

# **Canso Select Opportunities Corporation**

## **Annual Management's Discussion and Analysis For the Year Ended December 31, 2024**

Management's Discussion and Analysis ("MD&A") provides a review of Canso Select Opportunities Corporation's ("CSOC" or the "Corporation") audited financial results for the years ended December 31, 2024 and December 31, 2023 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the statements of financial position, statements of comprehensive income (loss), statements of changes in equity, and statements of cash flows of CSOC. As such, this MD&A should be read in conjunction with the audited financial statements and notes thereto. The audited financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") to provide information about CSOC.

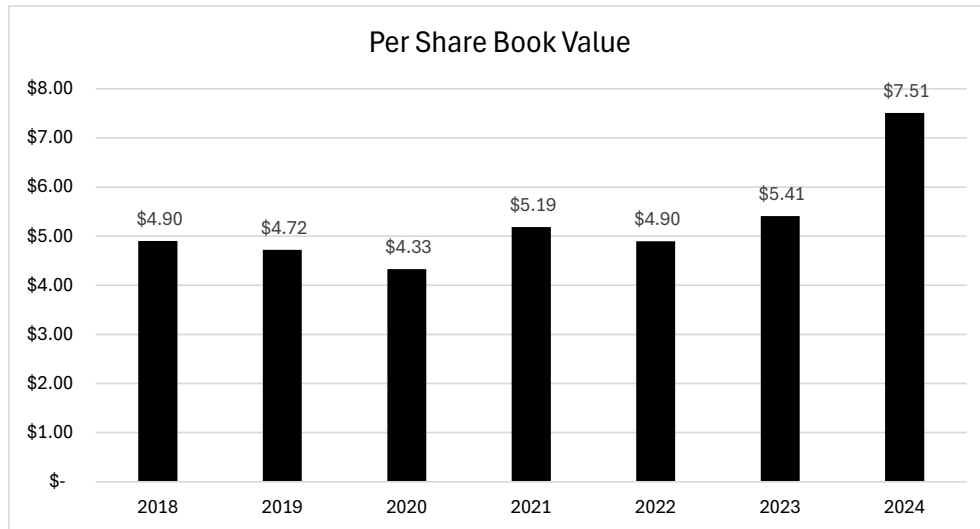
The following MD&A is the responsibility of management and is dated March 26, 2025. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

### **Business of the Corporation**

CSOC is an Ontario-based investment holding company. CSOC's investment objective is to provide long term capital growth to its shareholders. With its core holding in Class A shares of Lysander Funds Ltd. ("Lysander"), together with a portfolio of public and private investments, CSOC aims to generate returns that exceed average market returns over the long term. Consistent with this objective, the Corporation evaluates potential investments in public & private equity, debt and other securities. The deployment of funds to new investments depends on both the attractiveness of new investment opportunities and the availability of capital generated from the realization of value or income from existing portfolio investments. The investment portfolio consists of public and private equity and debt investments primarily in North America. However, there is no geographic constraint on the investment portfolio.

### **Overall Performance & Discussion of Operations**

The per share book value of CSOC shares increased in value by 38.8% in 2024 to \$7.51. While the portfolio does not have a specific benchmark against which its performance is measured, it outperformed the Canadian corporate bond index and the S&P/TSX Composite index which was up 25% in the year.



**\*\*The chart represents the per share book value of both Class A Multiple Voting Shares (CSOC.A) and Class B Subordinate Voting Shares (CSOC.B) by dividing total shareholder's equity by total outstanding shares at year-end.**

Revenues were \$12,732,045 in 2024, increasing by 307% compared to 2023. Net income was \$10,954,128 in 2024, increasing by 360% compared to 2023. CSOC qualifies as an Investment Entity under IFRS 10 ' Consolidated Financial Statements'. Both realized and unrealized changes in the fair value of our assets are reflected in our income statement. 2024 was a year of strong investment performance for CSOC, with many of our larger positions increasing materially in fair value.

