MANAGEMENT’S DISCUSSION & ANALYSIS

PENDER GROWTH FUND INC.

Year ended December 31, 2025

PENDER

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") dated March 2, 2026 presents a review of the audited financial results for Pender Growth Fund Inc. ("Pender" or the "Company") for the year ended December 31, 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 (loss), 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 audited financial statements and the notes thereto for the year ended December 31, 2025 (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 continued their solid performance in the fourth quarter of 2025, reaching record highs despite ongoing macroeconomic uncertainty. In Canada the S&P/TSX Composite increased 6.3% and the TSX Capped Info Tech Index advanced 0.7%. U.S. equities also performed well, with the S&P 500 Index (CAD) and Russell 2000 Index (CAD) finishing up 6.3% and 0.8% respectively in the quarter. Valuations across markets remain stretched, underscoring the resilience of markets even in the face of pronounced uncertainty.

In a year defined by rapid advances in artificial intelligence and shifting trade policies, companies across industries returned to dealmaking. In the first half of 2025, uncertainty following U.S. tariff announcements and heightened geopolitical tensions slowed M&A activity, but the pullback proved short-lived. Momentum among both corporate and private equity buyers and sellers steadily built over the course of the year. Global M&A activity accelerated through the quarter, with year-to-date announced deal value reaching an estimated $4.9 trillion, up 40% in value and 7% in volume, driven by gains across strategic, private equity, and venture capital acquirers according to data from Bain and Company. The return to market in 2025 was broad-based, spanning industries and geographies. Technology M&A led the rebound, increasing 77%, propelled by strong demand for AI-related assets.

In Canada, venture capital (“VC”) activity[1] remained stable in 2025, showing early signs of renewed growth and disciplined investor behaviour. Venture investment reached CAD $1.8 billion across 123 deals in Q3, bringing YTD totals to CAD $4.9 billion from 386 transactions. This followed a steady first half, with CAD $1.4 billion deployed in Q1 and CAD $1.7 billion in Q2, reflecting gradual expansion through the year.

Within this, early-stage investment continues to lag the broader market recovery. Pre-seed and seed activity totaled approximately CAD $650 million across 219 deals through the end of Q3—consistent with 2020 levels and roughly 15% below 2024—as investors concentrated capital into fewer, higher-conviction opportunities and faced tighter fundraising conditions.

Across the market, average deal size increased to CAD $14.7 million, up nearly 20% quarter over quarter. While total investment value eased modestly from the prior quarter, deal size and quality continued to improve, signalling increased investor selectivity.

The growing reliance on M&A and secondary transactions for exits underscores longer private company lifecycles and a reset toward a higher-rate, more rational financing environment. Broader macroeconomic uncertainty, valuation gaps between buyers and sellers, and the limited reopening of IPO markets continue to weigh on activity.

As we monitor these dynamics, we remain focused on working closely with our private Portfolio Companies. Our consistent objective is to grow and compound intrinsic value while optimizing operations as market conditions evolve.

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

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.

During the year ended December 31, 2025, the Company bought back 200,000 Class C Shares in the market under its NCIB, at an average price of $13.69, for a total cost of $2,797,760. From January 1, 2026 to the expiry of the NCIB on February 19, 2026, the Company repurchased additional Class C Shares 51,100. A total of 251,100 shares were repurchased under the NCIB in its one-year period at an average price of $14.00.

On February 20, 2026, the Company renewed its NCIB on the TSXV. Upon launch, the Company had 6,881,121 shares issued, of which 5,856,814 shares represented its public float. The Company is entitled to purchase up to a maximum of 585,681 shares, representing 10% of its public float, over the one-year period of this NCIB. The NCIB will continue until February 19, 2027, 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.

Outlook

Our goal remains to invest in businesses with strong competitive advantages and growth potential 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. The evolving environment of declining interest rates may provide tailwinds for valuation multiples and capital availability, but it also reinforces the importance of disciplined equity selection and a focus on long-term fundamentals.

We have identified four transformative themes that we believe will be central to driving long-term returns: Artificial Intelligence, Energy Transition, Enterprise Software, and Geopolitics. Markets remain highly sensitive to geopolitical developments, and we expect volatility to persist through 2026. Yet lower rates, combined with shifts in investment flows and structural growth drivers, should act as catalysts for innovation and expansion. Against this backdrop, we remain disciplined and confident that a focus on durable cash flow generation and strategic positioning will allow us to capitalize on opportunities in this new phase of the cycle. We view market volatility as an opportunity to uncover mispriced assets.

