

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**PENDER GROWTH FUND INC.**

Three months ended March 31, 2026

**PENDER**

## TABLE OF CONTENTS

	Page
<b>INTRODUCTION</b> .....	<b>1</b>
Business Strategy .....	1
Recent Developments .....	2
Outlook .....	3
Portfolio of Investments .....	4
<b>OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS</b> .....	<b>8</b>
<b>SELECTED FINANCIAL INFORMATION</b> .....	<b>8</b>
Financial Performance .....	9
Financial Highlights .....	12
Financial Condition .....	13
Cash Flows .....	14
Shareholder Activity .....	14
<b>SUMMARY OF QUARTERLY RESULTS</b> .....	<b>15</b>
<b>PAST PERFORMANCE</b> .....	<b>16</b>
<b>SUMMARY OF INVESTMENT PORTFOLIO</b> .....	<b>17</b>
<b>DIVIDEND POLICY</b> .....	<b>18</b>
<b>OUTSTANDING SHARE DATA</b> .....	<b>18</b>
<b>TRANSACTIONS BETWEEN RELATED PARTIES</b> .....	<b>18</b>
<b>LIQUIDITY AND CAPITAL RESOURCES</b> .....	<b>19</b>
<b>COMMITMENTS AND CONTINGENCIES</b> .....	<b>19</b>
<b>OFF-BALANCE SHEET ARRANGEMENTS</b> .....	<b>19</b>
<b>RISK FACTORS</b> .....	<b>19</b>
<b>CRITICAL ACCOUNTING ESTIMATES</b> .....	<b>21</b>
<b>CHANGES IN ACCOUNTING POLICIES</b> .....	<b>22</b>
<b>FUTURE CHANGES IN ACCOUNTING POLICIES</b> .....	<b>22</b>
<b>NON-IFRS MEASURES</b> .....	<b>23</b>
<b>CAUTION REGARDING FORWARD-LOOKING STATEMENTS</b> .....	<b>24</b>

## INTRODUCTION

This Management's Discussion and Analysis ("MD&A") dated May 28, 2026 presents a review of the unaudited financial results for Pender Growth Fund Inc. ("Pender" or the "Company") for the three months ended March 31, 2026 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 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 unaudited condensed interim financial statements and the notes thereto for the three months ended March 31, 2026 (the "Condensed Interim Financial Statements") and 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](http://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 in Q1 2026 experienced a mid-quarter pivot, as an initially optimistic start to the year was derailed by the outbreak of conflict involving Iran in late February and continued volatility in the software sector. Investors began to question the sustainability of AI growth amid elevated valuations and potential delays in AI-related infrastructure spending within an increasingly stagflationary environment. Software companies were particularly vulnerable, with certain peer sets seeing index declines of 20% to 25% during the quarter as capital rotated into more defensive names.

Global indices generally advanced through January and February on the back of resilient corporate earnings and hopes for monetary easing; however, the geopolitical shock triggered a rotation into defensive and commodity-linked assets while high-growth tech multiples contracted. In Canada, the S&P/TSX Composite rose 4.0%, while the TSX Capped Info Tech Index fell 20%. A similar story of dispersion emerged in the U.S., where the S&P 500 Index (CAD) declined 3.1% for the quarter while the Russell 2000 Index (CAD) finished up 2.3%. The Energy sector was the clear standout, with the S&P/TSX Capped Energy Index returning 32.8% in Q1 as Brent crude prices surged above \$100 per barrel.

Turning to the M&A environment, Q1 activity reflected a similar theme of dispersion. Geopolitical tensions and rising volatility created a more cautious environment for smaller deals, while the quarter was simultaneously dominated by megacap activity as the market prioritized larger, high-quality strategic acquisitions over the tuck-in approach prevalent in prior years.

