

Related party balances relate to professional services fees paid by Ninepoint Partners LP on behalf of the Corporation. All balances are non-interest bearing and carry no specific terms of repayment. Related party payables as at September 30, 2023 were \$Nil.

**Liquidity and Capital Management**

The Corporation's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Corporation includes shareholders' equity of \$841,553 in the definition of capital.

In managing capital, the Corporation 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. Management believes it has sufficient cash to meet its ongoing operations and to be able to identify, evaluate, and complete a Qualifying Transaction.

The Corporation'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 Corporation 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 Corporation. These restrictions may apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

**Risks and Uncertainties**

The Corporation 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 Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

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- A) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- B) the Corporation has had no business activity and has not acquired any material assets since its incorporation other than cash;
- C) the Corporation 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 Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance the Corporation 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 Corporation 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 Corporation and this may result in further dilution to the investor, such dilution may be significant, and which may also result in a change of control of the Corporation;
- 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
- H) the Corporation competes with other Capital Pool Companies that are seeking suitable Qualifying Transactions. Other Capital Pool Companies may have substantially greater financial resources than the Corporation.

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

Financial risk

The Corporation's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Corporation'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 Corporation is not susceptible to significant credit risk as cash is held at a major financial institution.

*Liquidity risk*

The Corporation'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, 2023, the Corporation has cash of \$841,765 to settle financial liabilities of \$212.

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 in its Financial Statements as of September 30, 2023.

**Additional Information**

Additional information about the Corporation can also be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).