After two years of subdued venture capital and private markets conditions, liquidity is finally returning to the venture ecosystem. The potential reopening of the IPO window built significant momentum at the end of 2025 with many of the companies that did go public performing well. Looking ahead, a gradual easing in interest rates could help increase M&A and IPO activity, improving liquidity pathways and supporting the growth outlook for venture-backed businesses. Further, there remains a growing backlog of IPO-ready companies, suggesting pent-up supply that should extend momentum.

A further challenge in private markets is the shrinking number of companies progressing from seed to Series

A, coupled with longer gaps between financings and more frequent down rounds. This environment demands greater selectivity, sector specialization, and proactive exit planning given the scarcity of IPOs. We see these dynamics reinforcing the importance of aligning with durable structural growth themes, particularly in sectors such as AI and enterprise software, where capital and innovation remain concentrated.

With regards to public markets. corporate fundamentals remain solid across many sectors. There is no shortage of potential risks, from geopolitics and elevated debt levels to political uncertainty and rapid technological change. Rather than trying to forecast every scenario, we remain focused on staying balanced and disciplined. Importantly, quality businesses have historically held up better than the broader market when conditions become more challenging. Given the wide range of potential implications for growth, inflation, and interest rates, we remain committed to our disciplined investment process, carefully analyzing both new and existing opportunities.

Looking ahead, we expect markets to remain cautious, elevated valuations relative to history, combined with heightened geopolitical uncertainty, suggest the potential for increased volatility. Against this backdrop, we will continue to apply our investment discipline, positioning portfolio companies to navigate a broad range of economic scenarios.

As always, we will continue to seek opportunities to deploy capital into fundamentally strong businesses at attractive valuations. Our investment process includes rigorous scenario analysis to understand the drivers of long-term value creation and test resiliency across a range of market environments. We remain steadfast partners to our private Portfolio Companies, working alongside them to grow intrinsic value and position for orderly realizations that generate strong 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 December 31, 2025, Pender’s Net Assets were 52.8% publicly listed companies, 42.3% private unlisted companies, and 4.9% cash and other assets net of liabilities. Our total Portfolio Company holdings represented 95.1% of Net Asset Value, an increase of 7.1% from 88.0% as at December 31, 2024. As at December 31, 2025, the fair value of investments was $109,738,344 (December 31, 2024 - $108,429,534).

During the year ended December 31, 2025, we purchased a new publicly listed company, Coveo Solutions Inc., and added to three of our existing Private Company holdings as well as to our existing holdings of publicly listed companies, such as Kneat.com Inc. and Sylogist Ltd.. During the year, we divested of our entire holdings of Zillow Group Inc. and Quorum Information Technologies Inc., and also made partial divestments of holdings of several publicly listed companies, such as Kraken Robotics Inc..

The significant trends and events for Pender’s Portfolio Companies during year ended December 31, 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 company continues to execute on integration strategies following a merger with an Australian tour and activity booking software company and a European tour and activity booking software company. In 2025, the former CEO at an online booking software company joined to lead the combined companies. 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. Clarius has a strong position in the ultra-portable ultrasound market, supporting thousands of physicians worldwide who use Clarius to deliver better patient care. With availability in over 70 countries, 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. At the end of 2025, the company announced two new FDA-cleared AI models bringing their total to six.

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.

Foxquilt Insurance Services

Foxquilt is a North American Insurance technology company focused on providing small business insurance through an embedded distribution model. Foxquilt develops, underwrites, and distributes a line of its own commercial insurance products in the United States and Canada. The company uses a combination of data analytics and artificial intelligence to recommend insurance coverage and price to meet the individual needs of its small business customers through agents, brokers, and enterprise partners.

General Fusion Inc.

General Fusion is pursuing a practical approach to commercial fusion energy and is headquartered in Richmond, Canada. The company was established in 2002 and is funded by a global syndicate of leading energy venture capital firms, industry leaders, and technology pioneers. In January 2026, General Fusion announced that it has entered into a definitive business combination agreement expected to result in the company listing on the Nasdaq, expected to be completed mid-2026. General Fusion intends to use the proceeds raised in connection with the proposed business combination to further advance its LM26 program and aims to achieve key technical milestones on the path to commercial fusion.

