

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Stack Capital Group Inc. ("Stack" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the period from April 1, 2021 (incorporation) to September 30, 2021. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited interim financial statement for the period from April 1, 2021 (incorporation) to September 30, 2021, together with the notes thereto. Information contained herein is presented as at November 11, 2021, unless otherwise indicated.

Description of Business

Stack is an investment holding company. Its business objective is to invest in equity, debt and/or other securities of growth-to-late-stage private businesses. On June 10, 2021, the Company filed its long-form prospectus dated June 9, 2021 (the "Prospectus"), completing its initial public offering on June 16, 2021, at which time, the Company's common shares ("Common Shares") commenced trading on the Toronto Stock Exchange ("TSX") under the symbol "STCK", pursuant to the TSX's Sandbox initiative for the listing of new issuers.

SC Partners Ltd. (the "Manager") has taken the initiative in creating the Company and acts as the Company's administrator and is responsible to source and advise with respect to all investments for the Company. The Company is federally incorporated and domiciled in Ontario, Canada. The registered office of the Company and the Manager is located at 155 Wellington St. W, Suite 3140, Toronto, ON, M5V 3H1.

Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws (forward-looking information being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this MD&A. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", "is expected", "anticipates", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases (including negative and grammatical variations), or stating that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this MD&A; market position, ability to compete and future financial or operating performance of the Company after the date of this MD&A; anticipated developments in operations of the Company; the timing and amount of funding required to execute the Company's business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: operational risks; regulation; evolving markets; industry growth; uncertainty of new business models; speed of introduction of products and services to the marketplace; undetected flaws; risks of operation in urban areas; marketing risks; geographical expansion; limited operating history; substantial capital requirements; history of losses; reliance on management and key employees; management of growth; risk associated with foreign operations in other countries; risks associated with acquisitions; electronic communication security risks; insurance coverage; tax risk; currency fluctuations; conflicts of interest; competitive markets; uncertainty and adverse changes in the economy; change in technology; maintenance of technology infrastructure; privacy protection; legal proceedings; reliance on business partners; resale of shares; market for securities; dividends; and global financial conditions.

Additional risks and uncertainties are described in the Prospectus dated June 9, 2021 which is available on SEDAR at www.sedar.com. The lists of risk factors set out in this MD&A or in the Company's other public disclosure documents are not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out in this MD&A generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, the global financial and credit markets have experienced significant debt and equity market and commodity price volatility which could have a particularly significant, detrimental, and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.

Non-IFRS Financial Measures

This MD&A makes reference to the following financial measures which are not recognized under International Financial Reporting Standards ("IFRS") and which do not have a standard meaning prescribed by IFRS:

- **Book Value or "BV"** - the aggregate fair value of the assets of the Company on such date, less the aggregate carrying value of the liabilities, excluding any deferred taxes if applicable, of the Company; and
- **Book Value per Share or "BVPS"** - the Book Value of the Company on such day divided by the aggregate number of Common Shares that are outstanding on such day.

The Company's Book Value per Share is a measure of the performance of the Company as a whole. The Company's method of determining this financial measure may differ from other companies' methods and, accordingly, this amount may not be comparable to measures used by other companies. This financial measure is not a performance measure as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Public Listing

On June 16, 2021, the Company completed an initial public offering ("IPO") of 8,335,000 units ("Units") at a price of \$12.00 per Unit (the "Offering Price") for aggregate gross proceeds of \$100,020,000 (the "Offering"). Each Unit consisted of one common share and one-half of a common share purchase warrant ("the "Warrant"). Each Warrant entitles the holder to acquire, subject to adjustment in certain circumstances, one common share of the Company at an exercise price per share of \$15.00 until June 16, 2024. Cash costs of issue were \$6,618,871.

Concurrent with the closing of the Company's IPO on June 16, 2021 (the "Closing Date"), certain directors and officers of the Manager (the "Management Investors") purchased an aggregate of 583,334 Units, for total gross proceeds of \$7,000,008, on a non-brokered, private placement basis at the Offering Price (the "Management Investment"). As part of the terms of the Management Investment, each Management Investor agreed to a five-year voluntary lock-up and will retain all of the Units acquired in the Offering and the Management Investment during such period, subject to certain customary exceptions.

On July 7, 2021, the Company issued 175,000 common shares and 454,000 common share purchase warrants pursuant to the partial exercise of the over-allotment option granted to a syndicate of agents in connection with the Company's recent initial public offering. Pursuant to the partial exercise of the over-allotment option, the agents purchased an additional 175,000 common shares at a price of \$11.20 per common share and an additional 454,000 warrants at a price of \$1.60 per warrant, for total gross proceeds of \$2,686,400. Cash costs of issue were \$147,752.

Stack was listed on the TSX pursuant to the TSX Sandbox and were waived the requirements for historical earnings and pre-tax cash flow set out in Section 309(a) of the TSX Company Manual. Listing on the TSX was subject to Stack fulfilling all of the listing requirements of the TSX (save for those requirements for which an exemption or waiver was provided through the TSX Sandbox) including, among other things, raising minimum gross proceeds of \$100 million under the Offering. Stack will remain listed pursuant to the TSX Sandbox until such time as it has: (i) deployed 50% of the net proceeds raised pursuant to the Offering and the Management Investment; and (ii) publicly filed interim financial statements reflecting a full quarter of operating history subsequent to listing on the TSX. As disclosed under "Risk Factors" in the Prospectus, Stack lacks an operating history and there is a very limited basis upon which a potential investor can evaluate Stack's ability to achieve its stated investment objective. Investors are referred to the risk factors set out in the Prospectus for further details.