	2024	2023
<b>Revenue</b>		
<i>Dividend Income</i>	\$ 1,394,589	\$ 838,617
<i>Interest Income (expense)</i>	\$ 213,304	\$ (26,359)
<i>Change in Unrealized gain (loss)</i>	\$ 10,029,492	\$ 2,351,830
<i>Realized gain (loss)</i>	\$ 986,290	\$ 14,283
<i>Change in Unrealized foreign exchange gain (loss)</i>	\$ 108,370	\$ (51,739)
<b>Total Revenue</b>	<b>\$ 12,732,045</b>	<b>\$ 3,126,632</b>
<b>Total Expenses</b>	<b>\$ 336,722</b>	<b>\$ 565,430</b>
<b>Net Income</b>	<b>\$ 10,954,128</b>	<b>\$ 2,383,170</b>
<b>Total Assets</b>	<b>\$ 40,699,980</b>	<b>\$ 28,360,871</b>
<i>Lysander Class A Shares</i>	\$ 21,700,000	\$ 14,700,000
<i>Public Investments</i>	\$ 15,448,016	\$ 9,843,710
<i>Other Private Investments</i>	\$ 3,131,343	\$ 3,230,007
<b>Total Shareholder's Equity</b>	<b>\$ 39,193,372</b>	<b>\$ 28,239,244</b>
<b>Number of Shares</b>		
CSOCA	1,489,994	1,531,860
CSOC B	3,728,443	3,686,577
<b>Total Shares Outstanding</b>	<b>5,218,437</b>	<b>5,218,437</b>
<b>Per Share Figures:</b>		
Revenue per share	\$ 2.44	\$ 0.60
Net Income per share	\$ 2.10	\$ 0.46
Book Value per share	\$ 7.51	\$ 5.41

## Key Contributors

For this year's MD&A, we have re-organized the presentation of our performance into three categories: *Lysander*, *Public Investments*, and *Other Private Investments*. Unlike our previous MD&A, this arrangement does not include individual discussions for subcategories of stocks, bonds, and preferred shares.

As CSOC's core position, we discuss *Lysander* as its own category. *Public Investments* are any investments that have observable prices, primarily exchange-traded common stocks, preferred shares and corporate bonds. *Other Private Investments* include securities of private issuers, including private equity, preferred shares, warrants and private debt. For these private investments, prices are not widely observable and CSOC regularly assesses their fair value by employing widely used valuation techniques. While our approach to investing across private and public securities is generally consistent, we believe it is useful to discuss public investments and private investments separately. Public investments have valuations substantiated by observable prices, while private investments require subjective judgement in the assessment of fair value.

Both *Lysander* and *Public Investments* experienced strong performance in 2024, while *Other Private Investments* underperformed. The outperformance of *Lysander* and *Public Investments* continues to result in a larger percentage of assets represented in these categories. Class A common shares of *Lysander* increased from 51.8% to 53.3% of our assets. *Public Investments* increased from 34.7% to 38% of our assets. Other Private Investments decreased from 11.4% to 7.7% of our assets.

### ***Lysander (\$21.7 million)***

The key contributor to positive performance in 2024 was the increase in value of *Lysander* Class A common shares ("*Lysander* shares"), which increased by 47.6% during the year from \$210 per share to \$310 per share. In addition to the capital appreciation, CSOC received \$1,057,000 in dividends from *Lysander* during the year. The *Lysander* shares represented 53.3% of CSOC's assets at the end of 2024.

As in 2023, we engaged Blair Franklin as an independent third party to provide a valuation for the *Lysander* shares at year-end.

*Lysander* generates revenue through management fees it collects from its funds. *Lysander* shares a portion of these fees with partner portfolio managers who are responsible for the investment management of the funds. Canso Investment Counsel Ltd. ("CIC") is the largest of the partner portfolio managers, responsible for the management of 18 of *Lysander*'s 27 funds.

*Lysander*'s largest fund, the *Lysander-Canso Corporate Value Bond Fund*, experienced tremendous growth in 2024. The fund grew from \$11.6 billion to \$17.4 billion. Some of the growth came from investment performance (+7.2% in 2024), but the majority of the increase in assets came from new unitholder subscriptions. *Lysander*'s overall assets under management grew from \$13.6 billion to \$20 billion in 2024.