Total completed deal values increased 50% year-over-year in Q1 2026, supported by a 9% increase in March alone, even as deal volume fell 12% over the first two months of the year. Heightened volatility and geopolitical uncertainty, stemming from the conflict with Iran, widened bid-ask spreads and delayed mid-sized transactions; however, megacap deals remained in focus. Twenty-two mega-deals, transactions valued above \$10 billion, were completed during the quarter, a quarterly record, alongside several multi-billion dollar transactions in energy and utilities that contributed meaningfully to the overall increase in completed deal values.

The divergence between volume and value was a defining feature of the quarter. AI remained a central theme, driving four of the six largest deals. OpenAI's \$110 billion funding round accounted for three of these, while Anthropic's \$30 billion raise ranked among the quarter's largest transactions.

The quarter saw Special Purpose Acquisition Companies (SPACs) once again return to the spotlight. In January, SPAC issuance momentum remained strong, with 24 SPAC IPOs raising more than \$5.6 billion in trust capital. February extended the market's renewed momentum, as issuance continued to outpace January's already robust activity. During the month, 27 SPAC IPOs raised an additional \$5.2 billion in trust capital.

SPAC issuance activity moderated in March following the strong start to the year, with 11 SPAC IPOs announced during the month, raising approximately \$1.8 billion. Despite the slowdown in issuance, several announced transactions involved early-stage, capital-intensive companies operating in emerging sectors such as quantum computing, nuclear energy, and artificial intelligence. These businesses continue to view SPACs as an alternative pathway to accessing public markets and growth capital.

In Canada, venture capital ("VC") activity<sup>1</sup> remained stable in 2025, showing early signs of renewed growth and disciplined investor behaviour. Activity increased in Q4, with CAD \$3.8B invested across 165 deals, as quarterly deal volume approached the five-year average of 176 transactions. This brought 2025 full-year totals to CAD \$8.0B invested across 571 deals — a 6% decline in capital deployed and a 12% reduction in deal count relative to 2024.

Stage-level patterns diverged across the investment cycle. Pre-seed investment matched 2024 levels, and seed-stage capital remained comparable year-over-year despite fewer transactions. Capital deployed at the Series A through D stages declined relative to 2024, while growth-stage investment increased in both deal count and dollars deployed. Later-stage activity was characterized by larger transactions and higher participation from non-Canadian investors, consistent with historical patterns at more advanced stages.

Average deal size increased toward the end of the year as capital deployment became more concentrated. The full-year average deal size was CAD \$14.1M, rising to CAD \$23.1M in Q4. While total investment value eased modestly from the prior quarter, improving deal size and quality signalled increased investor selectivity.

Exit conditions remained constrained. Twenty-nine venture-backed exits were recorded in 2025, generating CAD \$358M in disclosed value, with no initial public offerings during the year. Liquidity continued to rely primarily on secondary transactions and limited M&A activity. The growing prevalence of these exit channels reflects longer private company lifecycles and a broader reset toward a higher-rate, more rational financing environment, dynamics reinforced by persistent macroeconomic uncertainty, valuation gaps between buyers and sellers, and a limited reopening of IPO markets.

As we monitor these dynamics, we remain focused on working closely with our private portfolio companies, with a consistent objective of growing and compounding intrinsic value while optimizing operations as market conditions evolve

#### *Normal Course Issuer Bid*

On February 20, 2026, the Company renewed its Normal Course Issuer Bid (“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.

During the three months ended March 31, 2026, the Company bought back 51,100 Class C Shares in the market under its NCIB, at an average price of \$15.20, for a total cost of \$777,501.

#### **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. We anticipate a more challenging macro backdrop ahead, requiring heightened scrutiny of balance sheets, cash flow durability, and pricing power across the portfolio. While the interest rate outlook remains uncertain, disciplined equity selection and a steadfast focus on long-term fundamentals are more important than ever, regardless of the direction rates ultimately take.

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. A shifting rate environment, combined with evolving investment flows and structural growth drivers, should act as a catalyst for innovation and expansion. 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 and we continue to view market volatility as an opportunity to uncover mispriced assets.