Business Objectives and Milestones

The Company is an investment holding company that invests in equity, debt and/or other securities of growth to late-stage private operating businesses, with such investment tailored to the specific needs and opportunities of the portfolio company. The Company's portfolio investments will be subject to a concentration restriction that prohibits the Company from making an investment if, after giving effect to such investment, such investment would exceed 20% of the total assets on the closing date of such investment. The Company initially intends to invest in at least 10 growth to late stage private operating businesses located primarily in, or with customers, suppliers or business primarily conducted in or dependent on, Canada and/or the United States, over a three-year period, following the Closing Date. The Company will not be investing in private operating businesses smaller than \$100 million in enterprise value. The Company's goal is to take a long-term perspective towards maximizing the return on each of its investments and therefore, the Company's ownership will generally not be limited to a specific timeframe.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Through Stack, shareholders have the opportunity to gain exposure to the diversified private investment portfolio; participate in the private market; and have liquidity due to the listing of the Common Shares and Warrants on the TSX. At the same time, the public structure also allows the Company to focus its efforts on maximizing long-term performance through a portfolio of high growth businesses, which are not widely available to most Canadian investors. Given that private companies may have a liquidity event, including becoming a public issuer or being acquired by a public issuer, the Company will not be precluded from continuing to hold an investment in an entity that has ultimately become a public issuer.

The Company completed its IPO on June 16, 2021 and is actively assessing investment opportunities. As at September 30, 2021, the Company held \$82,283,831 in cash.

Investment Management

The Manager will act as the Company's exclusive manager pursuant to a management agreement between the Company and the Manager, source and advise with respect to all investments on behalf of the Company, manage such investments and otherwise direct the Company's affairs and manage the Company's business ("Management Agreement").

The Manager will be responsible for its own day-to-day operating expenses, including in connection with the provision of the services for the Company (including discovery and evaluation of investment opportunities, other than third-party costs and expenses), compensation of its own personnel and the cost of office space, office supplies, communications, telephone, news, quotation and computer equipment, utilities, and other normal overhead expenses.

Selected Quarterly Information

The Company was incorporated on April 1, 2021. As such, there are no comparative figures. For the three months ended September 30, 2021, revenue was \$241,971 which consisted of \$97,971 from interest income from Stack's bank balance which includes \$2,932 of interest accrued from the convertible debenture issued from Bolt Financial as well as an unrealized foreign exchange gain on investments of \$144,000.

Expenses for the three months ended September 30, 2021 consisted of \$434,730 in management fees, \$153,857 in professional fees, \$163,468 in insurance costs, and \$13,091 in administrative and general expenses.

The Company's total assets as at September 30, 2021 are \$103,105,345 and the Book Value per Share was \$11.25. There are currently no non-current financial liabilities.

Investments

Stack made its first three investments this quarter, deploying over 20% of its Book Value as at September 30, 2021. A summary of these investments are as follows:

Varo Money

Stack invested in common shares of Varo Money, Inc. ("Varo") which had a fair value of \$6,450,835. Varo, based in San Francisco, California, is the first all-digital bank in the United States to secure a national bank charter allowing it to offer more products, including loans, to its clients.

Varo's mobile-first structure with no physical branches, lowers the cost to serve and enables the company to operate without charging its clients overdraft fees, or requiring minimum monthly balances, representing a competitive advantage over traditional financial service providers.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

FNEX Ventures LLC – Series 103 (SpaceX)

The Company purchased limited partnership units in FNEX Ventures LLC – Series 103 which has substantially all of its value derived Space Exploration Technologies Corp. (“SpaceX”). This investment had a fair value of \$6,503,628.

Led by entrepreneur Elon Musk, SpaceX is one of the largest private technology companies in the world and holds a leadership position in the emerging space economy. SpaceX currently has three main lines of business which include Space Transportation, Space Tourism, and Starlink.

Space transportation represents a core business line, where SpaceX has established strong ties with government agencies such as NASA. The ability of the company to re-use rockets, thereby lowering the cost per ton to orbit, provides a significant advantage and vastly improves the operating economics for the business. Space tourism is focused on bringing civilians to space such as the historic Inspiration4 mission in September 2021 where it safely returned its spacecraft from a full orbit around Earth. Starlink is a global satellite constellation bringing internet service to areas that are unserved or underserved.

Bolt Financial Inc.

Stack invested in Series D preferred shares of Bolt Financial Inc. (“Bolt”) which had a fair value of \$2,561,594 as well as Bolt’s convertible debenture which yields 3% per annum with an expiry of September 24, 2023 which had a fair value of \$5,099,332 at September 30, 2021. The interest from the convertible debenture will be payable at the earlier of September 24, 2023 or in the event of default pursuant to the terms of the convertible promissory note. The convertible debenture may also convert at a subsequent financing over \$50,000,000 pursuant to the terms of the convertible promissory note.

