MANAGEMENT'S DISCUSSION & ANALYSIS

PENDER GROWTH FUND INC.

Three months and six months ended June 30, 2025

PENDER

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") dated August 21, 2025 presents a review of the unaudited financial results for Pender Growth Fund Inc. ("Pender" or the "Company") for the three months and six months ended June 30, 2025 and assesses factors that may affect future results. The financial condition and results of operations are analyzed and significant factors that affected Pender's statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows are discussed.

The MD&A is supplementary information and should be read in conjunction with Pender's unaudited condensed interim financial statements and the notes thereto for the three months and six months ended June 30, 2025 (the "Condensed Interim Financial Statements") and Pender's audited financial statements and the notes thereto for the year ended December 31, 2024 (the Annual Audited Financial Statements"). All amounts shown in this MD&A are presented in Canadian dollars unless otherwise specified.

The MD&A has been prepared by PenderFund Capital Management Ltd. (the "Manager"). The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, which is made up of three directors, a majority of whom are independent directors. The Audit Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

Additional information about Pender is available on the SEDAR+ website at www.sedarplus.ca.

Business Strategy

Pender is an investment entity that trades on the TSX Venture Exchange (the "TSXV"). Its objective is to provide its investors with long-term capital appreciation. Pender invests opportunistically in a concentrated portfolio of securities of both public and private companies (each a "Portfolio Company"). In its quest for long-term capital appreciation, the Manager thoroughly evaluates the long-term business prospects of each potential Portfolio Company and works to understand its current value as well as its value over the long-term investment horizon. This long-term focus is a primary factor in Pender's investment strategy, regardless of whether a Portfolio Company is publicly listed or private. Pender may also invest in special situations, for example, using available cash to take advantage of opportunities with attractive internal rates of return. Pender's strategy is to buy securities that it believes are mispriced and that have the potential to compound capital, either through the convergence from current market price to intrinsic value or through the growth of intrinsic value over time, or through a combination of both.

Pender's mandate provides it with the flexibility to invest in securities that it believes to have the highest potential risk-adjusted returns at the time of investment. It is important to note that Pender defines risk as a permanent loss of capital, which differs from volatility risk. This flexible mandate allows Pender to take advantage of market cycles and different security types that it believes may have the potential to benefit its shareholders. Market cycles can provide opportunity as, from time-to-time, different industries, company stages or security types may become out of favour and attractively priced. Pender may invest in both newly established and later-stage businesses across a wide array of industries and security types, depending on the opportunity. Common and preferred equities will make up the majority of Pender's investments, (whether direct investments or indirect investments through investment entities or limited partnership funds). The Company may also make smaller allocations to convertible debt, corporate debt or other securities.

Recent Developments

Investments

Public equity markets saw positive performance in the second quarter of 2025, although the volatility and drawdown which started in Q1 continued throughout April. Markets digested the possibility of tariff deals and a bottom was reached in April followed by strong May and June performance. The S&P/TSX Composite Index gained 8.5% in the quarter, while the S&P/TSX Small Cap Index added 11.8%. Markets in the US showed strong performance, with the S&P 500 Index (USD) up 10.9% and the small cap Russell 2000 Index (USD) ending 8.5% higher in the quarter. However, due to CAD appreciation, the S&P 500 Index (CAD) and Russell 2000 Index (CAD) finished up 5.2% and 2.3% respectively in the quarter.

US politics, specifically, the rise of protectionism, deregulation and a more disruptive foreign policy stance has heightened uncertainty. It appears the market is being driven by macro developments and headlines. With a high degree of uncertainty and a wider range of potential ramifications on economic growth, inflation and interest rates, we remain focused on our investment process and analyzing new and existing opportunities.

Canadian venture capital ("VC") investment activity[1] continues to reflect a slower more uncertain environment. While Q2 numbers haven't been finalized, during the first quarter of 2025 the market saw about $1.3 billion invested across 116 deals, matching the dollars invested in Q1 2023 and 2024, with fewer deals closed. The impact of recent macroeconomic trends remains to be fully seen, uncertainty continues to slow the investment environment and a disconnect between buyers and sellers exist. The absence of IPO activity and continued reliance on M&A for exits underscore the shift toward longer private company lifecycles. These trends suggest that Venture Capital investment activity is still slow compared past years but may normalize to a new interest rate and financing environment.

As we monitor the trends, we will continue to work closely with our private Portfolio Companies. Our goal remains consistent, to grow and compound the intrinsic value of the companies we own in the portfolio, while continuing to optimize the businesses as market conditions evolve.

We see a continuation of a slower market as investors try to understand the impact of the US administration. There is the potential of higher volatility ahead as valuations remain elevated relative to history while the heightened uncertainty with the Trump administration in the US is creating a challenging environment for businesses to make investments. We will continue to apply our investment process to the companies we own to help ensure they are prepared to manage through a wide range of economic scenarios.

Normal Course Issuer Bid

On February 20, 2025, the Company renewed its Normal Course Issuer Bid ("NCIB") on the TSXV. Upon launch, the Company had 7,132,221 shares issued, of which 5,873,421 shares represented its public float. The Company is entitled to purchase up to a maximum of 587,342 shares, representing 10% of its public float, over the one-year period of this NCIB. The NCIB will continue until February 19, 2026, unless terminated earlier in accordance with its terms. The Company intends to continue to repurchase its shares under the NCIB where the shares are trading at a price that is less than what we see as their intrinsic value, in order to enhance shareholder value.

[1] Canadian Venture Capita & Private Equity Association: Q1 2025 Canadian Venture Capital Market Overview

Outlook

Our goal remains to invest in businesses with strong competitive advantages and growth potential and that are undervalued relative to our view of intrinsic value. At the same time, we anticipate a more challenging macro backdrop, requiring heightened scrutiny of balance sheets, cash flow durability, and pricing power within our portfolio. We have identified four transformative themes across capital markets. We believe Artificial Intelligence, Energy Transition, Enterprise Software and Geopolitics will be central to driving long-term returns. Markets are increasingly reactive to trade and geopolitical news, with heightened volatility expected to persist through 2025. We remain vigilant and prepared for a wide range of potential outcomes as we go through the year and believe focusing on business fundamentals will allow us to navigate uncertainty.

For venture capital and private markets activity, we expect a continuation of weak market conditions. Given the heightened uncertainty and an evolving macroeconomic landscape, we believe a shift toward longer private company lifecycles may occur. We will continue to look for opportunities to deploy capital into fundamentally strong companies at attractive prices. We continue to evaluate the potential impact of current global events on each of our Portfolio Companies as part of an ongoing review within our investment process. In doing this analysis, we evaluate each Portfolio Company under various fundamental scenarios to better understand the key drivers of business value creation and their sensitivities in different market environments.

We are steadfast investors and continue to work closely with certain private Portfolio Companies, monitoring the impact of the macro backdrop and evolving conditions and responses, with the aim of helping them grow their intrinsic value, while seeking an orderly realization of that value to achieve returns for our shareholders.

Portfolio of Investments

Our portfolio of investments reflects the fact that we are long-term, high-conviction investors while we also try to take advantage of short-term “close-the-discount” opportunities where it makes sense to do so.