Jane Software Inc.

Jane Software Inc. (“Jane”) is a practice management software and Electronic Medical Record (“EMR”) built for health and wellness providers. Jane makes it simple for practitioners to book, document, schedule, bill, and get paid, all from one place. Jane is used by thousands of practitioners worldwide and has a team of more than 700 developers and customer support representatives that champion Jane both locally and internationally. Jane reached US$100 million in annual revenue and secured investment from a Silicon Valley investment firm in 2025. In Q4 2025, Jane announced the rollout of new features including AI Scribe, Jane Websites, Jane Payroll, and more.

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 venture capital investor focused on health tech and B2B technology companies at the inflection point between commercialization and scale. Pender Ventures is a venture capital investor focused on health tech and B2B technology companies at the inflection point between commercialization and scale. As a hands-on, high-conviction investor, Pender Ventures partners closely with founders to accelerate growth and build category-leading businesses. With deep roots in the Canadian innovation ecosystem and the flexibility to invest across North America, the team operates from offices in Vancouver, Toronto, Montreal, and Calgary.

Pender Software Holdings Ltd

Pender Software Holdings Ltd. (“PSH”) is a Vancouver-based investment firm dedicated to acquiring and growing software businesses for the long term. PSH partners with portfolio companies by providing strategic support and growth capital, while empowering management teams to retain operational autonomy. PSH invests with permanent capital to provide a lasting home for software companies. In October 2025, PSH announced an acquisition of a leading provider of mental health crisis response software for first responders. This investment marks PSH’s entry into the public safety and healthcare sectors.

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”) empowers nonprofit organizations like YMCAs, Jewish Community Centers (JCCs), Boys & Girls Clubs of America (BGCA), and Salvation Army Kroc Centers to strengthen their communities through a recreation management software solution 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.

WELLSTAR Technologies Corp.

WELLSTAR, a wholly owned subsidiary of WELL Health Technologies Corp. (TSX: WELL), is a provider of healthcare-focused technology solutions. WELLSTAR's range of products and solutions are designed to streamline care delivery, integrate fragmented healthcare systems more seamlessly, reduce provider burnout, and improve patient healthcare experiences and outcomes. WELLSTAR serves health care providers across Canada, with over 40% of practitioners currently using at least one of WELLSTAR's products, underscoring its reach and reputation in the industry.

Publicly listed Companies

During the year ended December 31, 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 year ended December 31, 2025.

The key positive publicly listed contributors to the Company's performance for this year 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 year ended December 31, 2025, with Dye & Durham Limited (TSX: DND) and Sylogist Ltd (TSX: SYZ) being the key detractors.

Portfolio transactions during the year 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 34.3% during the year ended December 31, 2025 (December 31, 2024 – 68.4%). 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' 19.6% annualized return under IFRS Accounting Standards (IFRS) since inception to December 31, 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 year ended December 31, 2025, the Company's total shareholders' equity decreased by $7,677,183 (6.24%), from $123,081,507 at December 31, 2024 to $115,404,324 as at December 31, 2025. This decrease was a result of net loss of $4,879,423 during the year, primarily a result of negative investment performance, offset by $2,797,760 of share repurchases made under the NCIB (described in the "Recent Developments" section of this MD&A).

During the year ended December 31, 2025, Net Assets per Share ranged from $16.17 to $18.38, while our closing price per share on the TSXV ranged from a low of $9.37 to a high of $15.88 per share, prices representing a discount to Net Assets per Share ranging from 6.28% 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 December 31, 2025 are listed under the "Summary of Investment Portfolio" section of this MD&A.

QUARTERLY PERFORMANCE

During the fourth quarter of 2025, the Company had net loss of $6.6 million, primarily as a result of net realized gain and unrealized portfolio loss of $6.1 million, and operating expenses. The loss was primarily attributable to the negative change in market prices of publicly listed securities.

Quarterly investment performance was reflected in the Net Assets per Share as shown in the tables under the "Summary of Quarterly Results" 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 December 31, 2025, and for the three preceding financial years. This section should be read together with the Annual Audited Financial Statements.