After two years of subdued conditions, liquidity is beginning to return to the private markets ecosystem. The IPO window continues to gradually reopen, with several high-profile listings on the horizon. Looking ahead, any easing in interest rates should support M&A and IPO activity, improving liquidity pathways and strengthening the growth outlook for venture-backed businesses. A growing backlog of IPO-ready companies further suggests meaningful pent-up supply that could sustain this momentum going forward.

Regardless of positive indications, private markets continue to face structural headwinds. The number of companies successfully progressing from seed to Series A has contracted, financing gaps have lengthened, and down rounds have become more frequent. This environment demands greater selectivity, sector specialization, and proactive exit planning. We believe these dynamics reinforce the importance of aligning with durable structural growth themes particularly in AI and enterprise software, where capital and innovation remain most concentrated.

Turning to public markets, corporate fundamentals remain solid across many sectors, even as the risk landscape has grown more complex. Geopolitical instability, elevated debt levels, political uncertainty, and rapid technological change all warrant careful monitoring. Rather than attempting to forecast every scenario, we remain focused on staying balanced and disciplined. Quality businesses have historically demonstrated greater resilience than the broader market during periods of stress, and we remain committed to our investment process carefully analyzing both new and existing opportunities.

We expect markets to remain unsettled in the near term. Heightened geopolitical uncertainty suggests that volatility is unlikely to abate quickly. Against this backdrop, we continue to apply our investment discipline, positioning the portfolio to navigate a broad range of economic scenarios.

We continue to identify compelling opportunities in undervalued small-cap businesses with strong economic characteristics trading at attractive valuations. While 2026 has had a challenging start, we view the current valuation compression as an opportunity rather than a deterrent, high-quality businesses with durable fundamentals and meaningful AI integration are increasingly available at prices that were difficult to justify just two years ago. Although near-term sentiment remains cautious, we believe the outlook for the remainder of the year will be shaped by companies that can demonstrate the resilience of their business models and a credible path to value creation in an AI-first economy. Improving business fundamentals combined with compressed valuations is precisely the environment in which durable investments are made. The portfolio remains positioned around what we believe are the most durable long-term growth drivers, particularly in technology and software, while maintaining a disciplined focus on valuation, balance sheet strength, and downside protection. We remain steadfast partners to our portfolio companies, working alongside management teams 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 March 31, 2026, Pender’s Net Assets were 35.3% publicly listed companies, 61.6% private unlisted companies, and 3.1% cash and other assets net of liabilities. Our total Portfolio Company holdings represented 96.9% of Net Asset Value, an increase of 1.8% from 95.1% as at December 31, 2025. As at March 31, 2026, the fair value of investments was \$110,566,091 (December 31, 2025 - \$109,738,344).

During the three months ended March 31, 2026, we added to four of our existing Private Company holdings as well as to two of our existing holdings of publicly listed companies, such as Kneat.com Inc. and Sylogist Ltd. During the period, we made partial divestments of holdings of several publicly listed companies, such as Kraken Robotics Inc. and Tantalus Systems Holdings Inc.

The significant trends and events for Pender's Portfolio Companies during three months ended March 31, 2026, 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. In Q1 2026, Clarius launched T-Mode Heart and T-Mode Knee, expanding its AI-guided ultrasound training suite for primary care physicians and clinicians.

#### **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. In Q1 2026, the company announced new Library Services to streamline literature search strategies for regulatory submissions and launched enhanced GenAI capabilities for automated scientific evidence extraction.

#### **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. In March 2026, Foxquilt

announced a partnership with Bold Penguin to expand admitted commercial general liability coverage options for agents through the Bold Penguin Terminal.

#### **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 stated that it 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. In February 2026, the company announced the public filing of its Form F-4 in connection with the proposed business combination.

#### **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 more than 245,000 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 Q1 2026, Jane was recognized with an industry award for Customer Service Department of the Year, underscoring a continued investment in delivering high-quality support to a growing community of practitioners.

#### **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. 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 March 2026, PSH announced the acquisition of a leading provider of All Age Continuing Care (AACC) patient management software and financial assurance managed services for National Health Service-funded health boards across England and Wales, expanding its exposure to the public healthcare sector.