At June 30, 2025, Pender’s Net Assets were 62.8% publicly listed companies, 36.3% private unlisted companies, and 0.9% cash and other assets net of liabilities. Our total Portfolio Company holdings represented 99.1% of Net Asset Value, an increase of 11.1% from 88.0% as at December 31, 2024. As at June 30, 2025, the fair value of investments was $123,396,650 (December 31, 2024 - $108,429,534).

During the six months ended June 30, 2025, we purchased a new publicly listed company, Coveo Solutions Inc., and added to our holdings of existing publicly listed companies, Dye & Durham Limited and Sylogist Ltd., and two of existing Private Company holdings. During the period, we divested Zillow Group Inc. and made partial divestments of our holdings in several publicly listed companies, such as Kraken Robotics Inc..

The significant trends and events for Pender’s Portfolio Companies during the six months ended June 30, 2025, are described in the following sections.

Private Unlisted Companies

Checkfront Bookings Inc. (formerly Checkfront, Inc., “Checkfront”)

Checkfront develops cloud-based booking management applications and e-commerce platforms for tour providers, accommodation managers and rental businesses in Canada and internationally. The Checkfront platform helps businesses manage their inventories, centralize reservations and process payments. During

2025 the company continues to execute on integration strategies following a merger with Australian tour and activity booking software company, Rezdy, and European tour and activity booking software company, Regiondo. Collectively, the platforms serve tens of thousands of operators across more than 100 countries serving the global tours, activities, and experiences industry.

Clarius Mobile Health Corp.

Clarius Mobile Health Corp. ("Clarius") is developing and commercializing ultra-portable ultrasound scanners, with mobile applications and cloud solutions. The scanners connect wirelessly to off-the-shelf smartphones and tablets, based on Clarius' proprietary "ultrasound system-on-chip" technology. This novel technology efficiently utilizes technical resources on the chip, thus allowing high image quality to be maintained in a small form factor. Clarius has a strong position in the ultra-portable ultrasound market, supporting thousands of physicians worldwide who use Clarius to deliver better patient care. The company has surpassed the seven million count to-date for high-definition scans, an indication of the emergence of the point-of-care ultrasound industry.

DistillerSR Inc. (formerly Evidence Partners Inc.)

DistillerSR Inc. ("DistillerSR") provides a workflow software solution to automate the data collection, screening and review process for organizations seeking regulatory approvals for healthcare products. DistillerSR has a diversified, global, blue-chip customer base that includes more than 300 medical device and pharmaceutical companies, contract research organizations, as well as universities, governments, and NGOs. Eighty percent of the top pharmaceutical and medical device companies trust DistillerSR to produce transparent, audit-ready, and regulatory compliant literature reviews.

Jane Software Inc.

Jane Software Inc. ("Jane") is a software company with a platform that is modernizing practice management software. Jane enables physiotherapists, mental health counsellors, chiropractors and other allied health practitioners to run their practices in a digital-first way through features such as online booking, charting, scheduling, secure video and billing. Jane is used by thousands of practitioners worldwide and has a team of more than 500 developers and customer support reps that champion Jane both locally and internationally. Jane has reached $100 million in annual revenue and secured investment from Silicon Valley investment firm TCV (Technology Crossover Ventures) in Q2 2025.

Pender Technology Inflection Fund II Limited Partnership

Pender Technology Inflection Fund II Limited Partnership ("PTIF II") is the second venture fund at Pender Ventures, with over $100 million in commitments. Pender Ventures is a thesis-driven venture capital investor focused on B2B software and health tech startups at the inflection point between commercialization and scale. As hands-on, high-conviction investors, Pender Ventures' diverse team leverages decades of experience with the aim of adding operational and strategic value to its portfolio companies.

Pender Software Holdings Ltd

Pender Software Holdings Ltd ("PSH") is a long-term partner to established software businesses, specializing in acquiring and supporting founders and management teams. With a focus on enduring value creation rather than short-term exits, PSH provides operational support, strategic guidance, and patient capital aiming to help its portfolio companies thrive over time. Performance of the PSH portfolio companies acquired in 2024 has, so far in 2025, generally aligned with expectations. PSH is actively seeking opportunities to acquire software companies as new investments or add-ons to its portfolio of companies in Canada, the United States, and the United Kingdom.

and its existing software businesses are performing as expected. PSH is actively seeking opportunities to acquire software companies as new investments or add-ons to its portfolio of companies in Canada, the United States, and the United Kingdom.

Traction Complete Technologies Inc.

Traction Complete Technologies Inc. ("Traction Complete") is a developer of a suite of revenue operations solutions to help manage data complexity. Its solutions automate data cleanup, account hierarchies, matching and routing, all of which enhance the native capabilities and functionality of Salesforce. Traction Complete empowers organizations like Zoom, Cisco, and 1Password to simplify, save time, and scale faster.

Traction Rec Technologies Inc.

Traction Rec Technologies Inc. ("Traction Rec") is a recreation management software solution that empowers nonprofit organizations like YMCAs, Jewish Community Centers, and Boys & Girls Clubs of America to strengthen their communities through great technology built on the Salesforce platform. Traction Rec has been recognized by Salesforce as Nonprofit Sales Partner of the Year and Independent Software Vendor ("ISV") Partner of the Year.

Publicly listed Companies

During the quarter ended June 30, 2025, we continued to be patient, fundamental investors with a focus on acquiring ownership stakes in companies at prices that are below our estimate of intrinsic value. In the following section we discuss those publicly listed investments that were key contributors to or detractors from the performance of our portfolio during the quarter ended June 30, 2025.

The key positive publicly listed contributors to the Company's performance for this quarter were Kraken Robotics Inc. (TSXV: PNG) and Tantalus Systems Holding Inc. (TSX: GRID).

On the flip side, the portfolio saw some of its publicly listed holdings incur losses for the quarter ended June 30, 2025, with D2L Inc. (TSX: DTOL) and Dye & Durham Limited (TSX: DND) and being the key detractors.

Portfolio transactions during the period were made based on our stock selection process. In general, we increased weightings of individual stocks where we determined the price relative to our estimate of intrinsic value had increased and decreased the weightings of companies that moved closer to our estimates of their intrinsic value or where we found better opportunities. We may liquidate our positions for various reasons, such as when share prices have reached our assessment of fair value, when an acquisition has occurred or where we have changed our investment thesis.

Portfolio Turnover

The Company's portfolio turnover was 9.4% during the three months ended June 30, 2025 (June 30, 2024 – 2.8%). and 13.0% during the six months ended June 30, 2025 (June 30, 2024 – 6.1%). The portfolio turnover rate is calculated based on the lesser of purchases and proceeds of sales of securities during a period as a percentage of the average value of the Company's investments in that period. In general, lower turnover rates may result in lower trading costs.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

As long-term, high-conviction investors, our goal is to create long-term capital appreciation for our shareholders, continuing to build on the Class C Shares' 20.8% annualized return under IFRS Accounting Standards (IFRS) since inception to June 30, 2025.

At Pender, we quantify our investment results in terms of the growth in Net Assets or Net Assets per Share rather than the change in shareholders' equity or the change in our listed share price. The growth in Net Assets per Share over time is primarily a result of investment performance. Like many listed investment entities, our shares may trade at prices that may not be indicative of the underlying value of our Net Assets per Share. Further, the share price may change due to factors that are unrelated to our Net Assets per Share.