Headquartered in San Francisco, California, Bolt is a global leader in the one-click checkout process for online retailers. The company has developed a platform that connects retailers with millions of shoppers in a unified network, simplifying the online buying process for both. With Bolt accounts, all purchases are more efficient with no repeat logins and passwords required. Bolt has also successfully integrated leading fraud protection into its solution; in fact, the company has the ability to cover all chargebacks for each retailer on its platform, highlighting the confidence it has in its fraud prevention capabilities.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Summary of Unaudited Quarterly Information

The table below highlights quarterly results for the first two quarters of the Company:

	September 30, 2021		June 30, 2021	
Revenue	\$	241,971	\$	-
Net Loss and Comprehensive Loss		(476,801)		(201,369)
Net Loss per Share:				
Basic and diluted	\$	(0.05)	\$	(0.15)
<u>Book Value and Book Value per Share</u>				
Total assets	\$	103,105,345	\$	101,392,731
Total liabilities		(843,730)		(1,051,749)
Deferred taxes		-		-
Book Value		102,261,615		100,340,982
Number of common shares outstanding		9,093,334		8,918,334
Book Value per Share	\$	11.25	\$	11.25

Liquidity and Capital Resources

The Company had working capital surplus of \$81,646,226 as at September 30, 2021, and a cash balance of \$82,283,831. The Company believes it has adequate working capital to support its operations. The Company's primary use of cash is to make investments and to pay operating expenses.

Critical Accounting Estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Determination of investment entity status

An entity that meets the IFRS 10 Consolidated Financial Statements ("IFRS 10") definition of an investment entity is required to measure its investments in subsidiaries at fair value through profit or loss ("FVTPL") rather than consolidate them (other than those subsidiaries that provide services to the company).

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all its investments on a fair value basis. An investment entity may provide investment-related services, either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity, subject to the entity continuing to meet the definition of an investment entity. The company meets the definition of an investment entity, as its strategic objective is to invest in private equity investments to provide investors with returns in the form of long-term capital appreciation.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Functional and presentation currency

The interim financial statement is presented in Canadian dollars, which is the Company's functional and presentation currency.

Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, the Company is required to make significant judgements about its business model for managing its financial instruments, and whether or not the business of the Company is to manage the financial assets with the objective of realizing cash flows through the sale of the assets for the purpose of classifying certain financial instruments at FVTPL.

Valuation of investments

Investments are measured at fair value in accordance with IFRS 13, Fair Value Measurement. Investments for private issuers for which reliable quotations are not readily available, or for which there is no closing bid price, are valued at fair value using management's best estimates. Several valuation methodologies may be considered in arriving at fair value, including comparable company transactions, earnings multiples, the price of a recent investment, net assets, discounted cash flows and industry valuation benchmarks. During the initial period after an investment has been made, cost may represent the most reasonable estimate of fair value. Unrealized gains and losses on investments are recognized in the Statement of Comprehensive Income.

Warrants

The Company used the Black-Scholes model to calculate the value of warrants issued as part of the Company's initial public offering on June 16, 2021 (the "Offering"). The Black-Scholes model requires six key inputs to determine a value for a warrant: risk-free interest rate, exercise price, market price at date of issuance, expected yield, expected life and expected volatility. Certain of the inputs are estimates, which involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. Proceeds from the Offering, net of issuance costs, were allocated between Share Capital and Warrants issued according to their residual fair value.

Recent Accounting Pronouncements

Accounting Pronouncements Adopted During the Period

There were no accounting pronouncements adopted during the current period.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

Financial Risk Factors

In addition to all other information set out in the Prospectus, the following specific factors could materially adversely affect the Company's future performance. Other risks and uncertainties that the Company does not currently consider to be material, or of which the Company is not currently aware, may become important factors that affect the Company's future financial condition and results of operations. The occurrence of any of the risks discussed below could materially adversely affect the business, prospects, financial condition, results of operations or cash flow of the Company. The capitalized terms used below that are not otherwise defined in this MD&A, have such meanings as are ascribed to them in the Prospectus.

Broad Discretion over the Use of Proceeds from the Offering

The Company will have significant discretion as to the use of its funds for investments and could spend the proceeds in ways that do not enhance the value of the common shares and/or the warrants. For example, the Company's investments may not yield a favourable rate of return or may even be lost in their entirety if the businesses in which the Company invests were to fail.

Competition and Technology Risks

The Company intends to hold investments in the securities of businesses that face intense competitive pressures within the markets in which they operate. Many factors, including market and technological changes, may erode the competitive advantages of the businesses in which the Company invests. Accordingly, the Company's future operating results will depend, to a degree, on whether or not those businesses are successful in protecting or enhancing their competitive positioning.

Use of Leverage

The Company will not undertake a significant debt financing (except ordinary course short-term trade or accounts payable) unless such a financing is done after the Company has deployed more than 50% of the net proceeds of the Offering and the Management Investment. Following such time, the Company may borrow up to an amount not exceeding 20% of the Total Assets, measured at the time of borrowing. The risk to Shareholders may increase if investments purchased with borrowed money decline in value. While the use of leverage can increase the rate of return, it can also increase the magnitude of loss in unprofitable positions beyond the loss which would have occurred if there had been no borrowings. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried. Leveraging will thus tend to magnify the losses or gains from investment activities.

If at any time an amount owed is called by a lender, the Company may be required to liquidate its investments to comply with the restriction or to repay the indebtedness. Such sales may occur at a time when the market for the securities of a portfolio investment is depressed, affecting the value of the portfolio investment and the return to the Company. In addition, the Company may not be able to renew loan facilities on acceptable terms.

There can be no assurance that the borrowing strategy employed by the Company will enhance returns, and it may, in fact, reduce returns.

Credit Risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. The Company may be subject to credit risk on its financial assets, including loans receivable and corporate debt investments, such as bonds.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Tax Risks

There can be no assurances that the tax laws applicable to the Company under the Tax Act or under foreign tax regimes will not be changed in a manner which could adversely affect the Company's operating results or profitability.

Regulatory Changes

Certain industries, such as financial services, health care, and telecommunications, remain heavily regulated and may be more susceptible to an acceleration in regulatory initiatives in Canada, the United States and elsewhere. Investments in these sectors may be substantially affected by changes in government policy, and the Company cannot predict whether or not such changes will have a material adverse impact on the Company's investments or Company profitability.