#### **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. In January 2026, the company announced the launch of Complete Discover, a new product designed to help teams experiment with AI data enrichment and go-to-market insights.

#### **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. In March 2026, WELLSTAR announced the expansion of its national billing platform through two acquisitions, including entry into Québec, extending its medical billing coverage to six provinces nationwide.

#### **Publicly Listed Companies**

During the quarter ended March 31, 2026, 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 three months ended March 31, 2026.

The key positive publicly listed contributor to the Company's performance for the quarter was Kraken Robotics Inc. (TSXV: PNG).

On the flip side, the portfolio saw some of its publicly listed holdings incur losses for the quarter ended March 31, 2026, Sylogist Ltd (TSX: SYZ) and kneat.com (TSX:KSI) being the key detractors. In our view, short-term price dislocations are not a flaw in the process, they are often the source of long-term opportunity. Valuations remain compelling, dispersion across the sector is high, and many high-quality businesses continue to trade well below our estimate of intrinsic value.

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 13.5% during the three months ended March 31, 2026 (March 31, 2025 – 3.5%). 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' 19.2% annualized return under IFRS Accounting Standards (IFRS) since inception to March 31, 2026.

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 three months ended March 31, 2026, the Company's total shareholders' equity decreased by \$1,305,622 (-1.1%), from \$115,404,324 at December 31, 2025 to \$114,098,702 as at March 31, 2026. This decrease was a result of net loss of \$528,121 and share repurchases of \$777,501 made under the NCIB, both of which reduced equity.

During the three months ended March 31, 2026, Net Assets per Share ranged from \$16.58 to \$17.90, while our closing price per share on the TSXV ranged from a low of \$15.02 to a high of \$15.94 per share, prices representing a discount to Net Assets per Share ranging from 9.76% to 4.24%.

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 March 31, 2026 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 March 31, 2026, compared to March 31, 2025, and for the three preceding financial years, as well as its financial performance in the three months ended March 31, 2026, compared to the three months ended March 31, 2025. This section should be read together with the Condensed Interim Financial Statements and the Annual Audited Financial Statements.

**Supplemental Data**

	2026 Q1	2025 Q1	2025	2024	2023
Net Assets (\$000s)	114,099	115,968	115,404	123,082	69,886
Class C Shares Outstanding	6,882,129	7,101,429	6,933,229	7,133,229	7,368,229
Net Assets per Share (\$)	16.58	16.33	16.65	17.25	9.48
Closing Market Price* (\$)	15.25	9.96	15.60	11.19	6.76
Total (decrease) increase from Operations per Share (\$)	(0.08)	(0.95)	(0.69)	7.61	0.14

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

**Financial Performance**

	2026 Q1	2025 Q1
Net realized gain	\$ 4,564,887	\$ 2,476,991
Net change in unrealized depreciation	(4,546,137)	(8,799,404)
Foreign exchange (loss) gain	(2)	121
Dividend income	94,624	25,496
Interest income	170,392	257,368
<b>Total revenue (loss)</b>	<b>283,764</b>	<b>(6,039,428)</b>
Management fees	576,207	581,282
Transactions cost	24,771	21,496
Other expenses	210,907	145,099
<b>Total operating expenses</b>	<b>811,885</b>	<b>747,877</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (528,121)</b>	<b>\$ (6,787,305)</b>
Management expense ratio before performance fee	2.71%	2.44%
Trading expense ratio	0.09%	0.07%

**Financial performance for the three months ended March 31, 2026**

Highlights of the Portfolio Companies contributing to Pender's investment performance in the three months ended March 31, 2026 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 March 31, 2026, the net realized gain on investments was \$4,564,887 (March 31, 2025 – net realized gain \$2,476,991), primarily due to gains realized on the divestment of publicly listed securities, such as Kraken Robotics Inc and Tantalus Systems Holding 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 March 31, 2026, the Company had a \$4,546,137 net negative change in unrealized gains and losses on investments (March 31, 2025 – net negative change of \$8,799,404), primarily due to \$4,707,596 net reversal of prior-period unrealized loss on disposition of certain holdings (March 31, 2025 – \$2,356,678 net reversal of prior-period unrealized gain), and \$13,323,339 of negative performance in publicly listed securities (March 31, 2025 – negative performance in publicly listed securities \$15,487,838), offset by \$13,484,798 positive valuation changes mainly for two of our private Portfolio Companies (March 31, 2025 - \$4,331,756 positive valuation changes).