During the six months ended June 30, 2025, the Company's total shareholders' equity increased by $1,475,840 (1.2%), from $123,081,507 at December 31, 2024 to $124,557,347 as at June 30, 2025. This increase was a result of net income of $1,955,144 during the period, primarily a result of positive investment performance, and $479,304 of share repurchases made under the NCIB (described in the "Recent Developments" section of this MD&A).

During the three months ended June 30, 2025, Net Assets per Share ranged from $16.33 to $17.58, while our closing price per share on the TSXV ranged from a low of $9.37 to a high of $14.59 per share, prices representing a discount to Net Assets per Share ranging from 14.28% to 42.62%.

During the six months ended June 30, 2025, Net Assets per Share ranged from $16.33 to $17.58, while our closing price per share on the TSXV ranged from a low of $9.37 to a high of $14.59 per share, prices representing a discount to Net Assets per Share ranging from 14.28% to 42.62%.

Please refer to the “Financial Performance” and “Financial Condition” sections of this MD&A for additional details and to the “Past Performance” section of this MD&A for the performance of Class C Shares. The sectors in which the Company was invested as at June 30, 2025 are listed under the “Summary of Investment Portfolio” section of this MD&A.

SELECTED FINANCIAL INFORMATION

The following tables present selected key financial information about the Company, to provide an understanding of the Company’s financial condition and financial performance as at June 30, 2025, compared to June 30, 2024, and for the three preceding financial years, as well as its financial performance in the six months ended June 30, 2025, compared to the six months ended June 30, 2024. This section should be read together with the Condensed Interim Financial Statements and the Annual Audited Financial Statements.

Supplemental Data

	June 30, 2025	June 30, 2024	2024	2023	2022
Net Assets ($000s)	124,557	103,999	123,082	69,886	70,239
Class C Shares Outstanding	7,086,329	7,278,029	7,133,229	7,368,229	7,569,929
Net Assets per Share ($)	17.58	14.29	17.25	9.48	9.28
Closing Market Price* ($)	13.74	10.31	11.19	6.76	5.65
Total increase(decrease) from Operations per Share ($)	0.28	4.75	7.61	0.14	(16.85)

*Market Price: Closing market price on the last trading day of the period as reported on the TSXV.

Financial Performance

	2025 Q2 (3 months)	2024 Q2 (3 months)	2025 Q2 (6 months)	2024 Q2 (6 months)
Net realized gain (loss) gain	$ 4,979,988	$ (2,670,539)	$ 7,456,979	$ (3,591,718)
Net change in unrealized appreciation (depreciation)	4,333,074	30,132,979	(4,466,330)	45,120,834
Foreign exchange (loss) gain	(2,151)	219	(2,030)	(212)
Dividend income	30,017	5,244	55,513	10,117
Interest income	201,376	16,021	458,744	33,495
Total revenue	9,542,304	27,483,924	3,502,876	41,572,516
Management fees	583,145	444,363	1,164,427	818,289
Withholding taxes, GST/HST and transactions cost	60,137	5,658	81,633	34,112
Other expenses	156,576	138,518	301,672	336,977
Total operating expenses	799,858	588,539	1,547,732	1,189,378
Net operating income before performance fees	8,742,446	26,895,385	1,955,144	40,383,138
Other items:				
Performance fees	-	5,816,067	-	7,449,169
Performance fees waived by the Manager	-	(1,454,017)	-	(1,862,292)
Net amount	-	4,362,050	-	5,586,877
Net income	**$ 8,742,446**	**$ 22,533,335**	**$ 1,955,144**	**$ 34,796,261**
Management expense ratio	2.49%	2.65%	2.45%	2.87%
Trading expense ratio	0.0%	0.03%	0.14%	0.08%

Financial performance for the three months ended June 30, 2025

Highlights of the Portfolio Companies contributing to Pender's investment performance in the three months ended June 30, 2025 are presented in the "Portfolio of Investments" section of this MD&A.

(a) Net realized gains and losses

Net realized gains and losses on investments are the result of the sale of Portfolio Companies. They are generally not comparable between periods because the investments that comprise the portfolio generally change each period.

During the three months ended June 30, 2025, the net realized gain on investments was $4,979,988 (June 30, 2024 – net realized loss $2,670,539), primarily due to gains realized on the divestment of publicly listed securities, such as Kraken Robotics Inc..

(b) Net change in unrealized gains and losses

The net change in unrealized gains and losses on investments is the result of changes in the value of Portfolio Companies held throughout the period and also as a result of unrealized gains or losses being reversed out of this category and classified as realized gains or losses upon the sale of Portfolio Companies. The net change in unrealized gains and losses is generally not comparable between periods because the investments that comprise the portfolio generally change each period.

During the three months ended June 30, 2025, the Company's net change in unrealized gains and losses on investments reflected a net positive change of $4,333,074 (June 30, 2024 – $30,132,979), primarily due to the recognition of increases in market prices of publicly listed securities, such as Tantalus Systems Holding Inc. and Sangoma Technologies Corporation. and positive valuation change in three of our private Portfolio Companies.

(c) Foreign exchange gains and losses

Pender's financial statements are presented in Canadian dollars, so, to the extent that it holds US dollar-denominated assets and/or liabilities, it is exposed to fluctuations in currency exchange rates, which may result in foreign currency gains and/or losses. During the three months ended June 30, 2025, the Company had a foreign exchange loss of $2,151 (June 30, 2024 – foreign exchange gain $219). The Manager believes that the level of the Company's US dollar-denominated assets does not warrant hedging the exposure to fluctuations in exchange rates at this time.

(d) Dividend and interest income

The Company earned dividend and interest income of $231,393 during the three months ended June 30, 2025 (June 30, 2024 – $21,265), This was comprised primarily of accrued bank interest, quarterly dividend income from Dye & Durham Limited and Sylogist Ltd., and interest earned on notes and debentures from private Portfolio Companies.

(e) Management Fees

The Company pays the Manager a management fee, calculated as a percentage of Net Assets. The fee varies from period to period with the variance in the average balance of Net Assets.

Management fee expenses were $583,145 for the three months ended June 30, 2025, an increase of $138,782 over the $444,363 for the three months ended June 30, 2024. This increase in fees was due to the increase of value of the Net Assets in the second quarter of 2025, compared to the second quarter of 2024.

(f) Performance fees

The Manager is entitled to a performance fee in certain circumstances based on achieving the performance criteria set out in the Management Agreement. The performance fee is calculated annually as 20% of any net increase in shareholders' equity above a cumulative annual hurdle rate of 6%, subject to a high water mark. Performance fees are accrued during the year, where applicable, and the total performance fee for the year as calculated on the last Valuation Date of the year, if any, becomes payable upon the publication of the Company's annual audited financial statements.

The Company did not earn a performance fee during the three months ended June 30, 2025 (June 30, 2024 – 4,362,050).

(g) Income Taxes

As at June 30, 2025, the Company had losses available for carry-over that included capital losses of $15,245,463 (December 31, 2024 - $15,255,714,) and non-capital losses of $70,249,656 (December 31, 2024 - $70,295,352) $53,797,637 of which are restricted non-capital losses that were carried forward from the change of control of Pender Private Investments Inc. ("PPI") and cannot be applied against capital gains or business investment income, Capital losses are available to be carried forward indefinitely. Non-capital losses are available for carry forward to future years up to a maximum of 20 years. Capital losses and non-capital losses can be carried back up to 3 tax years. The Company's non-capital losses expire as follows:

Expiry year	
2026-2039	$ 53,797,637
2041	1,993,603
2042	1,805,106
2044	12,653,310
	$ 70,249,656

No deferred tax assets have been recognized on the statement of financial position because the Company has concluded that it is not probable that the benefit of recognized deferred income tax assets will be realized prior to their expiry.