As a result of this growth, *Lysander* experienced significant increases in revenue and cash flow. For privacy and competitive reasons, we do not publish *Lysander*'s financial results. We can disclose that revenues and EBITDA both increased by more than 20% in 2024. *Lysander*'s current dividend policy contemplates a quarterly payment of \$3.50 per share. At this rate, CSOC can expect to receive \$980,000 per annum in dividends from *Lysander*.

*Lysander* was recognized for investment excellence in multiple categories for the 2024 LSEG Lipper Fund Awards Canada and the 2024 Fundata FundGrade A+ Awards.

We are very pleased with the performance of Lysander. Continued strong investment performance will be key to maintaining and/or increasing the amount of its assets under management. Lysander's distribution and sales capabilities offer new and existing partner portfolio managers the opportunity to reach a large investor base. Over time, we believe Lysander can enhance its competitive position with the selective addition of new partner portfolio managers and new funds.

***Public Investments (\$15.5 million)***

Our portfolio of public investments had strong performance in 2024.

Because CSOC is considered an Investment Entity under IFRS Accounting Standards as issued by the IASB, any change in the price or value of our securities, realized or unrealized, is reflected in our income statement in the period such change occurs. Year-over-year price changes are not always true indicators or measures of the underlying performance of the businesses or securities we own. We strive to make investment decisions that have the potential to outperform broader market returns over time, but intermediate price movements will result in earnings volatility.

Public investments represented 38% of CSOC's holdings at the end of 2024. The top 5 public investments performed well in 2024, leading to overall strong performance for CSOC's Public Investment securities. Cineplex returned 46%, MDA Space Ltd. returned 156%, Bird Construction Inc returned 81%, Manulife returned 56% including dividends and Yellow Pages returned 14% including dividends. Notable underperformers in 2024 included the equity of Hertz, which decreased by 65%, and the bonds of Corus Entertainment, which decreased by 39%.

Description	Average Cost	Fair Value	% of Assets
Cineplex Inc	1,203,587	1,865,380	4.6%
MDA Space Ltd. (previously MDA Ltd.)	879,998	1,856,167	4.6%
Bird Construction Inc.	436,070	1,679,619	4.1%
Manulife Financial Group	694,689	1,420,684	3.5%
Yellow Pages Limited	1,119,866	1,124,103	2.8%
Quebecor Inc. Class B	1,513,458	1,417,500	3.5%
Latam Airlines Group	641,209	820,899	2.0%
Bank of Nova Scotia	563,450	686,079	1.7%
Air Canada	588,024	656,670	1.6%
Bombardier Inc.	379,277	541,759	1.3%
BCE Inc.	638,104	533,120	1.3%
Enbridge Inc	384,298	494,181	1.2%
Sun Life Financial Corp	483,261	408,975	1.0%
Hertz Corp	390,620	368,047	0.9%
Aegis Brands Inc. (previously Second Cup Ltd.)	3,400,936	349,490	0.9%
New Horizon Aircraft Ltd (Unregistered)	106,872	327,852	0.8%
Corus Entertainment Inc	526,000	320,000	0.8%
UBS Group AG (previously Credit Suisse Group AG)	148,214	241,480	0.6%
Air Canada 4% July 1, 2025	207,684	191,375	0.5%
Cash & Cash Equivalents	180,757	182,038	0.4%
New Horizon Aircraft Ltd	450,473	133,503	0.3%
Flint Corp (previously ClearStream Energy SVCS Inc.)	2,012,939	131,811	0.3%
Hertz Global Holdings Inc.	424,452	126,859	0.3%
Canadian Life Companies Split	78,572	89,250	0.2%
NorthStar Gaming Holdings Inc	6,730	519	0.0%
NorthStar Gaming Holdings Inc (Escrow)	1,825	128	0.0%
Government of Canada	(514,437)	(519,472)	-1.3%
<b>Total</b>	<b>16,946,928</b>	<b>15,448,016</b>	<b>38.0%</b>

### Public Investments Activity

During the year, we added to existing equity positions in Cineplex, Air Canada, and New Horizon Aircraft. We added new equity positions of Quebecor and BCE Inc. We added to existing bond positions of Corus Entertainment and Hertz. We pared back some of our equity positions in Bird Construction and Manulife. We exited completely from equity positions in M Split Corp and Vertical Scope. We also exited completely from bond positions of Spirit Aerosystems, American Airlines and AMC Entertainment Holdings.