Use of Custodian and/or a Broker to Hold Assets

Some or all of the assets of the Company may be held in one or more margin accounts maintained by the Custodian. The Custodian or a broker appointed by the Company may also lend, pledge, or hypothecate the assets of the Company. The Company may experience losses due to insufficient assets of the Custodian or such broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded, and which would adversely affect the total return to the Company.

Resources Could be Consumed in Researching Investment Opportunities that are not Ultimately Completed

The investigation of each specific investment opportunity and the negotiation, drafting and execution of the relevant agreements, disclosure documents and other instruments requires substantial management time and attention and substantial costs for accountants, lawyers, and others. In the event that the Company elects not to complete a specific investment, the costs incurred up to that point for the proposed transaction are not likely to be recoverable by the Company. Furthermore, in the event the Company reaches an agreement relating to a specific investment, it may fail to complete such an investment for any number of reasons, including those beyond the Company's control. Any such occurrence will likely also result in a loss to the Company of the related costs incurred for accountants, lawyers, and others.

Material, Non-Public Information

The Company may substantially participate in, or influence the conduct, affairs, or management of, a portfolio company. Directors, officers, employees, designees, associates or affiliates of the Company or the Manager may, from time to time, serve as directors of, or in a similar capacity with, a portfolio company. By reason of their responsibilities in connection with these and other activities, certain Company or Manager personnel may acquire confidential and/or material non-public information or be restricted from initiating transactions in certain securities. The Company will not be free to act upon any such information. In addition, these individuals may become subject to trading restrictions pursuant to the internal trading policies of such businesses. Due to these restrictions, the Company may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Illiquid Assets

In accordance with the Company's business objective and investment strategies, the Company will invest in securities of growth to late-stage private issuers, that are either thinly traded or have no market at all. It is possible that the Company may not be able to sell portions of such positions without facing substantially adverse prices or may be required to sell such securities before their intended investment horizon, which could negatively impact the performance of investments and the Company's financial condition, profitability, and cash flows.

Furthermore, it is possible and expected that certain of the private issuer portfolio companies will consider having their securities listed with a stock exchange, as a means of creating liquidity for its investors. However, there can be no assurance that the listing of these securities will provide a viable exit mechanism, as these securities may experience low trading volumes and a low market capitalization at the time of intended disposal. Also, securities laws in Canada or elsewhere may impose an escrow or lock-in period on promoters' holdings in private businesses seeking listing through initial public offerings, which would reduce secondary market liquidity. Although the Company would generally endeavor to avoid or minimize such escrow or lock-in restrictions on its shareholdings in its portfolio investments, there can be no assurance that it will be able to do so.

Competitive Market for Investment Opportunities

The Company competes with a large number of other investors, such as private equity funds, mezzanine funds, investment banks and other equity and non-equity based public and private investment funds, and other sources of financing, including traditional financial services companies, such as commercial banks. Competitors may have a lower cost of funds and may have access to funding sources that are not available to the Company. In addition, certain competitors of the Company may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their respective market shares. There can be no assurance that the competitive pressures faced by the Company will not have a material adverse effect on its activities, financial condition, and results of operations. In addition, as a result of this competition, the Company may not be able to take advantage of attractive investment opportunities from time to time and there can be no assurance that it will be able to identify and make investments. The success of the Company will depend on the availability of appropriate investment opportunities and the ability of the Company or the Manager to identify and source those investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Company to invest all of the net proceeds of the Offering or that such investment opportunities will lead to completed investments by the Company. As noted above, the Company will be competing with private equity funds, as well as mezzanine funds, institutional investors and, potentially, strategic investors, for prospective investments. As a result of this competition, there can be no assurance that the Company will be able to locate suitable investment opportunities, acquire such investments on acceptable terms, achieve an acceptable rate of return or fully invest the net proceeds of the Offering and the Management Investment.

Legal Proceedings

The Company or its portfolio companies may, from time to time, become party to a variety of legal claims and regulatory proceedings in Canada, the United States or elsewhere. The existence of such claims against the Company or its affiliates, portfolio investments, members of the Board or officers of the Company could have various adverse effects, including the incurrence of significant legal expenses defending such claims, even those claims without merit. The Company intends to manage day-to-day regulatory and legal risk primarily by implementing appropriate policies, procedures, and controls. Internal and external legal counsel are also expected to work closely with the Company to identify and mitigate areas of potential regulatory and legal risk.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Foreign Security Risk

The Company's investment portfolio may include issuers, domestic or otherwise, with multinational organizations and who have significant foreign business and foreign currency risk. The value of these securities may be influenced by foreign government policies, lack of information about foreign corporations, political or social instability and the possible levy of foreign withholding tax.

Foreign Exchange Risks

The Company's reporting currency is the Canadian dollar. A portion of the Company's investments may include securities denominated in foreign currency. The Company does not intend to implement any measures to hedge such foreign currency exposure. Accordingly, the Book Value of the Company's portfolio will fluctuate depending on the rate of exchange between the Canadian dollar and such foreign currencies. The Company may, from time to time, experience gains and losses resulting from the fluctuations of foreign currencies, which could impact the Company's financial condition, profitability, or cash flows.