(h) Management Expense Ratio

The Company uses Management Expense Ratio ("MER"), a non-IFRS measure, to represent the total amount of operating expenses, including management fees, sales taxes and interest but excluding performance fees, net of fees waived and/or expenses absorbed by the Manager, contingent payments, corporate taxes, commission and other portfolio transaction costs (together, the "MER Costs") that is borne by the Class C shareholders.

The MER is an annualized percentage calculated by dividing the total MER Costs before performance fees by the average Net Assets. The MER for the three months ended June 30, 2025 was 2.49%, which was 0.16% lower than the 2.65% MER during the three months ended June 30, 2024, due to the increase in the average value of Net Assets.

(i) Trading Expense Ratio

The Company uses Trading Expense Ratio ("TER"), a non-IFRS measure, to represent the total amount of commissions and other portfolio transaction costs (the "TER Costs") borne by the Class C shareholders.

The TER is an annualized percentage calculated by dividing the total of all commissions and other portfolio transaction costs by the average Net Assets during the year. The small number of Portfolio Companies and the long-term investment horizon of the Company have resulted in a TER that is relatively low. The TER for the three months ended June 30, 2025 was 0.20% (June 30, 2024 – 0.03%) mainly due to increase in costs for particular transaction, and increased transaction volume during the quarter.

Financial performance for the six months ended June 30, 2025

Highlights of the Portfolio Companies contributing to Pender's investment performance in the six months ended June 30, 2025 are presented in the "Portfolio of Investments" section of this MD&A.

(a) Net realized gains and losses

Net realized gains and losses on investments are the result of the sale of Portfolio Companies. They are generally not comparable between periods because the investments that comprise the portfolio generally change each period.

During the six months ended June 30, 2025, the net realized gain on investments was $7,456,979 (June 30, 2024 – net realized loss $3,591,718), primarily due to gains realized on the divestment of publicly listed securities, such as Kraken Robotics Inc..

(b) Net change in unrealized gains and losses

The net change in unrealized gains and losses on investments is the result of changes in the value of Portfolio Companies held throughout the period and also as a result of unrealized gains or losses being reversed out of this category and classified as realized gains or losses upon the sale of Portfolio Companies. The net change in unrealized gains and losses is generally not comparable between periods because the investments that comprise the portfolio generally change each period.

During the six months ended June 30, 2025, the Company's net change in unrealized gains and losses on investments reflected a net negative change of $4,466,330 (June 30, 2024 – net positive change $45,120,834), primarily due to the recognition of decreases in market prices of publicly listed securities, such as Dye & Durham Ltd., Kraken Robotics Inc. and D2L Inc. partially offset by increases in market price of publicly listed securities, such as Coveo Solutions Inc., Pinetree Capital Ltd., Tantalus Systems Holding Inc., and positive valuation changes due to three of our private Portfolio Companies.

(c) Foreign exchange gains and losses

Pender's financial statements are presented in Canadian dollars, so, to the extent that it holds US dollar-denominated assets and/or liabilities, it is exposed to fluctuations in currency exchange rates, which may result in foreign currency gains and/or losses. During the six months ended June 30, 2025, the Company had a foreign exchange loss of $2,030 (June 30, 2024 – foreign exchange loss $212). The Manager believes that the level of the Company's US dollar-denominated assets does not warrant hedging the exposure to fluctuations in exchange rates at this time.

(d) Dividend and interest income

The Company earned dividend and interest income of $514,257 during the six months ended June 30, 2025 (June 30, 2024 – $43,612), This was comprised primarily of accrued bank interest, quarterly dividend income from Dye & Durham Limited and Sylogist Ltd., and interest earned on notes and debentures from private Portfolio Companies.

(e) Management Fees

The Company pays the Manager a management fee, calculated as a percentage of Net Assets. The fee varies from period to period with the variance in the average balance of Net Assets.

Management fee expenses were $1,164,427 for the six months ended June 30, 2025, an increase of $346,138 over the $818,289 for the six months ended June 30, 2024. This increase in fees was due to the increase in the value of Net Assets in the first half year of 2025, compared to the first half year of 2024.

(f) Performance fees

The Manager is entitled to a performance fee in certain circumstances based on achieving the performance criteria set out in the Management Agreement. The performance fee is calculated annually as 20% of any net increase in shareholders' equity above a cumulative annual hurdle rate of 6%, subject to a high water mark. Performance fees are accrued during the year, where applicable, and the total performance fee for the year as calculated on the last Valuation Date of the year, if any, becomes payable upon the publication of the Company's annual audited financial statements.

For the six months ended June 30, 2025, the Company did not earn a performance fee (June 30, 2024 – 5,586,877)

(g) Income Taxes

As at June 30, 2025, the Company had losses available for carry-over that included capital losses of $15,245,463 (December 31, 2024 - $15,255,714) and non-capital losses of $70,249,656 (December 31, 2024 - $70,295,352) $53,797,637 of which are restricted non-capital losses that were carried forward from the change of control of Pender Private Investments Inc. ("PPI") and cannot be applied against capital gains or business investment income.

Capital losses are available to be carried forward indefinitely. Non-capital losses are available for carry forward to future years up to a maximum of 20 years. Capital losses and non-capital losses can be carried back up to 3 tax years. The Company's non-capital losses expire as follows:

Expiry year	
2026-2039	$ 53,797,637
2041	1,993,603
2042	1,805,106
2044	12,653,310
	$ 70,249,656

No deferred tax assets have been recognized on the statement of financial position because the Company has concluded that it is not probable that the benefit of recognized deferred income tax assets will be realized prior to their expiry.

(h) Management Expense Ratio

The MER is an annualized percentage calculated by dividing the total MER Costs by the average Net Assets. This is the MER before performance fees. The MER for the six months ended June 30, 2025 was 2.45%, which was 0.42% lower than the 2.87% MER during the six months ended June 30, 2024, due to the increase in the average value of Net Assets.

(i) Trading Expense Ratio

The TER is an annualized percentage calculated by dividing the total of all commissions and other portfolio transaction costs by the average Net Assets during the year. The small number of Portfolio Companies and the long-term investment horizon of the Company have resulted in a TER that is relatively low. The TER for the six months ended June 30, 2025 was 0.14% (June 30, 2024 – 0.08%) due to mainly due to increase in costs for particular transaction, also increased transaction volume during the period.