Cineplex is currently the largest of our Public Investments. We amassed most of our position in April of 2024 between \$7.28 and \$7.35. Cineplex is Canada's largest theatrical exhibitor, with an estimated 75% market share. Financially, 2024 was a mediocre year for Cineplex, though the stock price rose as market expectations for theatrical exhibition improved. Apart from the AMC frenzy, market sentiment for theatrical exhibition has been generally depressed since the pandemic. Attendance has yet to return to pre-pandemic levels, leading to a general belief that a secular trend of declining movie audiences is accelerating. We believe this hypothesis is somewhat overdone, evidenced by large attendance for successful movies. Movie production dropped significantly during the pandemic and was again hampered in 2024 by the Screen Actors Guild strike. If movie production begins to normalize, which is expected over the medium term, we expect attendance levels to follow. We believe there is a low probability that attendance returns to pre-covid levels. However, even if attendance levels return to 80% of pre-covid levels, Cineplex expects to achieve pre-covid financial results given ticket and concession price increases. We believe this assessment is accurate. In the meantime, Cineplex's balance sheet is in reasonable shape, with debt having been

partially reduced with proceeds from the sale of Cineplex's arcade business for \$155 million. Cineplex also has a few other business lines, representing 20% of total revenues, that diversify its revenue stream. Cineplex owns and operate the Rec Room and Playdium, now with 16 locations across Canada and plans for continued growth. Cineplex is also one of Canada's largest providers of digital place-based media, recently winning a large contract with Cadillac Fairview. It feels like a long time ago, but prior to the pandemic, Cineworld, now emerged from bankruptcy, had agreed to purchase Cineplex for \$2.2 billion. The deal fell through in the wake of the pandemic. At \$7.28, Cineplex's implied market capitalization was \$461 million. At this valuation, we believed that there was a reasonable margin of safety given our estimates of Cineplex's ability to generate free cash flow.

MDA Space is our second largest Public Investment. MDA Space is Canada's largest space technology developer and manufacturer. It was previously part of Maxar Technologies, a leading satellite manufacturer and imagery provider in North America. We established our position in MDA in March 2021 as part of its initial public offering. MDA generates approximately 50% of its revenue through Satellite Systems, 31% through Robotics and Space Operations and 19% through Geointelligence. Over the decades, it has delivered iconic technologies such as the Canadarm for the U.S. Space Shuttle program and the International Space Station and two generations of RADARSAT Earth observation satellites for the Canadian Government. MDA is currently engaged in several high-profile contracts such as Telesat's Lightspeed, which is a \$2.1 billion contract to build 198 satellites, and Apple/Globalstar next-generation Low-Earth Orbit constellation, a \$1.1 billion contract to build more than 50 satellites. As part of NASA's new lunar exploration program (Artemis), MDA has also been contracted to develop, build and support Canadarm-3 for the planned lunar space station. This contract, which is part of Canada's commitment to Artemis, is estimated at \$1.4 billion. MDA is also the preferred contender for a \$1.2 billion lunar terrain utility vehicle, which is also part of Canada's commitment to Artemis, and a \$600-900 million Radarsat Constellation Mission contract, which will be Canada's newest generation of radar Earth observation satellites.