Investments in Private Issuers

As the Company intends to focus investing in growth to late-stage private issuers in Canada and the United States, the Company will invest in the securities of private issuers. Issuers whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded. As minimal public information exists about private businesses, the Company could be required to make investment decisions on whether to pursue a potential investment in a private business on the basis of limited information, which may result in an investment in a business that is not as profitable as the Company initially suspected, if at all. The Company must, therefore, rely on its and the Manager's management team to obtain the information necessary to make an informed investment decision. The valuations ascribed to such private securities within the Company's portfolio will be measured at fair value in accordance with IFRS, and the resulting values may differ from values that would have otherwise been used had a ready market existed for the investment.

The valuation process for these private securities is not based on publicly available prices and is, to a degree, subjective in nature. These valuations will be reflected in the Book Value of the equity securities of the Company.

Opinions From Independent Investment Banks or Accounting Firms Are Not Contemplated

The Company is not required to obtain an opinion from an independent investment bank or accounting firm that the price the Company is paying for a particular investment is fair to the Company from a financial point of view. If such an opinion is not obtained, holders of Units will be relying on the judgment of the Board, the Company's executive officers and the Manager, who will determine fair market value based on standards generally accepted by the financial community. Except as required by law, the Company has no intention of obtaining an opinion from an independent investment bank or accounting firm prior to making each of its investments.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Valuation Methodologies Involve Subjective Judgments

For purposes of IFRS-compliant financial reporting, the Company's financial assets and liabilities will be valued in accordance with IFRS. Accordingly, the Company is required to follow a specific framework for measuring the fair value of its assets and liabilities and, in its audited financial statement, to provide certain disclosures regarding the use of fair value measurements.

The fair value measurement accounting guidance establishes a hierarchical disclosure framework that ranks the observability of market inputs used in measuring financial instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value.

A portion of the Company's investment portfolio will be in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. The Company will value these securities quarterly at fair value as determined in good faith by the Company; however, the Company may be required to value its securities at fair value as determined in good faith by the Board to the extent necessary to reflect significant events affecting the value of its securities. The Company may utilize the services of an independent valuation firm to aid it in determining the fair value of these securities. The types of factors that may be considered in fair value pricing of the Company's investments include the nature and realizable value of any collateral, the portfolio business' ability to make payments and its earnings, the markets in which the portfolio investment does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private issuers, are inherently uncertain, such valuations may fluctuate over short periods of time and may be based on estimates, and the Company's determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. The value of the Total Assets could be materially adversely affected if the Company's determinations regarding the fair value of its investments were materially higher than the values it ultimately realizes upon the disposition of such securities.

From time to time, the Company will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that the Company is required to adopt could result in a change in the valuation of the Company's assets and liabilities.

Due to a wide variety of market factors and the nature of certain securities to be held by the Company, there is no guarantee that the value determined by the Company or any third-party valuation agents will represent the value that will be realized by the Company on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the Company or any third-party valuation agents are inherently different from the valuation of the Company's securities that would be performed if the Company were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Reputation

The Company could be negatively impacted if there is misconduct or alleged misconduct by its portfolio companies in which the Company invests, including historical misconduct. Risks associated with misconduct at portfolio companies is heightened in cases where it does not have legal control or significant influence over a particular portfolio company or is not otherwise involved in actively managing a portfolio company. In such situations, given the Company's ownership position and affiliation with the portfolio company, it may still be negatively impacted from a reputational perspective through this association. In addition, even where the Company has control over a portfolio company, if it is a newly acquired Portfolio company that the Company is in the process of integrating then the Company may face reputational risks related to historical or current misconduct or alleged misconduct at such portfolio company for a period of time.

The Liability of the Manager is Limited, and the Company and the Manager have not been Represented by Separate Legal Counsel

Under the Management Agreement, the Manager does not assume any responsibility other than to perform the obligations, duties and responsibilities described in the Management Agreement. As a result, the right of the Company to recover against the Manager may be limited to damages arising out of the performance or non-performance of the responsibilities explicitly set forth in the Management Agreement. In addition, the Management Agreement contains provisions exonerating the Manager and related persons from liability in connection with the performance of obligations under the Management Agreement or indemnifying the Manager or related persons under certain circumstances, even if the Manager has been negligent. These protections from liability may result in the Manager tolerating greater risks when making investment-related decisions or providing investment-related advice than would otherwise be the case, including when determining whether to use or advise with respect to leverage in connection with investments.

Potential Conflicts of Interest

The Company will rely on the Manager's expertise in identifying and advising on investment opportunities, transaction execution and asset management capabilities. The services to be provided by the Manager under the Management Agreement are to be provided on a non-exclusive basis to the Company, and accordingly, there are no restrictions on the Manager from providing similar services to other entities or from engaging in other activities in the future (whether or not their investment objectives, strategies and policies are similar to those of the Company). The Company has entered into the Non-Competition Arrangements with the Management Investors, which addresses certain conflicts of interest. The Manager will allocate investment opportunities among the Company and the Manager's other clients and businesses. The Company may, from time to time, be precluded from participating in an investment opportunity available to the Manager that would otherwise be compatible with the Company's investment objectives and restrictions. In addition, allocation of investment opportunities may encounter conflicts of interest when allocating investment opportunities among the Company and the Manager's other clients and businesses.

The Manager is not restricted from forming additional investments vehicles, entering into other management relationships, exercising investment responsibility, engaging in other business (or non-business) activities or directly or indirectly purchasing, selling, holding or otherwise dealing with any securities for the account of any such other business or for other clients (including, without limitation, for or on behalf of clients that invest or may invest in the Company). These activities, including the establishment of other investment vehicles which may be more, similarly, or less concentrated than the Company, may give rise to additional conflicts of interest.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

In addition, members of the Board will, from time to time, in their individual capacities, deal with parties with whom the Company may be dealing or may be seeking investments similar to those desired by the Company. It is possible that the interests of these persons could conflict with those of the Company. Applicable corporate law contains conflict of interest provisions requiring members of the Board to disclose their interests in certain contracts and transactions and to refrain from voting on those matters.