Financial Highlights

Net Assets per Share (Note 1)	**2025 Q2**	**2024 Q2**	**2024**	**2023**	**2022**
Net Assets per Share (beginning of period)	16.33	$11.16	$9.48	$9.28	$26.08
Increase (decrease) from operations:					
Total revenue	0.03	0.00	0.10	0.00	0.04
Total (expenses) recovery	(0.11)	(0.68)	(1.36)	(1.06)	1.50
Realized gains (losses)	0.70	(0.37)	9.00	(1.19)	(1.79)
Unrealized gains (losses)	0.61	4.14	(0.13)	2.39	(16.60)
Total increase (decrease) from operations	1.23	3.09	7.61	0.14	(16.85)
Net Assets per Share	$17.58	$14.29	$17.25	$9.48	$9.28
Ratios and Supplemental Data					
Total net asset value ($000s)	$124,557	$103,999	$123,082	$69,886	$70,239
Number of shares outstanding	7,086,329	7,278,029	7,133,229	7,368,229	7,569,929
Closing market price	$13.74	$10.31	$11.19	$6.76	$5.65

Note 1 – Net assets per share is based on the number of shares outstanding at the relevant time. The increase (decrease) from operations per share is based on the weighted-average number of shares outstanding during the period. Therefore, the beginning of period net assets plus the increase (decrease) from operations shown above will not sum to the end of period net assets.

Financial Condition

	June 30, 2025	**December 31, 2024**
Assets		
Cash	$ 4,398,676	$ 15,104,780
Interest receivable	531,773	261,006
Income taxes receivable	439,020	435,013
Prepaid expenses	20,205	21,224
Divestment proceeds receivable	2,385	111,811
Investments	123,396,650	108,429,534
Total assets	128,788,709	124,363,368
Liabilities		
Payable for investments purchased	3,621,701	-
Due to related parties	460,722	1,099,742
Accounts payable and accrued liabilities	148,939	136,126
Share buyback tax payable	-	45,993
Total liabilities	4,231,362	1,281,861
Shareholders' equity	$ 124,557,347	$ 123,081,507

(a) Investments

As at June 30, 2025, Pender's total investments of $123,396,650 were made up of $78,245,483 of publicly listed companies, or 63.4% of the portfolio, and $45,151,167 of private unlisted companies, or 36.6% of the portfolio.

The total investments balance increased by $14,967,116 to $123,396,650 as at June 30, 2025, from $108,429,534 as at December 31, 2024, primarily due to net purchases of investments, and the recognition of realized gains, offset by unrealized negative changes in market prices of publicly listed securities as discussed in "Net realized gains and losses" and "Net change in unrealized gains and losses" under the "Financial Performance for the six months ended June 30, 2025" section in this MD&A.

(b) Cash

Pender holds cash balances to pay operating expenses and, from time to time, as a strategic asset class to invest in securities. Cash balances are monitored by the Manager on an ongoing basis. The $4,398,676 cash balance as at June 30, 2025 was $10,706,104 lower than the $15,104,780 balance as at December 31, 2024. This decrease was primarily as a result of net cash used in net purchases of investments.

(c) Income taxes receivable

As at June 30, 2025 the income taxes receivable balance was $439,020 (December 31, 2024 - $435,013). The balance primarily consists of an income taxes receivable balance that was assumed upon the Amalgamation and consists of an income tax refund due to PPI (described in the "Transactions between Related Parties" section of this MD&A).

(d) Divestment proceeds receivable

As at June 30, 2025, the divestment proceeds receivable balance was $2,385 (December 31, 2024 – $111,811). It includes the escrow proceeds receivable assumed upon the Amalgamation.

(e) Interest receivable

As at June 30, 2025, the interest receivable balance was $531,773 (December 31, 2024 – $261,006) on debentures of Private Portfolio Companies and bank interest.

(f) Accounts payable and accrued expenses

The Company's accounts payable and accrued expenses balance represent amounts due to third parties for operating expenses. During the year ended June 30, 2025, this balance increased by $12,813 to $148,939 (December 31, 2024 - $136,126) in the normal course of business.

(g) Due to related parties

As at June 30, 2025, the Company had a balance due to related parties of $460,722 (December 31, 2024 – $1,099,742) in respect of management fees and reimbursement of operating expenses paid on behalf of the Company.

(h) Shareholders' equity

Shareholders' equity represents the equity in the Company owned by the holders of the 7,086,329 Class C common shares outstanding as at June 30, 2025 (December 31, 2024 - 7,133,229). The decrease of 46,900 Class C common shares during the six months ended June 30, 2025 is the result of the shares repurchased under the NCIB.

Cash Flows

During the year June 30, 2025, Pender's cash balance decreased by $10,706,104 primarily due to net purchases of investments.

Shareholder Activity

During the six months ended June 30, 2025, the Company repurchased 46,900 shares under the NCIB, reducing the number of the Company's outstanding shares from 7,133,229 at the prior year end to 7,086,329 as at June 30, 2025.

More information about the formation and history of the Company is available in its most recent Annual Information Form.

SUMMARY OF QUARTERLY RESULTS

The tables below show information about Pender's financial performance for the most recently completed eight quarters. In each quarter, the net income or loss is a result of realized and unrealized gains and losses on investments, dividend and interest income and operating expenses. A comparison of the information presented from quarter to quarter does not necessarily indicate any meaningful pattern or correlation.

	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Net realized gain	$ 4,979,988	$ 2,476,991	$ 61,557	$ 69,064,446
Net change in unrealized gain (loss)	4,333,074	(8,799,404)	15,975,102	(62,046,427)
Foreign exchange (loss) gain	(2,151)	121	8,698	(1,657)
Dividend income	30,017	25,496	17,102	14,058
Interest income	201,376	257,368	460,385	232,058
Total revenue	9,542,304	(6,039,428)	16,522,844	7,262,478
Management fees	583,145	581,282	582,091	523,228
Withholding taxes, GST/HST and transaction costs	60,137	21,496	70,223	44,779
Other expenses	156,576	145,099	161,185	125,531
Total operating expenses	799,858	747,877	813,499	693,538
Net operating income (loss) before performance fees	**8,742,446**	**(6,787,305)**	**15,709,345**	**6,568,940**
Other items:				
Performance fees	-	-	1,130,673	1,003,934
Performance fees waived by the Manager	-	-	(282,668)	(250,984)
Net amount	-	-	848,005	752,950
Net income (loss)	**$ 8,742,446**	**$ (6,787,305)**	**$ 14,861,340**	**$ 5,815,990**
Net Assets per Share (beginning of period)	$ 16.33	$ 17.25	$ 15.10	$ 14.29
Net Assets per Share (end of period)	$ 17.58	$ 16.33	$ 17.25	$ 15.10

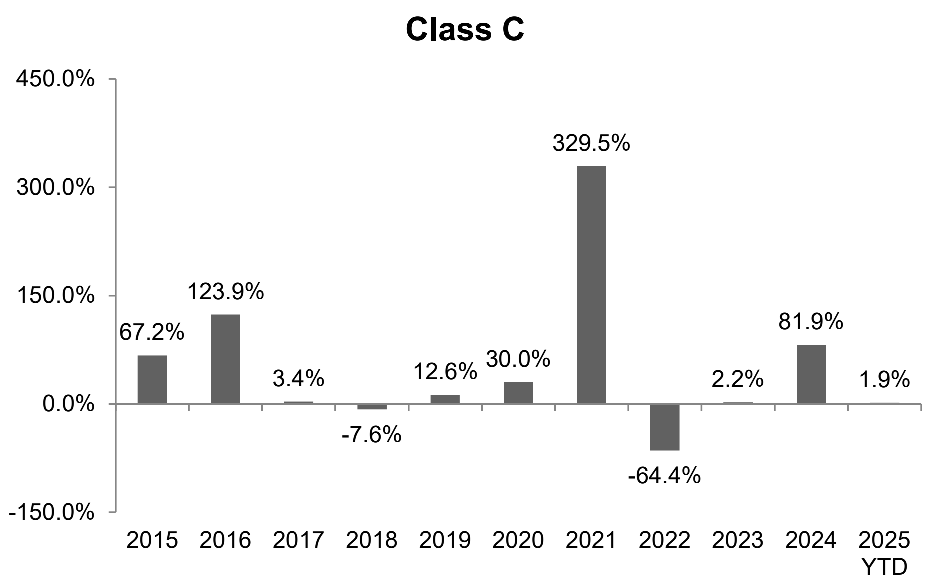
SUMMARY OF QUARTERLY RESULTS (CONTINUED)