(c) Dividend and interest income

The Company earned dividend and interest income of \$265,016 during the three months ended March 31, 2026 (March 31, 2025 – \$282,864). This was primarily comprised of accrued bank interest, dividend income from Sylogist Ltd. and one of private Portfolio Companies, and interest earned on a loan from one of private Portfolio Companies.

(d) 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 \$576,207 for the three months ended March 31, 2026, a decrease of \$5,075 over the \$581,282 for the three months ended March 31, 2025. This decrease in fees was due to the decrease in the average value of Net Assets in quarter one of 2026 compared to the same period of 2025.

(e) 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 three months ended March 31, 2026, the Company did not earn a performance fee (March 31, 2025 – Nil)

(f) Income Taxes

As at March 31, 2026, the Company had non-capital losses of \$62,086,315 (December 31, 2025 - \$63,736,689), \$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.

Non-capital losses are available for carry forward to future years up to a maximum of 20 years and 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
2042	750,642
2044	7,538,036
Total	\$ 62,086,315

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.

(g) 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 three months ended March 31, 2026 was 2.71%, which was 0.27% higher than the 2.44% MER for the same period in 2025. The increase was primarily attributable to the decrease in the average value of Net Assets during the three months ended March 31, 2026 compared to the same period of 2025.

## (h) 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 three months ended March 31, 2026 was 0.09% (March 31, 2025 – 0.07%).

**Financial Highlights**

<b>Net Assets per Share (Note 1)</b>	<b>2026 Q1</b>	<b>2025 Q1</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Net Assets per Share (beginning of period)	16.65	17.25	17.25	\$9.48	\$9.28
<b>(decrease) increase from operations:</b>					
Interest and dividend income	0.04	0.04	0.13	0.10	0.00
Total expenses	(0.12)	(0.11)	(0.44)	(1.36)	(1.06)
Realized gains (losses)	0.66	0.35	2.38	9.00	(1.19)
Unrealized (losses) gains	(0.66)	(1.23)	(2.76)	(0.13)	2.39
<b>Total (decrease) increase from operations</b>	<b>(0.08)</b>	<b>(0.95)</b>	<b>(0.69)</b>	<b>7.61</b>	<b>0.14</b>
<b>Net Assets per Share</b>	<b>\$16.58</b>	<b>\$16.33</b>	<b>\$16.65</b>	<b>\$17.25</b>	<b>\$9.48</b>
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s)	\$114,099	\$115,968	\$115,404	\$123,082	\$69,886
Number of shares outstanding	6,882,129	7,101,429	6,933,229	7,133,229	7,368,229
Closing market price	\$15.25	\$9.96	\$15.60	\$11.19	\$6.76

**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**

	March 31, 2026	December 31, 2025
<b>Assets</b>		
Cash	\$ 3,610,028	\$ 4,728,836
Interest receivable	133,973	898,479
Income taxes receivable	122,448	435,013
Prepaid expenses	34,627	28,812
Divestment proceeds receivable	2,385	2,385
Investments	110,566,091	109,738,344
<b>Total assets</b>	<b>114,469,552</b>	<b>115,831,869</b>
<b>Liabilities</b>		
Due to related parties	226,443	226,811
Accounts payable and accrued liabilities	144,407	145,962
Share buyback tax payable	-	54,772
Total liabilities	370,850	427,545
<b>Shareholders' equity</b>	<b>\$ 114,098,702</b>	<b>\$ 115,404,324</b>

**(a) Investments**

As at March 31, 2026, Pender's total investments of \$110,566,091 were made up of \$40,234,429 of publicly listed companies, or 36.4% of the portfolio, and \$70,331,662 of private unlisted companies, or 63.6% of the portfolio.