Operating and Financial Risks of Investments

Businesses in which the Company invests could deteriorate as a result of, among other factors, an adverse development in their business operations, a change in the competitive environment or an economic downturn. As a result, businesses that the Company expects to be stable may operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress. In some cases, the success of the Company's investment strategy will depend, in part, on the ability of the Company to restructure and effect improvements in the operations of a business in which it has invested. The activity of identifying and implementing restructuring programs and operating improvements at businesses entails a high degree of uncertainty. There can be no assurance that the Company will be able to successfully identify and implement such restructuring programs and improvements.

Reliance on Key Personnel and Risks Associated with the Management Agreement

The management and governance of the Company depends on the services of certain key personnel, including the Manager and certain executive officers of the Company. The loss of the services of any key personnel could have a material adverse effect on the Company and materially adversely affect the Company's financial condition and results of operations.

The Company will rely on the Manager with respect to the sourcing and advising with respect to its investments. Consequently, the Company's ability to achieve its investment objectives depends in large part on the Manager and its ability to identify and advise the Company on attractive investment opportunities. This means that the Company's investments are dependent upon the Manager's business contacts, its ability to successfully hire, train, supervise, manage, and retain its personnel and its ability to maintain its operating systems. If the Company were to lose the services provided by the Manager or its key personnel or if the Manager fails to satisfactorily perform its obligations under the Management Agreement, the Company's investments and growth prospects may decline.

The Company may be unable to duplicate the quality and depth of management from the Manager if the Company were to source and manage its own investments or if it were to hire another manager. Prospective investors should not purchase any securities of the Company unless they are prepared to rely on the members of the Board, the Company's executive officers and the Manager. The Management Agreement may be terminated in certain circumstances and is only renewable on certain conditions. Accordingly, there can be no assurance that the Company will continue to have the benefit of the Manager's services, including its personnel, or that the Manager will continue to be the Company's manager. If the Manager should cease for whatever reason to be the manager of the Company, the cost of obtaining substitute services may be greater than the fees the Company will pay the Manager under the Management Agreement, and this may adversely affect the Company's ability to meet its objectives and execute its strategy which could materially and adversely affect the Company's cash flows, operating results and financial condition.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Effect of Fees

The Company will be required to pay the Management Fee and Performance Fee, if any, to the Manager. From time to time, the payment of such fees will reduce the actual returns to holders of Common Shares. A portion of these fees will be payable to the Manager regardless of whether the Company produces positive investment returns.

Performance Fee could induce the Manager to make Speculative Investments

The Performance Fee that may be payable to the Manager may create an incentive for the Manager to make or recommend investments that are more speculative or involve more risk than would be the case in the absence of such a compensation arrangement. The way in which the Performance Fee payable is determined may encourage the Manager to use or recommend the use of leverage to increase the return on the Company's investments. Increased use of leverage and the corresponding increased risk of replacement of that leverage at maturity could increase the likelihood of default, which could materially and adversely affect the Company's cash flows, operating results and financial condition.

Reliance on the Performance of Underlying Assets

The Company will not have any operations, activities, or other active businesses other than the acquisition, retention, and management of its investments. Accordingly, although the Company generally intends to take an active role in overseeing and monitoring its investments, factors unique to its Portfolio Companies, such as changes in operating performance, profitability, financial position, creditworthiness, management, strategic direction, achievement of goals, mergers, acquisitions, divestitures, or distribution policies, may affect the value of the Company's investments, and in turn, the overall performance of the Company. In addition, a decline in the state of the capital markets, changes in law and/or other events, could have a negative effect on the value of the Company's investments and the Company.

Changes that negatively impact the Company's portfolio investments could adversely affect the Company's ability to sell its investments for a capital gain or to otherwise earn revenue.

Minority Investments

The Company generally makes minority equity investments in businesses in which the Company does not participate in the management or otherwise control the business or affairs of such businesses. The Company will monitor the performance of each investment and maintain an ongoing dialogue with each business management team; however, it will be the responsibility of the management of the business to operate the business on a day-to-day basis, and the Company may not have the right or ability to control or otherwise influence such business. The Company will not control the business and affairs of all Portfolio Companies. Accordingly, these companies may undertake activities which the Company does not believe is in their best interests.

Ranking of Company Investments and Structural Subordination

The Company will invest in private equity and debt securities, some of which may ultimately become public equity and debt securities. Portfolio investments may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which the Company invests. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which the Company is entitled to receive payments with respect to the debt instruments in which the Company invests. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio business, holders of debt instruments ranking senior to the Company's investment in that portfolio business would typically be entitled to receive payment in full before the Company receives any

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

distribution. After repaying such senior creditors, such portfolio business may not have any remaining assets to use to repay its obligation to the Company. In the case of debt ranking equally with debt instruments in which the Company invests, the Company would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization, or bankruptcy of the relevant portfolio business.

Follow-On Investments

Following the initial investment in a business, the Company may be called upon to provide additional funds or have the opportunity to increase its investment in such business through the exercise of a warrant or other right to purchase securities or to fund additional investments through such business. There is no assurance that the Company will make follow-on investments or that the Company will have sufficient funds to make any such investment. Even if the Company has sufficient capital to make a desired follow-on investment, the Company may elect not to make such investment, as the Company may not want to increase its level of risk, the Company may prefer other opportunities or the Company may be restricted from doing so under its investment guidelines. Any decision by the Company not to make follow-on investments or its inability to make such follow-on investments may have a negative impact on the portfolio business in need of such investment, may result in a missed opportunity for the Company to increase its participation in a successful operation or may reduce the expected return on the investment.