	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Net realized loss	$ (2,670,539)	$ (921,179)	$ (8,372,437)	$ (100,995)
Net change in unrealized gain	30,132,979	14,987,855	13,557,686	7,060,962
Foreign exchange gain (loss)	219	(431)	(147)	3,839
Dividend income	5,244	4,873	-	-
Interest income	16,021	17,474	47,075	45,154
Total revenue	27,483,924	14,088,592	5,232,177	7,008,960
Management fees	444,363	373,926	337,507	219,410
Withholding taxes, GST/HST and transaction costs	5,658	28,454	(2,916)	165,425
Other expenses	138,518	198,459	(38,545)	200,833
Total operating expenses	588,539	600,839	296,046	585,668
Net operating income before performance fees	**26,895,385**	**13,487,753**	**4,936,131**	**6,423,292**
Other items:				
Performance fees	5,816,067	1,633,102	743,679	300,661
Performance fees waived by the Manager	(1,454,017)	(408,276)	(185,920)	(75,165)
Net amount	4,362,050	1,224,826	557,759	225,496
Amount of PPI performance fee earned by the Manager attributable to the Company's ownership of PPI shares	-	-	-	7,203,782
Total performance fee adjustment	4,362,050	1,224,826	557,759	7,429,278
Net income (loss) before income taxes (recovery)	22,533,335	12,262,927	4,378,372	(1,005,986)
Income taxes (recovery)				
Deferred	-	-	-	(908,983)
Total income taxes (recovery)	-	-	-	(908,983)
Net income (loss)	**$ 22,533,335**	**$ 12,262,927**	**$ 4,378,372**	**$ (97,003)**
Net Assets per Share (beginning of period)	$ 11.16	$ 9.48	$ 8.85	$ 8.85
Net Assets per Share (end of period)	$ 14.29	$ 11.16	$ 9.48	$ 8.85

PAST PERFORMANCE

To illustrate how the Company's performance has varied over time, the following bar chart shows performance for the six months ended June 30, 2025 and for each of the previous years ended December 31. The bar charts show, in percentage terms, how much an investment made at the beginning of the period would have grown or decreased by the end of the period based on shareholders' equity. The past performance of the Company does not necessarily indicate how it will perform in the future.

Past performance for Class C Shares of the Company is calculated based on its shareholders' equity and is not based on its market price on the TSXV. The information presented for the years prior to 2018 relates to the period when the Company was subject to the Investment Funds Regime. Commencing December 31, 2018, the Company became subject to the Corporate Issuer Regime.



SUMMARY OF INVESTMENT PORTFOLIO

Pender's largest Portfolio Company holdings as at the end of the period and the major asset classes in which Pender was invested are indicated below. The investment portfolio may change due to ongoing portfolio transactions. Please also refer to the "Schedule of Investment Portfolio" in the Financial Statements.

Summary of Top 25 Holdings

	% OF NET ASSETS
Private unlisted companies*	36.3
Coveo Solutions Inc.	10.2
Kraken Robotics Inc.	8.9
Dye & Durham Limited	8.2
Sylogist Ltd.	7.6
Sangoma Technologies Corporation	6.7
Tantalus Systems Holding Inc.	6.0
D2L Inc.	5.2
Pinetree Capital Ltd	5.0
kneat.com, inc.	4.0
Quorum Information Technologies Inc.	1.0

Summary of Composition of the Portfolio

	% OF NET ASSETS
Information Technology	42.4
Software and Services	27.7
Health Care	15.5
Financial services	7.5
Technology Hardware and Equipment	6.0
TOTAL INVESTMENTS	**99.1**
Cash	3.5
Other assets less liabilities	(2.6)
TOTAL NET ASSETS	**100.0**

* The value of these companies is disclosed on an aggregate basis due to the nature of private, unlisted companies. Refer to the Financial Statements for more information. The names of these private Portfolio Companies are listed in the table below.

COMMON SHARES/UNITS
General Fusion Inc.
Pender Software Holdings Ltd
Pender Technology Inflection Fund II Limited Partnership

PREFERRED SHARES
Catio, Inc.
Checkfront Bookings Inc., Series 2
Checkfront Bookings Inc., Series 3
Clarius Mobile Health Corp., Series A1
Clarius Mobile Health Corp., Series A2
DistillerSR Inc.
Foxquilt Inc.
General Fusion Inc.
Jane Software Inc.
Traction Complete Technologies Inc.
Traction Rec Technologies Inc.
WELLSTAR Technologies Corp.

SAFE
Catio, Inc.

Convertible Loans:
Clarius Mobile Health Corp., 10%, 07/28/2025
Pender Software Holdings Ltd, 8%, on demand

DIVIDEND POLICY

The Company does not currently intend to pay regular dividends or other distributions but may do so if, as and when determined by the Board of Directors.

OUTSTANDING SHARE DATA

As at June 30, 2025 the Company had 7,086,329 Class C Shares outstanding.

TRANSACTIONS BETWEEN RELATED PARTIES

As at June 30, 2025, the Manager and directors and officers of the Company held 17.7% of the Company's Class C Shares, directly and/or indirectly. The aggregate investment by the Company's directors and officers in Portfolio Companies did not exceed 1.0% of any Portfolio Company's issued and outstanding shares**.**

In accordance with the Fourth Amended and Restated Management Agreement dated December 31, 2023, (the "Management Agreement"), Pender pays management fees and performance fees to the Manager for management and portfolio advisory services. The Management Agreement provides that it shall remain in effect for an initial term ending April 30, 2027 and shall be renewed automatically for a further term of four years unless a vote of shareholders determines otherwise.

The management fee paid to the Manager under the Management Agreement, is 2.50% on the first $15,000,000 of the value of Net Assets and 1.75% on the value of Net Assets above $15,000,000. The management fee is calculated and paid monthly. For the six months ended June 30, 2025, the management fees incurred by the Company were $1,164,427 (June 30, 2024 - $818,289).

The Manager recovers from the Company certain operating expenses incurred by it on behalf of the Company.

Performance fees:

Pender also pays the Manager a performance fee in certain circumstances, based on achieving certain performance criteria. The performance fee is calculated as 20% of any net increase in the value of Pender's shareholders' equity above a cumulative annual hurdle rate of 6%. The performance fee is calculated on an annual basis and is subject to a high water mark, being the year-end value of Net Assets per Share for the most recent preceding year in which a performance fee was earned.