Supplemental Data

	2025	2024	2023	2022
Net Assets ($000s)	115,404	123,082	69,886	70,239
Class C Shares Outstanding	6,933,229	7,133,229	7,368,229	7,569,929
Net Assets per Share ($)	16.65	17.25	9.48	9.28
Closing Market Price* ($)	15.60	11.19	6.76	5.65
Total (decrease) increase from Operations per Share ($)	(0.69)	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	2024	2023	2022
Net realized gain (loss)	$ 16,809,771	$ 65,534,285	$ (8,948,170)	$ (13,556,891)
Net change in unrealized (depreciation) appreciation	(19,519,411)	(950,491)	17,994,943	(125,989,078)
Foreign exchange (loss) gain	(9,247)	6,829	(1,481)	(2,225)
Dividend income	88,560	41,277	-	-
Interest income (reversal)	839,911	725,938	(15,124)	278,949
Total revenue	(1,790,416)	65,357,838	9,030,168	(139,269,245)
Management fees	2,338,021	1,923,608	887,713	814,101
Withholding taxes, GST/HST and transactions cost	144,068	149,114	210,510	37,749
Other expenses	606,918	623,692	687,116	1,221,450
Total operating expenses	3,089,007	2,696,414	1,785,339	2,073,300
Net operating (loss) income before performance fees	(4,879,423)	62,661,424	7,244,829	(141,342,545)
Other items:				
Performance fees	-	9,583,776	693,716	(24,353,179)
Performance fees waived by the Manager	-	(2,395,944)	(173,429)	6,088,295
Total performance fees	-	7,187,832	520,287	(18,264,884)
Amount of PPI performance fee earned by the Manager attributable to the Company's ownership of PPI shares	-	-	7,231,839	25,768,997
Total performance fees	-	7,187,832	7,752,126	7,504,113
Net (loss) income before income taxes recovery	(4,879,423)	55,473,592	(507,297)	(148,846,658)
Income taxes (recovery) expenses				
Current	-	-	-	(3,031,126)
Deferred	-	-	(1,536,825)	(17,976,570)
Total income taxes (recovery) expenses	-	-	(1,536,825)	(21,007,696)
Net (loss) income	**$** (4,879,423)	**$** 55,473,592	**$** 1,029,528	**$** (127,838,962)
Management expense ratio before performance fee	2.44%	2.65%	2.31%	1.90%
Trading expense ratio	0.12%	0.16%	0.31%	0.04%

Financial performance for the year ended December 31, 2025

Highlights of the Portfolio Companies contributing to Pender's investment performance in the year ended December 31, 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 year ended December 31, 2025, the net realized gain on investments was $16,809,771 (December 31, 2024 – net realized gain $65,534,285), 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 year ended December 31, 2025, the Company had a $19,519,411 net negative change in unrealized gains and losses on investments (December 31, 2024 – net negative change of $950,491), primarily due to $15,042,990 reversal of prior-period unrealized gains on disposition of certain holdings (December 31, 2024 - $24,338,818), such as Kraken Robotics Inc., and $11,904,482 of negative performance in publicly listed securities (December 31, 2024 – positive performance in publicly listed securities 25,289,431), such as Dye & Durham Ltd., Sylogist Ltd. and Sangoma Technologies Corporation, offset by $7,428,061 positive valuation changes for three of our private Portfolio Companies (December 31, 2024 - $1,901,104 negative valuation changes).

(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 year ended December 31, 2025, the Company had a foreign exchange loss of $9,247 (December 31, 2024 – foreign exchange gain $6,829). 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 $928,471 during the year ended December 31, 2025 (December 31, 2024 – $767,215). This was primarily comprised 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 change in the average balance of Net Assets.