Risks upon Disposition of Investments

In connection with the disposition of an investment in a Portfolio company, the Company may be required to make representations about the business and financial affairs of the business or may be responsible as a selling securityholder for the contents of disclosure documents under applicable securities laws. The Company may be required to indemnify the borrowers, investors or purchasers of such investment or underwriters to the extent that any such representation turns out to be incorrect, inaccurate, or misleading.

Failure to Execute the Company's Investment Strategies

Although the Company intends to make long-term investments that achieve superior risk-adjusted investment performance, this goal relies on the successful execution of its investment strategies. The successful execution of the Company's investment strategies is uncertain as it requires suitable opportunities, careful timing, and business judgment, as well as sufficient resources to make investments and restructure them, if required, notwithstanding difficulties experienced in a particular industry.

In addition, there is no assurance that the Company will be able to identify suitable or sufficient opportunities that meet its investment criteria and be able to make investments at attractive prices to supplement its growth in a timely manner, or at all.

Deciding as to the fundamental value and the value-enhancing potential of an investment may involve uncertainties and judgmental determinations. The Company may fail to value opportunities accurately or to consider all relevant factors that may be necessary or helpful in evaluating an opportunity. There may be certain liabilities, obligations, facts, or circumstances that are not discovered during the Company's due diligence prior to the completion of an investment.

The Company may fail to close on a potential investment opportunity for any number of reasons, including those beyond the Company's control. Failure to close on a potential investment may result in a loss of substantial management time and attention and of significant accounting, legal or other fees and expenses.

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

Further, the Company may underestimate the costs necessary to bring an investment up to standards established for its intended market position, may be exposed to unexpected risks and costs associated with its investments, and/or may be unable to quickly and effectively integrate new investments into its existing operations or exit from the investment on favorable terms.

Pace of Completing Investments

The Company's business is, with the assistance of the Manager, to identify suitable investment opportunities, pursuing such opportunities and consummating such opportunities. If the Company is unable to source and manage its investments effectively, it would adversely impact the Company's financial position and earnings. There can be no assurance as to the pace of finding and implementing investment opportunities.

Conversely, there may only be a limited number of suitable investment opportunities at any given time. This may cause the Company, while it deploys cash not yet invested, to hold significant levels of cash or cash equivalents. A lengthy period prior to which capital is deployed may adversely affect the Company's overall performance.

Failure to Execute the Company's Investment Strategies

Although the Company intends to make long-term investments that achieve superior risk-adjusted investment performance, this goal relies on the successful execution of its investment strategies. The successful execution of the Company's investment strategies is uncertain as it requires suitable opportunities, careful timing, and business judgment, as well as sufficient resources to make investments and restructure them, if required, notwithstanding difficulties experienced in a particular industry. In addition, there is no assurance that the Company will be able to identify suitable or sufficient opportunities that meet its investment criteria and be able to make investments at attractive prices to supplement its growth in a timely manner, or at all. Deciding as to the fundamental value and the value-enhancing potential of an investment may involve uncertainties and judgmental determinations. The Company may fail to value opportunities accurately or to consider all relevant factors that may be necessary or helpful in evaluating an opportunity. There may be certain liabilities, obligations, facts, or circumstances that are not discovered during the Company's due diligence prior to the completion of an investment. The Company may fail to close on a potential investment opportunity for any number of reasons, including those beyond the Company's control. Failure to close on a potential investment may result in a loss of substantial management time and attention and of significant accounting, legal or other fees and expenses. Further, the Company may underestimate the costs necessary to bring an investment up to standards established for its intended market position, may be exposed to unexpected risks and costs associated with its investments, and/or may be unable to quickly and effectively integrate new investments into its existing operations or exit from the investment on favorable terms.

Financial Market Fluctuations and Deterioration of Political and Market Conditions

The Company will invest in growth to late-stage private operating businesses, with long-term growth potential, which private businesses may become public, or may be acquired by a public issuer. The Company would not be precluded from owning an investment in a public issuer. With respect to publicly traded issuers, fluctuations in the market price of such securities may negatively affect the value of such investments. In addition, general instability in the public debt market and other securities markets may impede the ability of businesses to refinance their debt through selling new securities, thereby limiting the Company's investment options with respect to a particular portfolio investment.

To the extent that the economy deteriorates for an extended period of time, one or more of the Company's investments could be materially harmed. In addition, the Company's investments may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates,

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

changes in laws, and national and international circumstances. Other developments, such as war and occupation, terrorism and related geopolitical risks, natural disasters, and public health emergencies, including an epidemic or pandemic, may lead to increased short-term market volatility, unusual liquidity concerns, and may have adverse long-term effects on world economies and markets generally, including Canadian, United States and other economies and securities markets. The effects of these or similar events on the economies and securities markets of countries cannot be predicted. For example, the recent spread of COVID-19 has caused volatility in the global financial markets, resulted in significant disruptions to global business activity and caused a slowdown in the global economy. These events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, fixed income markets, inflation and other factors relating to the portfolio investments of the Company. Unexpected changes in these factors could negatively impair the Company's financial condition, profitability, and cash flows, and may also have a negative effect on the valuation of, and the ability of the Company to exit or partially divest from, investment positions.