Subject to the accumulation of the hurdle rate in years in which no performance fee is payable, the high water mark will not be reset other than to be adjusted in the event of a subdivision or consolidation of the shares. Performance fees are accrued during the year, and the total performance fee, if any, calculated on the last Valuation Date of the year is payable upon the publication of the Company's annual audited financial statements.

The Company did not earn performance fees on the investment performance for the six months ended June 30, 2025 or 2024. As at June 30, 2025, the performance fee payable of $Nil (December 31, 2024 - $848,005) for the performance fee generated in 2024 and this performance fee was paid to the Manager in April 2025.

Investments:

On May 28, 2021, the Company completed a transaction to acquire all but a minority interest in the issued and outstanding shares of the Working Opportunities Fund (EVCC) Ltd., an investment entity that was renamed as Pender Private Investments Inc. ("PPI"). On August 17, 2023, the Company acquired the remaining shares held by PPI's minority shareholders. On December 31, 2023, the Company completed an amalgamation of PPI in accordance with a short form amalgamation application (the "Amalgamation") under the Business Corporations Act (British Columbia).

The Company is an investor in PTIF II, a related party by virtue of being managed by a wholly owned subsidiary of the Manager.

The Company owns 88% of PSH. On initial acquisition of its investment in PSH, the Company owned 86% and the balance was owned by Acorn Partners Inc. ("Acorn") and its principals, a Vancouver based company that invested in technology companies and provided advisory services to clients. In April 2025, Acorn was merged into PSH and the shares of PSH formerly held by the Acorn were transferred to its principals and to the Company, increasing the Company's holding to 88%.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2025, the Company is in a stable liquidity position, with cash of $4,398,676 comprising 3.5% of the value of its Net Assets, and investments in publicly traded securities of $78,245,483 or 62.8% of the value of its Net Assets.

Should the future composition of its portfolio be weighted significantly more toward investments that could not readily be sold, the Company would need to secure credit facilities or issue securities to help meet its liquidity needs. There is no immediate need to rely on these liquidity sources.

COMMITMENTS AND CONTINGENCIES

Pender may become liable for commitments and contingencies relating to litigation or claims in the normal course of business as a result of investing. The Manager is not aware of any commitments or contingencies, or any current or planned litigation or claims against it.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

RISK FACTORS

An investment in Pender is suitable for investors that have a high tolerance for risk and a long-term investment horizon.

Global Events and External Factors

The nature of the Company' investing activities exposes it to various risks, including but not limited to broad economic conditions, inflation, central bank measures, geopolitical and geoeconomic risk, market risk, unexpected judicial or regulatory proceedings, as well as other external factors that are beyond the Company' control. Future developments in these areas could impact the Company's results with the full extent of that impact remaining unknown. Applying analytical judgement in developing estimates is complex and as a result, actual results may differ from those estimates and assumptions.

Investments

Historically, Pender's investment focus was on early-stage technology companies. The prospects for success of emerging technology companies are critically dependent on numerous factors that may be difficult to evaluate, especially when they have limited operating histories. Investments in emerging technology companies are inherently risky, and in the case of failed businesses, may result in the total loss of the capital invested by Pender in a Portfolio Company. The technology companies in which Pender invests will typically require additional capital, which Pender may not be able to provide, or which may not be available from other sources.

As at June 30, 2025, approximately 63.4% of Pender's portfolio was comprised of investments in public companies. Public company securities prices are influenced by particular companies' performance outlook, market activity and the larger economic picture. When the economy is expanding, the outlook for many companies will generally be good and the value of their stocks may rise. The opposite may also be true. Usually, the greater the potential reward, the greater the risk.

Where the size of the Company's holding of a particular security is large relative to the market, an orderly realization of value may be relatively difficult for the Company to achieve. Consequently, the sale of such investments may be subject to delay and may only be possible at substantial discounts.

For smaller companies, start-ups, resource companies and companies in emerging sectors, both the risks and potential rewards of investment may be greater than those of larger, more established companies. Likewise, the share prices of such companies may be more volatile than those of larger, more established companies. Further, the products and services offered by technology companies, for example, may become obsolete as science and technology advance. Certain convertible securities may also be subject to interest rate risk.

Private companies, by their nature, will generally lack liquidity and involve a longer-than-usual investment time horizon. The sale of such investments may also be subject to delays and additional costs and may only be possible at substantial discounts. As at June 30, 2025, private companies comprised 36.6% of Pender's investment portfolio. This includes Pender's investment in Pender Technology Inflection Fund II Limited Partnership ("PTIF II"), a limited partnership that invests in a concentrated portfolio of private business-to-business and health-focused technology companies at their inflection point. Pender's investment in PTIF II has a minimum ten-year term that, with the consent of the LP Advisory Committee, may be extended by up to two additional one-year periods. In the event that the Company does not provide the amount required to be contributed under a capital call, becomes a defaulting partner, and fails to remedy the default within 20 business days, it could forfeit its entire investment in PTIF II.

It may be relatively difficult for Pender to dispose of its investment in any private entity rapidly at favourable prices due to weak M&A markets, adverse market developments or other factors. The sale of such investments may also be subject to delays and additional costs and may only be possible at substantial discounts. Losses are typically realized before gains, and Pender may be required to dispose of Portfolio Companies before any returns are realized.

Pender faces competition from many other capital providers and there can be no assurance that suitable investments will be found. Despite the number of sources of private capital, financing for early-stage technology companies remains limited and is subject to pricing and terms that are based on the performance of the investee company and other factors, and what capital is available may be on terms unfavourable to the existing shareholders of these companies.

Other risks include the high proportion of technology company investments in the portfolio, industry concentration and the relatively small number of investments in the portfolio.

There can be no assurance that the Company will be able to complete divestments of individual Portfolio Companies and/or complete an orderly realization of value, at current values or otherwise. Indirect investments in public and private securities are inherently subject to the risks and uncertainties described above for direct holdings.

Class C Shares

The Company's Class C Shares are not redeemable. The Class C Shares trade on the TSXV under the ticker "PTF". An active trading market for the Class C Shares may not be available, which may significantly impact the liquidity of those shares. The Net Assets per Share of the Class C Shares fluctuate with the Net Assets of the Company. Even if an active trading market for Class C Shares is available, the market price of such shares may not enable shareholders to dispose of their shares at a reasonable price relative to the Net Assets per Share of the Company.

The risks associated with an investment in Pender are more fully described in its most recent Annual Information Form, under the heading "Risk Factors". Reference should also be made to the "Caution Regarding Forward-Looking Statements" section.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised.

The Company may hold financial instruments that are not quoted in an active market, including derivatives. Currently, the Company holds common and preferred shares as well as convertible debt issued by its private Portfolio Companies. Details of these holdings are set forth in the "Summary of Investment Portfolio" section of this MD&A.

The determination of the fair value of these investments is the area with the Manager's most significant accounting judgements and estimates in preparing these financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next reporting period is included in the Notes to the Financial Statements and relates to the determination of fair value of investments with significant unobservable inputs.

The Company uses widely recognized valuation models for determining the fair value of commonly held financial instruments that are publicly traded, such as debt and equity securities, mutual fund units and warrants that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and OTC derivatives such as forward foreign currency contacts. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs, which is prone to changes based on specific events and general conditions in the financial markets, varies depending on the products and markets.

For more complex instruments, the Company uses recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and may be derived from market prices or rates or may be estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value.