Management fee expenses were $2,338,021 for the year ended December 31, 2025, an increase of $414,413 over the $1,923,608 for the year ended December 31, 2024. This increase in fees was due to the increase in the value of Net Assets in the year of 2025, compared to the same period 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 year ended December 31, 2025, the Company did not earn a performance fee (December 31, 2024 – 7,187,832)

(g) Income Taxes

As at December 31, 2025, the Company had losses available for carry-over that included capital losses of $nil (December 31, 2024 - $15,255,714,) and non-capital losses of $63,736,689 (December 31, 2024 - $70,295,352), $53,797,637 of which are restricted non-capital losses that carried forward from the prior business combination 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	Amount
2026	3,137,356
2027	588,914
2028	6,189,730
2029	1,924,172
2030	3,324,880
2031	6,077,330
2033	4,657,941
2034	4,837,354
2035	8,997,092
2036	4,624,035
2037	4,255,886
2038	3,085,318
2039	2,097,629
Subtotal - Restricted non-capital losses	53,797,637
2041	620,155
2042	1,780,861
2044	7,538,036
Total	63,736,689

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 year ended December 31, 2025 was 2.44%, which was 0.21% lower than the 2.65% MER for the same period in 2024. The decline was primarily attributable to the increase in the average value of Net Assets outpacing the rise in operating expenses during the year ended December 31, 2025.

(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 year ended December 31, 2025 was 0.12% (December 31, 2024 – 0.16%).

Financial Highlights

Net Assets per Share (Note 1)	**2025**	**2024**	**2023**	**2022**
Net Assets per Share (beginning of year)	17.25	$9.48	$9.28	$26.08
Increase (decrease) from operations:				
Interest and dividend income	0.13	0.10	0.00	0.04
Total (expenses) recovery	(0.44)	(1.36)	(1.06)	1.50
Realized gains (losses)	2.38	9.00	(1.19)	(1.79)
Unrealized (losses) gains	(2.76)	(0.13)	2.39	(16.60)
Total (decrease) increase from operations	(0.69)	7.61	0.14	(16.85)
Net Assets per Share	$16.65	$17.25	$9.48	$9.28
Ratios and Supplemental Data				
Total net asset value ($000s)	$115,404	$123,082	$69,886	$70,239
Number of shares outstanding	6,933,229	7,133,229	7,368,229	7,569,929
Closing market price	$15.60	$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

		December 31, 2025		December 31, 2024
Assets				
Cash	$	4,728,836	$	15,104,780
Interest receivable		898,479		261,006
Income taxes receivable		435,013		435,013
Prepaid expenses		28,812		21,224
Divestment proceeds receivable		2,385		111,811
Investments		109,738,344		108,429,534
Total assets		115,831,869		124,363,368
Liabilities				
Due to related parties		226,811		1,099,742
Accounts payable and accrued liabilities		145,962		136,126
Share buyback tax payable		54,772		45,993
Total liabilities		427,545		1,281,861
Shareholders' equity	$	115,404,324	$	123,081,507

(a) Investments

As at December 31, 2025, Pender's total investments of $109,738,344 were made up of $60,908,591 of publicly listed companies, or 52.8% of the portfolio, and $48,829,753 of private unlisted companies, or 42.3% of the portfolio.

The total investments balance increased by $1,308,810 to $109,738,344 as at December 31, 2025, from $108,429,534 as at December 31, 2024, primarily due to net purchases of investments $4,018,450, offset by the realized gain $16,809,771 and net negative change in unrealized gain and losses $19,519,411 as discussed in "Net realized gains and losses" and "Net change in unrealized gains and losses" under the "Financial Performance for the year ended December 31, 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 $4,728,836 cash balance as at December 31, 2025 was $10,375,944 less than the $15,104,780 balance as at December 31, 2024. This decrease was primarily as a result of cash used for the net purchases of investments and for repurchases of PGF shares under the NCIB.

(c) Interest receivable

As at December 31, 2025, the interest receivable balance was $898,479 (December 31, 2024 – $261,006) on debentures of Private Portfolio Companies and bank interest.

(d) Income taxes receivable

As at December 31, 2025 the income taxes receivable balance was $435,013 (December 31, 2024 - $435,013). The balance consists primarily 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).

(e) Divestment proceeds receivable

As at December 31, 2025, the divestment proceeds receivable balance was $2,385 (December 31, 2024 – $111,811) . The balance consists of an escrow receivable amount from a private Portfolio Company.

(f) Due to related parties

As at December 31, 2025, the Company had a balance due to related parties of $226,811 (December 31, 2024 – $1,099,742) in respect of management fees and reimbursement of operating expenses paid on behalf of the Company.

(g) 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 December 31, 2025, this balance increased by $9,836 to $145,962 (December 31, 2024 - $136,126) in the normal course of business.