While the precise impact of the recent COVID-19 outbreak remains unknown, it has introduced uncertainty and volatility in global markets and economies. The duration of the COVID-19 outbreak and its impact cannot be determined with certainty, but it may adversely affect the performance of the Company or one or more of the businesses in which it invests. Depending on economic and market conditions, the Company may incur substantial realized and unrealized losses in future periods, all of which may materially adversely affect its results of operations and the value of any investment in the Company.

Long-Term Nature of Investment

An investment in the Company requires a long-term commitment with no certainty of return. Some investments to be made by the Company are not expected to generate current income. Therefore, the return of capital to the Company and the realization of gains, if any, from the Company's investments will generally occur only upon the partial or complete realization or disposition of such investment. While an investment of the Company may be realized or disposed of at any time, it is generally expected that the ultimate realization or disposition of most of the Company's investments will not occur for a number of years after each such investment is made.

Potential Lack of Investment Diversification

The Company has limited requirements regarding the holdings in securities of issuers, or in any one industry or size of issuer. Accordingly, the securities in which the Company invests may not be diversified across many sectors and will be concentrated in specific regions or countries, such as Canada and the United States. The Company may also have a significant portion of investments in the securities of a single issuer.

A relatively high concentration of assets could result in a portfolio that may be more vulnerable to fluctuations in value resulting from adverse conditions that may affect the economy, a particular industry, or a segment of issuers than would otherwise be the case if the Company were required to maintain wide diversification. Consequently, significant declines in the fair value of the Company's larger investments will produce a material decline in the Company's reported earnings.

Unknown Merits and Risks of Future Investments

As the Company has not yet identified any specific target businesses in which to invest, there is no basis for a prospective investor in the Units to evaluate the possible merits or risks of any particular target company's operations, results of operations, cash flows, liquidity, financial condition, or prospects. Although the Company will endeavor to evaluate the risks inherent in a particular investment, there can be no assurance that the Company will properly ascertain or assess all of the significant risks of such

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

investment or that the Company will have adequate time or access to complete appropriate due diligence investigations. Furthermore, some of the risks may be outside of the Company's control and leave the Company with no ability to mitigate or control the chances that those risks will adversely impact the target company.

Substantial Loss of Capital

The investments to be made by the Company are speculative in nature and holders of Common Shares and Warrants could experience a loss of all or substantially all of their investment in the Company. There can be no assurance that the Company will be able to make and realize investments or generate positive returns. There can also be no assurance that the returns generated, if any, will be commensurate with the risks of investing in the types of investments contemplated by the Company's investment objectives. As such, an investment in the Company should only be considered by persons who can afford a loss of their entire investment.

Limited Operating History and Revenues

The Company is a recently formed company with very limited operating results. As the Company lacks an operating history, there is a limited basis upon which a potential investor can evaluate the Company's ability to achieve its stated investment objective.

Capital Management

The Company manages its capital with the following objectives:

- (i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- (ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on a regular basis.

The Company considers its capital to be equity, comprising share capital, and warrants net of deficit, which on September 30, 2021, totaled \$102,117,615. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the period from April 1, 2021 (incorporation) to September 30, 2021.

Related Party Transactions

During the period from April 1, 2021 (incorporation) to September 30, 2021, the Company expensed \$594,430 to related parties consisting of both accruals for director fees of \$88,784 and management fees of \$594,430 which are payable to the Manager, which is the Company's administrator. For further information on the relationship of the Manager to the Company, see the Prospectus, under the heading "The Manager".

Stack Capital Group Inc.
Management's Discussion and Analysis
From April 1, 2021 (Incorporation) to September 30, 2021
Expressed in Canadian Dollars
Dated November 11, 2021

As at September 30, 2021, there was \$204,711 pertaining to the reimbursement of expenses paid on the Company's behalf by the Manager, a related party. This reimbursement and management fee was included in accounts payable and accrued liabilities.

Management Agreement

At the time of the Company's initial public offering on June 16, 2021, the Company entered into a Management Agreement with the Manager to provide administration and investment services to the Company (the "Management Agreement"). As compensation for the provision of these services, the Company pays a management fee, and if applicable, a performance fee.

As compensation for the provision of the services to be provided to the Company by the Manager, the Company will pay the Management Fee and, if applicable, the Performance Fee, in each case, together with any applicable sales taxes thereon, to the Manager. The Management Fee is a monthly amount equal to 1/12 of 1.5% of the total assets less the total liabilities, excluding any deferred taxes, plus any sales taxes thereon (defined in the Management Agreement as "Book Value").

The Performance Fee is 15% the Book Value on a per share basis using the time-weighted average common shares outstanding (defined in the Management Agreement as "Book Value per Share") that exceeds the high-water mark. The Performance Fee is calculated and accrued quarterly and paid for after the Company's year-end results have been filed each calendar year. The Performance Fee will be payable in cash, or at the option of the Manager, in Common Shares.

Concurrent with the closing of the Company's IPO on June 16, 2021, the Management Investors purchased an aggregate of 583,334 Units, for total gross proceeds of \$7,000,008, on a non-brokered, private placement basis at the Offering Price. As part of the terms of the Management Investment, each Management Investor agreed to a five-year voluntary lock-up and will retain all of the Units acquired in the offering and the Management Investment during such period, subject to certain customary exceptions.

Management's Responsibility for Financial Information

The Company's financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The financial statements were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Outstanding Share Data

The Company's issued and outstanding capital as at September 30, 2021 consisted of 9,093,334 Common Shares and, 4,913,167 Warrants.

Additional Information

Additional information relating to the Company is available in the Prospectus which can be found on www.stackcapitalgroup.com and on the Company's profile on SEDAR at www.sedar.com.