The total investments balance increased by \$827,747 to \$110,566,091 as at March 31, 2026, from \$109,738,344 as at December 31, 2025, primarily due to net purchases of investments \$808,997, offset by the realized gain \$4,564,887 and net negative change in unrealized gain and losses \$4,546,137 as discussed in "Net realized gains and losses" and "Net change in unrealized gains and losses" under the "Financial Performance for the three months ended March 31, 2026" 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 \$3,610,028 cash balance as at March 31, 2026 was \$1,118,808 less than the \$4,728,836 balance as at December 31, 2025. 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 March 31, 2026, the interest receivable balance was \$133,973 (December 31, 2025 – \$898,479) on loan from one of private Portfolio Companies. The decrease primarily reflects the conversion of the Company's promissory note in PSH (including accrued interest) into PSH equity in March 2026.

**(d) Income taxes receivable**

As at March 31, 2026 the income taxes receivable balance was \$122,448 (December 31, 2025 - \$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 March 31, 2026, the divestment proceeds receivable balance was \$2,385 (December 31, 2025 – \$2,385). The balance consists of an escrow receivable amount from a private Portfolio Company.

(f) Due to related parties

As at March 31, 2026, the Company had a balance due to related parties of \$226,443 (December 31, 2025 – \$226,811) in respect of management fees and reimbursement of operating expenses paid by the Manager 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 three months ended March 31, 2026, this balance decreased by \$1,555 to \$144,407 (December 31, 2025 - \$145,962) in the normal course of business.

(h) Shareholders' equity

Shareholders' equity represents the equity in the Company owned by the holders of the 6,882,129 Class C common shares outstanding as at March 31, 2026 (December 31, 2025 - 6,933,229). The decrease of 51,100 Class C common shares during the three months ended March 31, 2026 is the result of the shares repurchased under the NCIB.

### **Cash Flows**

During the three months ended March 31, 2026, Pender's cash balance decreased by \$1,118,808 primarily due to net purchases of investments and NCIB purchases during the period.

### **Shareholder Activity**

During the three months ended March 31, 2026, the Company repurchased 51,100 shares under the NCIB, reducing the number of the Company's outstanding shares from 6,933,229 at the prior year end to 6,882,129 as at March 31, 2026.

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.

	2026		2025	
	Q1	Q4	Q3	Q2
Net realized gain	\$ 4,564,887	\$ 3,716,275	\$ 5,636,517	\$ 4,979,988
Net change in unrealized (loss) gain	(4,546,137)	(9,855,334)	(5,197,747)	4,333,074
Foreign exchange (loss) gain	(2)	84	(7,300)	(2,151)
Dividend income	94,624	16,674	16,372	30,017
Interest income	170,392	213,860	167,167	201,376
<b>Total revenue (loss)</b>	<b>283,764</b>	<b>(5,908,441)</b>	<b>615,009</b>	<b>9,542,304</b>
Management fees	576,207	560,399	613,196	583,145
Withholding taxes, GST/HST and transaction costs	24,771	9,246	53,189	60,137
Other expenses	210,907	108,037	197,065	156,576
<b>Total operating expenses</b>	<b>811,885</b>	<b>677,682</b>	<b>863,450</b>	<b>799,858</b>
<b>Net (loss) income</b>	<b>\$ (528,121)</b>	<b>\$ (6,586,123)</b>	<b>\$ (248,441)</b>	<b>\$ 8,742,446</b>
<b>Net Assets per Share (beginning of period)</b>	<b>\$ 16.65</b>	<b>\$ 17.57</b>	<b>\$ 17.58</b>	<b>\$ 16.33</b>
<b>Net Assets per Share (end of period)</b>	<b>\$ 16.58</b>	<b>\$ 16.65</b>	<b>\$ 17.57</b>	<b>\$ 17.58</b>