(h) Shareholders' equity

Shareholders' equity represents the equity in the Company owned by the holders of the 6,933,229 Class C common shares outstanding as at December 31, 2025 (December 31, 2024 - 7,133,229). The decrease of 200,000 Class C common shares during the year ended December 31, 2025 is the result of the shares repurchased under the NCIB.

Cash Flows

During the year December 31, 2025, Pender's cash balance decreased by $10,375,944 primarily due to net purchases of investments.

Shareholder Activity

During the year ended December 31, 2025, the Company repurchased 200,000 shares under the NCIB, reducing the number of the Company's outstanding shares from 7,133,229 at the prior year end to 6,933,229 as at December 31, 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.

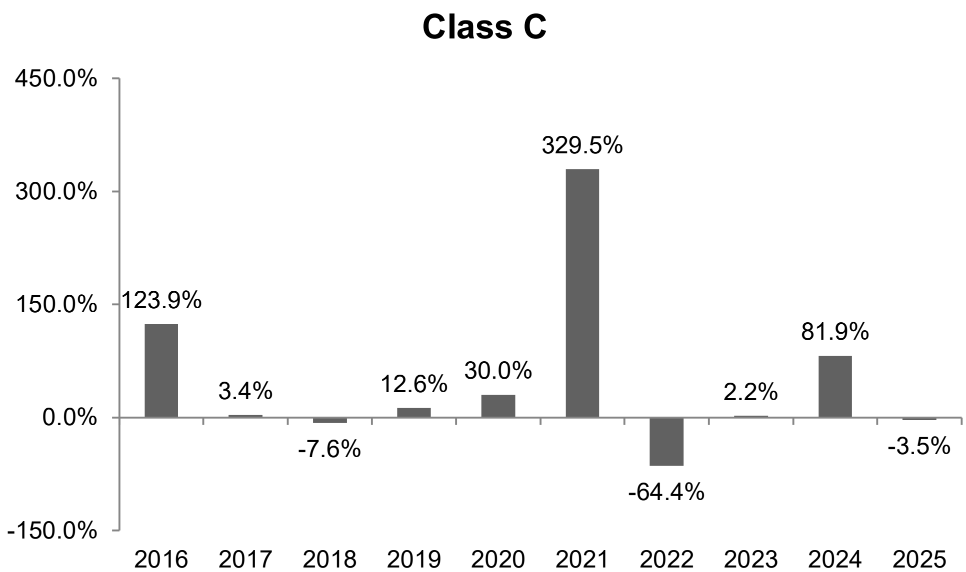
	2025 Q4	2025 Q3	2025 Q2	2025 Q1
Net realized gain	$ 3,716,275	$ 5,636,517	$ 4,979,988	$ 2,476,991
Net change in unrealized (loss) gain	(9,855,334)	(5,197,747)	4,333,074	(8,799,404)
Foreign exchange gain (loss)	84	(7,300)	(2,151)	121
Dividend income	16,674	16,372	30,017	25,496
Interest income	213,860	167,167	201,376	257,368
Total revenue	(5,908,441)	615,009	9,542,304	(6,039,428)
Management fees	560,399	613,196	583,145	581,282
Withholding taxes, GST/HST and transaction costs	9,246	53,189	60,137	21,496
Other expenses	108,037	197,065	156,576	145,099
Total operating expenses	677,682	863,450	799,858	747,877
Net (loss) income	**$ (6,586,123)**	**$ (248,441)**	**$ 8,742,446**	**$ (6,787,305)**
Net Assets per Share (beginning of year)	$ 17.57	$ 17.58	$ 16.33	$ 17.25
Net Assets per Share (end of year)	$ 16.65	$ 17.57	$ 17.58	$ 16.33

