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# **Scaling Capital 1 Corp.**

**(A Capital Pool Company)**

## **Management Discussion & Analysis**

For the Three and Six Months Ended June 30, 2024

**(Stated in Canadian Dollars)**

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**Scaling Capital 1 Corp.**  
**Management Discussion and Analysis**  
*For the three and six months ended June 30, 2024*

**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 interim financial statements of the Corporation for the three and six month periods ended June 30, 2024 (the “**Financial Statements**”). The Financial Statements, including the comparative figures, were prepared in accordance with IFRS Accounting 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 October 22, 2024, 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 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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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**

<b>Quarter Ended</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Revenue	\$13,133	\$0	\$0	\$0
Net and comprehensive income (loss)	\$7,744	\$(30,363)	\$(108,325)	\$(7,185)
Basic and diluted income (loss) per share	\$0.00	\$(0.00)	\$(0.01)	\$(0.00)

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

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**Statement of Loss and Comprehensive Loss**  
*(Unaudited - in Canadian Dollars)*

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<b>Revenues</b>				
Interest income	\$ 13,133	\$ -	\$ 13,133	\$ -
<b>Total Revenues</b>	<b>13,133</b>	<b>-</b>	<b>13,133</b>	<b>-</b>
<b>Expenses</b>				
Professional fees	\$ 5,389	\$ 45,571	\$ 35,752	\$ 51,382
Share based compensation (note 6)	-	(30,220)	-	28,235
<b>Total Expenses</b>	<b>5,389</b>	<b>15,351</b>	<b>35,752</b>	<b>79,617</b>
Net income (loss) and comprehensive income (loss)	\$ 7,744	\$ (15,351)	\$ (22,619)	\$ (79,617)
<b>Net income (loss) per share (note 9)</b>				
Basic and diluted	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.00)

## Discussion of Operations

### Revenue

For the three and six months ended June 30, 2024, the Corporation earned \$13,133 (2023 - \$nil) in revenue in the form of interest income.

### Operating Expenses

For the three months ended June 30, 2024, the Corporation incurred \$5,389 in operating expenses due to professional fees. This compares to \$15,351 in operating expenses in the three months period ended June 30, 2023. The difference is mainly due to share based compensation.

For the six months ended June 30, 2024, the Corporation incurred \$35,752 in operating expenses due to professional fees. This compares to \$79,617 in operating expenses in the six months period ended June 30, 2023. The difference is mainly due to share based compensation.

### Net income (loss) and comprehensive income (loss)

For the three months ended June 30, 2024, the Corporation reported net income of \$7,744 due to interest income. This compares to a net loss and comprehensive loss of \$15,351 for the three months ended June 30, 2023.

For the six months ended June 30, 2024, the Corporation reported a net loss and comprehensive loss of \$22,619 due to professional fees. This compares to a net loss and comprehensive loss of \$79,617 for the six months ended June 30, 2023.

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**Statement of Financial Position As at**  
*(Unaudited - in Canadian Dollars)*

		June 30, 2024		December 31, 2023
<b>Assets</b>				
<b>Current</b>				
Cash	\$	807,265	\$	839,314
HST recoverable		8,099		6,091
Interest receivable		3,089		-
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<b>Total Assets</b>	\$	<b>818,453</b>	\$	<b>845,405</b>
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<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$	17,000	\$	21,333
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<b>Total Liabilities</b>	\$	<b>17,000</b>	\$	<b>21,333</b>
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<b>Shareholders' Equity</b>				
Share capital (note 6)	\$	873,954	\$	873,954
Contributed surplus		187,592		187,592
Deficit		(260,093)		(237,474)
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<b>Total Shareholders' Equity</b>	\$	<b>801,453</b>	\$	<b>824,072</b>
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<b>Total Liabilities and Shareholders' Equity</b>	\$	<b>818,453</b>	\$	<b>845,405</b>

As at June 30, 2024, the Corporation had total assets of \$818,453 (December 31, 2023 - \$845,405). The decrease in total assets was mainly the result of a reduction in cash to pay professional fees.

As at June 30, 2024, the Corporation had total liabilities of \$17,000 (December 31, 2023 - \$21,333). The decrease in total liabilities was the result of paying down professional fees that were due.

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**Share Capital**

*a) Authorized and Issued*

The Corporation is authorized to issue an unlimited number of Common Shares.

Issued and outstanding Common Shares	<b>Number</b>	<b>Amount (\$)</b>
Balance, December 31, 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, June 30, 2023 and December 31, 2022	<b>17,000,000</b>	<b>1,075,000</b>
Balance, June 30, 2024	<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.

As at the date of this MD&A, October 22, 2024, the following are issued and outstanding:

Issued and outstanding Common Shares	<b>Number</b>
Balance, October 22, 2024	<b>17,000,000</b>
Issued and outstanding stock options	<b>Number</b>
Balance, October 22, 2024	<b>2,150,000</b>

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**Statement of Cash Flows**

		<i>For the six months ended June 30 (in Canadian Dollars)</i>	
		<b>2024</b>	2023
<b>Operating activities</b>			
Net loss for the period	\$	<b>(22,619)</b>	(79,617)
Items not involving cash:			
Share based compensation		-	28,235
Changes in non-cash working capital:			
HST recoverable		<b>(2,008)</b>	-
Interest receivable		<b>(3,089)</b>	-
Accounts payable and accrued liabilities		<b>(4,332)</b>	(49,657)
<b>Cash used in operating activities</b>		<b>\$ (32,048)</b>	(101,039)
<b>Financing activities</b>			
Issuance of Common shares (note 6)	\$	-	450,000
Share issuance costs		-	(80,005)
<b>Cash provided by financing activities</b>		<b>\$ -</b>	369,995
<b>Net change in cash</b>		<b>\$ (32,048)</b>	268,956
<b>Cash, beginning of period</b>		<b>\$ 839,314</b>	611,757
<b>Cash, end of period</b>		<b>\$ 807,265</b>	880,713

For the three months ended June 30, 2024, the Corporation's cash flows used in and provided by operating and financing activities netted to an outflow of \$32,048.

**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 period ended June 30, 2024.

*For the six months ended June 30, 2024  
(in Canadian Dollars)*

<b>Material Costs</b>	
Professional fees	<b>\$35,752</b>
<b>Total</b>	<b>\$35,752</b>

**Off-Balance Sheet Arrangements**

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

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### **Material Accounting Policies**

The Corporation's material 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 June 30, 2024.

### **Financial instruments**

The Corporation's financial instruments consist of cash, interest receivable and accounts payable and accrued liabilities. Cash is classified as an asset at amortized cost. Accounts payable and accrued liabilities are classified as liabilities 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 CEO, CFO, directors and shareholders, who are also employees and controlling shareholders of a non-arm's length entity – Ninepoint Partners LP. For the six months ended June 30, 2024, the Corporation recorded an expense of \$nil (2023 - \$28,235) with respect to stock options provided to its key management personnel.

### **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 \$801,453 (2023 - \$844,523) 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:

- 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;

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## Management Discussion and Analysis

*For the three and six months ended June 30, 2024*

- 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 June 30, 2024, the Corporation has cash of \$807,265 (2023 – 880,713) to settle financial liabilities of \$17,000 (2023 – \$36,190).

### 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 at June 30, 2024.

### **Additional Information**

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