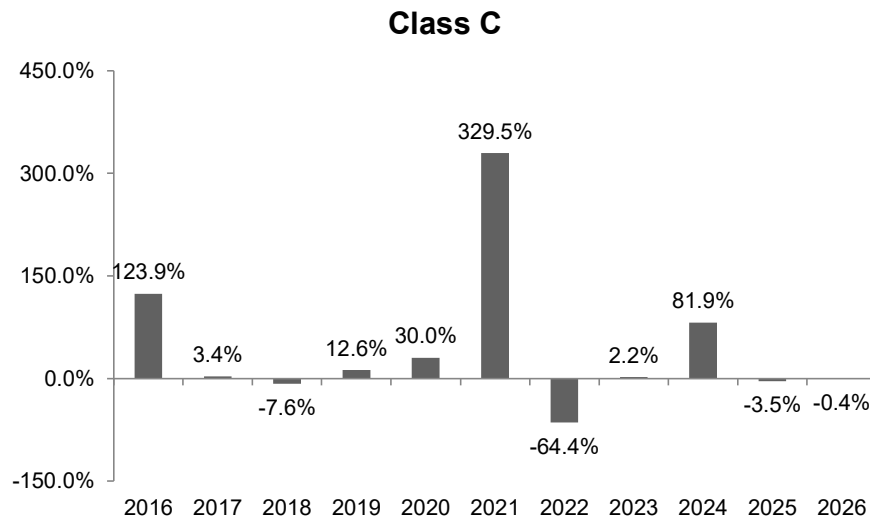
  

	2025		2024	
	Q1	Q4	Q3	Q2
Net realized gain (loss)	\$ 2,476,991	\$ 61,557	\$ 69,064,446	\$ (2,670,539)
Net change in unrealized (loss) gain	(8,799,404)	15,975,102	(62,046,427)	30,132,979
Foreign exchange gain (loss)	121	8,698	(1,657)	219
Dividend income	25,496	17,102	14,058	5,244
Interest income	257,368	460,385	232,058	16,021
<b>Total (loss) revenue</b>	<b>(6,039,428)</b>	<b>16,522,844</b>	<b>7,262,478</b>	<b>27,483,924</b>
Management fees	581,282	582,091	523,228	444,363
Withholding taxes, GST/HST and transaction costs	21,496	70,223	44,779	5,658
Other expenses	145,099	161,185	125,531	138,518
<b>Total operating expenses</b>	<b>747,877</b>	<b>813,499</b>	<b>693,538</b>	<b>588,539</b>
<b>Net operating (loss) income before performance fees</b>	<b>(6,787,305)</b>	<b>15,709,345</b>	<b>6,568,940</b>	<b>26,895,385</b>
<b>Other items:</b>				
Performance fees	-	1,130,673	1,003,934	5,816,067
Performance fees waived by the Manager	-	(282,668)	(250,984)	(1,454,017)
Total performance fee adjustment	-	848,005	752,950	4,362,050
<b>Net (loss) income</b>	<b>(6,787,305)</b>	<b>14,861,340</b>	<b>5,815,990</b>	<b>22,533,335</b>
<b>Net Assets per Share (beginning of period)</b>	<b>\$ 17.25</b>	<b>\$ 15.10</b>	<b>\$ 14.29</b>	<b>\$ 11.16</b>
<b>Net Assets per Share (end of period)</b>	<b>\$ 16.33</b>	<b>\$ 17.25</b>	<b>\$ 15.10</b>	<b>\$ 14.29</b>

**PAST PERFORMANCE**

To illustrate how the Company’s performance has varied over time, the following bar chart shows performance for the three months ended March 31, 2026 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**