In determining fair value for instruments for which there is no public market available, the Manager considers: the history and nature of the business; operating results and financial conditions; general economic, industry and market conditions; capital market and transaction market conditions; independent valuations of the business; contractual rights relating to the investment; comparable company trading and transaction multiples, where applicable; and other pertinent considerations. Adjustments to the carrying value of the investments may also be determined by the Manager when there is pervasive and objective evidence of a change in the value of the investment, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and/or other developments since acquisition.

Significant unobservable inputs are developed as follows:

(i) Revenue multiple:

Revenue multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that the Manager considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the Portfolio Company by its revenue.

(ii) Milestone：

Business milestones for Portfolio Company performance may include operational, financial, or strategic targets such as revenue levels, profitability, funding and/or product development stages. These milestones serve as key indicators of progress and valuation triggers, reflecting the Portfolio Company's growth and development trajectory. The fair value estimates incorporate these milestones, and changes in the likelihood or timing of achieving such benchmarks could materially impact the fair value. We continually reassess the relevance and achievement of these milestones in our valuation process to ensure accuracy and transparency.

CHANGES IN ACCOUNTING POLICIES

The company has determined that there were no changes in accounting policy for the six months ended June 30, 2025.

FUTURE CHANGES IN ACCOUNTING POLICIES

The Company has determined there are no IFRS standards that are issued but not yet effective that could materially impact the Company's financial statements.

The International Accounting Standards Board issued IFRS 18, “Presentation and Disclosure in Financial Statements” on April 9, 2024, which will replace IAS 1, “Presentation of Financial Statements”. This new standard, effective for annual periods beginning on or after January 1, 2027, aims to improve financial statement comparability and transparency by introducing a more structured statement of comprehensive income. Key changes include new categories for income and expenses (operating, investing, and financing), defined subtotals like operating profit, and requirements for management-defined performance measures. It is anticipated the Company’s classification of income and expenses, particularly within the operating category, will be impacted. The Company's net profit is not expected to change as a result of applying IFRS 18. The Manager is currently assessing the implications of IFRS 18 and its impact on the Company’s financial statements and disclosures.

NON-IFRS MEASURES

The Company prepares and releases Annual Audited Financial Statements in accordance with IFRS Accounting Standards (IFRS). In this MD&A, we complement those IFRS disclosures with a number of the key indicators that we use to evaluate the performance and condition of our business. These supplementary key performance indicators include Net Assets, Net Assets per Share, Management Expense Ratio and Trading Expense Ratio. These are not recognized under IFRS nor do they have a standard meaning prescribed by IFRS. We present them to enhance the reader’s ability to evaluate the Company. They may not be directly comparable to similar measures used by other companies and readers are cautioned not to view the non-IFRS measures as alternatives to IFRS measures.

Net Assets

The Company uses two financial measures that are individually recognized under IFRS, assets and liabilities, to calculate Net Assets, which is a non-IFRS measure. The calculation of Net Assets as at June 30, 2025 and December 31, 2024 is presented in the following table:

Net Assets		June 30, 2025		December 31, 2024
Assets	$	128,788,709	$	124,363,368
LESS: Liabilities		4,231,362		1,281,861
EQUALS Net Assets	$	124,557,347	$	123,081,507

Net Assets per Share

The Company uses three financial measures that are individually recognized under IFRS, assets, liabilities and number of shares outstanding, to calculate Net Assets per Share, which is a non-IFRS measure. The Company reports net asset value (“NAV”) per share monthly. The calculation of Net Assets per Share, as at June 30, 2025 and December 31, 2024 is presented in the following table:

Net Assets per Share		June 30, 2025		December 31, 2024
Assets	$	128,788,709	$	124,363,368
LESS: Liabilities		4,231,362		1,281,861
EQUALS Net Assets	$	124,557,347	$	123,081,507
DIVIDED BY Number of Shares Outstanding		7,086,329		7,133,229
EQUALS Net Assets per Share		$ 17.58		$ 17.25

Management Expense Ratio

The Company uses Management Expense Ratio (“MER”), a non-IFRS measure, to represent the total amount of operating expenses, including management fees, sales taxes and interest but excluding performance fees, net of fees waived and/or expenses absorbed by the Manager, contingent payments, corporate taxes, commission and other portfolio transaction costs (together, the “MER Costs”) that is borne by the Class C shareholders. The MER is an annualized percentage calculated by dividing total MER Costs by the average Net Assets.

Trading Expense Ratio

The Company uses Trading Expense Ratio (“TER”), a non-IFRS measure, to represent the total amount of commissions and other portfolio transaction costs (the “TER Costs”) borne by the Class C shareholders. The TER is an annualized percentage calculated by dividing total TER Costs by the average Net Assets.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements about the Company, including its strategy, prospects and further actions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or negative versions thereof and similar expressions.

In addition, any statement made concerning future performance, strategies, prospects or potential and possible future Company action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Company and external factors including economic factors, among other things. Forward-looking statements in this MD&A include, without limitation: statements with respect to the future performance of the Company and the companies in which it invests (each a “Portfolio Company”); geopolitical events, general economic conditions, political and market factors around the world; macro developments, interest rates and inflation; fiscal and monetary policy; global equity and capital markets; business competition; technological change; changes in government regulations; unexpected judicial or regulatory proceedings. concentration of the investment portfolio, future economic and market conditions, including mergers and acquisitions (“M&A”) and initial public offering (“IPO”) market conditions and longer private company lifecycles; the structure of the Company’s investments and its investment approach, objectives and strategies, including its focus on specific sectors and its expectations regarding the performance of certain sectors; transformative themes across capital markets of Artificial Intelligence, Energy Transition, Enterprise Software and Geopolitics as driving long-term returns; a focus on business fundamentals as a means to navigate uncertainty; the ability to deploy capital into fundamentally strong companies at attractive prices; the future orderly realization of value and/or transactions involving its existing Portfolio Companies (including public listing or third-party acquisitions of such Portfolio Companies) or potential future Portfolio Companies or other future transactions; and achieving returns for shareholders.
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Forward-looking statements are not guarantees of future performance and actual events and results could differ materially from those expressed or implied in any forward-looking statements. While the Manager considers its expectations, assumptions and projections to be reasonable based on information currently available to it, no assurance can be given that its beliefs and assumptions will prove to be correct. Any number of important factors could contribute to these differences, including but not limited the risks related to inflation, the impact of central bank measures on the economy, tariffs, the state of M&A markets; uncertainty, geopolitical, geoeconomic and other global events; the risks of investing in private and publicly traded securities; the risks inherent in a concentrated portfolio, the risk inherent in large holdings relative to the size of the market for those holdings; risks related to the technology sector, including early-stage companies, industry concentration and the high proportion of companies from this sector in the portfolio; the ability of the Company to source additional investments; the risk inherent in small companies, startups, resource companies and companies in emerging sectors; the ability to dispose of investments in public or private Portfolio Companies rapidly or at favourable prices; and the risk inherent in investing in a fund with a lock up period that may be 10 years or longer, and for which a failure to make a capital call may result in the forfeiture of the entire investment; the availability of an active trading market for the Company’s Class C Shares.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, except as may be required under applicable law, the Manager has no specific intention of updating any forward-looking statements, whether as a result of new information or future events, or otherwise, prior to the release of the next MD&A.

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