	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Net realized gain (loss)	$ 61,557	$ 69,064,446	$ (2,670,539)	$ (921,179)
Net change in unrealized gain (loss)	15,975,102	(62,046,427)	30,132,979	14,987,855
Foreign exchange gain (loss)	8,698	(1,657)	219	(431)
Dividend income	17,102	14,058	5,244	4,873
Interest income	460,385	232,058	16,021	17,474
Total revenue	16,522,844	7,262,478	27,483,924	14,088,592
Management fees	582,091	523,228	444,363	373,926
Withholding taxes, GST/HST and transaction costs	70,223	44,779	5,658	28,454
Other expenses	161,185	125,531	138,518	198,459
Total operating expenses	813,499	693,538	588,539	600,839
Net operating income before performance fees	**15,709,345**	**6,568,940**	**26,895,385**	**13,487,753**
Other items:				
Performance fees	1,130,673	1,003,934	5,816,067	1,633,102
Performance fees waived by the Manager	(282,668)	(250,984)	(1,454,017)	(408,276)
Total performance fee adjustment	848,005	752,950	4,362,050	1,224,826
Net income	**14,861,340**	**5,815,990**	**22,533,335**	**12,262,927**
Net Assets per Share (beginning of year)	$ 15.10	$ 14.29	$ 11.16	$ 9.48
Net Assets per Share (end of year)	$ 17.25	$ 15.10	$ 14.29	$ 11.16

PAST PERFORMANCE

To illustrate how the Company's performance has varied over time, the following bar chart shows performance for the year ended December 31, 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 year 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*	42.3
kneat.com, inc.	9.0
Sylogist Ltd.	8.3
Tantalus Systems Holding Inc.	8.1
Coveo Solutions Inc.	8.0
Sangoma Technologies Corporation	4.7
Kraken Robotics Inc.	4.0
D2L Inc.	3.7
Pinetree Capital Ltd	3.6
Dye & Durham Limited	3.4

Summary of Composition of the Portfolio

	% OF NET ASSETS
Information Technology	36.2
Software and Services	24.6
Health Care	16.7
Financial services	6.2
Technology Hardware and Equipment	8.1
Industrials	3.3
TOTAL INVESTMENTS	**95.1**
Cash	4.1
Other assets less liabilities	0.8
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.
General Fusion Inc.

WARRANTS
General Fusion Inc.

Convertible Loans:
Clarius Mobile Health Corp., 10.00%, 10/31/2026
Pender Software Holdings Ltd, 10.50%, 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 December 31, 2025 the Company had 6,933,229 Class C Shares outstanding.

TRANSACTIONS BETWEEN RELATED PARTIES

As at December 31, 2025, the Manager and directors and officers of the Company held 14.8% 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 year ended December 31, 2025, the management fees incurred by the Company were $2,338,021 (December 31, 2024 - $1,923,608).

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 year ended December 31, 2025. As at December 31, 2025, the performance fee payable of $Nil (December 31, 2024 - $848,005)

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 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. The Company also paid $140,950 to increase its ownership of PSH to 88%.

SUBSEQUENT EVENT

The Company's holding, General Fusion Inc. entered into a definitive business combination agreement (the "Proposed Business Combination") with Spring Valley Acquisition Corp. III ("SVAC") on January 22, 2026. Upon closing, the Proposed Business Combination is expected to result in General Fusion listing on the Nasdaq with ticker symbol "GFUZ". The Proposed Business Combination between General Fusion and SVAC is expected to be completed in mid-2026, subject to customary closing conditions, including regulatory and shareholder approvals.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2025, the Company is in a stable liquidity position, with cash of $4,728,836 or 4.1% of the value of its Net Assets, and investments in publicly traded securities of $60,908,591 or 52.8% 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 December 31, 2025, approximately 52.8% 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. 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 December 31, 2025, private companies comprised 42.3% 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 & Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) multiple:

Revenue multiples and EBITDA 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 or EBITDA.

(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 year ended December 31, 2025.

FUTURE CHANGES IN ACCOUNTING POLICIES

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 (loss). 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 December 31, 2025 and 2024 is presented in the following table:

Net Assets	December 31, 2025	December 31, 2024
Assets	$ 115,831,869	$ 124,363,368
LESS: Liabilities	427,545	1,281,861
EQUALS Net Assets	$ 115,404,324	$ 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 December 31, 2025 and 2024 is presented in the following table:

Net Assets per Share	December 31, 2025	December 31, 2024
Assets	$ 115,831,869	$ 124,363,368
LESS: Liabilities	427,545	1,281,861
EQUALS Net Assets	$ 115,404,324	$ 123,081,507
DIVIDED BY Number of Shares Outstanding	6,933,229	7,133,229
EQUALS Net Assets per Share	$ 16.65	$ 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.

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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