	<b>% OF NET ASSETS</b>
Private unlisted companies*	61.6
kneat.com, inc.	7.7
Sylogist Ltd.	5.6
Tantalus Systems Holding Inc.	5.3
Coveo Solutions Inc.	4.2
Sangoma Technologies Corporation	3.8
Dye & Durham Limited	3.4
Pinetree Capital Ltd	2.7
Kraken Robotics Inc.	1.9
D2L Inc.	0.7

**Summary of Composition of the Portfolio**

	<b>% OF NET ASSETS</b>
Software and Services	32.7
Information Technology	21.9
Health Care	17.0
Industrials	14.5
Financial services	5.4
Technology Hardware and Equipment	5.4
<b>TOTAL INVESTMENTS</b>	<b>96.9</b>
Cash	3.2
Other assets less liabilities	(0.1)
<b>TOTAL NET ASSETS</b>	<b>100.0</b>

\* 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.  
Clarius Mobile Health Corp.  
Cooledge Lighting Inc.  
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 Loan:**

Clarius Mobile Health Corp., 10.00%, 10/31/2026

**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 March 31, 2026 the Company had 6,882,129 Class C Shares outstanding.

**TRANSACTIONS BETWEEN RELATED PARTIES**

As at March 31, 2026, the Manager and directors and officers of the Company held 14.9% 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 three months ended March 31, 2026, the management fees incurred by the Company were \$576,207 (March 31, 2025 - \$581,282).

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 three months ended March 31, 2026. As at March 31, 2026, the performance fee payable of \$Nil (December 31, 2025 - \$Nil)

*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.

In April 2025, the Company paid \$140,950 to increase its ownership of Pender Software Holdings Ltd. ("PSH") to 88%. In March 2026, the Company made an additional \$6,500,000 investment in PSH and converted its outstanding promissory note plus outstanding interest of \$5,884,589 from PSH into PSH equity. The ownership was increased to 94.6% as of March 31, 2026. Subsequent to March 31, 2026, the Company made an additional \$1,000,000 investment in PSH in April 2026.

**LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2026, the Company is in a stable liquidity position, with cash of \$3,610,028 or 3.2% of the value of its Net Assets, and investments in publicly traded securities of \$40,234,429 or 35.3% 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's 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's 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 March 31, 2026, approximately 36.4% 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. 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 March 31, 2026, private companies comprised 63.6% 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 contracts. 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 three months ended March 31, 2026.

#### **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 Condensed Interim 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 March 31, 2026 and December 31, 2025 is presented in the following table:

Net Assets	March 31, 2026	December 31, 2025
Assets	\$ 114,469,552	\$ 115,831,869
LESS: Liabilities	370,850	427,545
EQUALS Net Assets	\$ 114,098,702	\$ 115,404,324

### 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 March 31, 2026 and 2024 is presented in the following table:

Net Assets per Share	March 31, 2026	December 31, 2025
Assets	\$ 114,469,552	\$ 115,831,869
LESS: Liabilities	370,850	427,545
EQUALS Net Assets	\$ 114,098,702	\$ 115,404,324
DIVIDED BY Number of Shares Outstanding	6,882,129	6,933,229
EQUALS Net Assets per Share	\$ 16.58	\$ 16.65

*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); the anticipated timing, completion and use of proceeds of pending Portfolio Company transactions, including the proposed business combination involving General Fusion Inc. or potential future Portfolio Companies or other future transactions; and the Company’s intention to repurchase shares under its Normal Course Issuer Bid; the expected impact of new accounting standards on the Company’s financial reporting; 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 to 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 risk that pending Portfolio Company transactions, including the proposed General Fusion business combination, may not be completed on the anticipated timeline or terms, or at all, and that Portfolio Companies' acquisition, integration and sector expansion initiatives may not achieve expected results; 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.

# PENDER

MANAGED BY:  
**PENDERFUND CAPITAL MANAGEMENT LTD.**

1830 –1066 West Hastings St.  
Vancouver BC V6E 3X2

TELEPHONE 604 688-1511  
FACSIMILE 604 563-3199  
TOLL FREE 1 866 377-4743

**[www.penderfund.com](http://www.penderfund.com)**