A new addition to CSOC in 2024 were shares of Quebecor. We believe that of all the players in the Canadian telecommunications space, Quebecor, through Videotron, has a clear runway to gain market share and grow. Videotron is Quebecor's most valuable asset, accounting for 85% of total revenues (LTM). Since acquiring Freedom Mobile in April 2023, Videotron has expanded nationally, becoming the fourth-largest wireless provider in Canada. Over the past year, the company has leveraged its Freedom and Fizz brands to extend coverage and roll out 5G services in major metropolitan areas and select cities outside Quebec. By targeting value-conscious subscribers and focusing on spectrum and infrastructure investments, Videotron has consistently grown its wireless subscriber base. Furthermore, the CRTC continues to take measures to improve competition, aiming to provide Canadians with more affordable network options. Our basic observation is that Videotron, particularly on the wireless side, has a pricing advantage without any significant product quality differential. This should lead to continued capture of other wireless provider subscribers.

A notable exit in 2024 was in our long-held position in various shares of M-Split Corporation. We have had a longstanding positive outlook for the shares of Manulife. M-Split corporation offered a unique way to express our investment view. M-Split Corp is an investment corporation managed by Quadravest Capital Management Inc. Quadravest specializes in manufacturing and managing enhanced yield products. For M-Split, Quadravest formed a corporation that held mostly common shares of Manulife, and it split the corporation into various classes that made contingent promises to investors. Each class would perform differently depending on the performance of Manulife common stock and the timeframe over which such performance occurred. Every 5 years, holders of the various split shares had the option to put shares back to Quadravest at predetermined values, subject to certain conditions. CSOC's predecessor fund, CSOF,

had made various trades in M-Split shares, resulting in a 315,925 share position. Our most recent purchase of M-Split C shares occurred in December of 2018 at \$1.51. At the time, Manulife common stock traded at \$19.33. In 2024, we opted to exercise our put option of M-Split C shares, forcing Quadravest to redeem them from us at \$5. The redemption closed on Dec 16, 2024. Consider that the price of Manulife common stock at close on the same date was \$44.26. Had we held the stock over this period, our return would have been 129%, compared to 231% in the M-Split C shares. We also exited our position in M-Split A shares during the year.

### **Other Private Investments (\$3.1 million)**

In 2024, we took significant write-downs to our valuations on Fibracast (-84%) and Brill Power (-90%). Unfortunately, we believe the prospect for any positive outcome on these investments is low. While both businesses have promising technology, the ability to gain traction with customers while maintaining the requisite capital has been difficult.

We believe that the rest of our Other Private Investments have good prospects for positive value realization.

Description	Average Cost	Fair Value	% of Assets
New Horizon Aircraft Ltd Preferred Convertible	321,211	788,308	1.9%
AdHawk Microsystems Inc. 6% Promissory Notes September 30, 2025	466,585	503,370	1.2%
Our Home and Miniature Land Inc. 10% January 27, 2026	400,000	400,000	1.0%
Flint Corp Series 1 Preferred Shares (previously ClearStream Energy Services - Preferred)	729,400	390,401	1.0%
HashTag Paid Inc. Series A-5 Preferred Shares	132,837	362,914	0.9%
Reformulary Group Inc.	200,000	250,000	0.6%
Smooth Payment Inc. 8.0% December 1, 2025	400,000	200,000	0.5%
HashTag Paid Inc. Series B-4 Preferred Shares	66,330	74,249	0.2%
Portfolio HiWay Inc.	50,000	62,500	0.2%
Fibracast	800,000	58,800	0.1%
Brill Power Limited Class A	105,559	22,417	0.1%
TC Fund I LP	12,475	12,412	0.0%
X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.)	86,844	5,969	0.0%
BZ Holdings Inc.	-	2	0.0%
X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.)	51,792	1	0.0%
Smooth Payment Inc. July 5, 2031 Warrants	-	-	0.0%
Smooth Payment Inc. May 12, 2031 Warrants	-	-	0.0%
<b>Total</b>	<b>3,823,033</b>	<b>3,131,343</b>	<b>7.7%</b>

### **Other Private Investments Activity**

CSOC purchased a convertible preferred share of New Horizon Aircraft Ltd. We already hold a position in the common equity of New Horizon. The preferred shares are convertible into common shares of New Horizon for a period of five years. The preferred shares have a priority liquidation preference over the common shares. We participated in this deal to increase New Horizon's working capital position in support of its initiatives.

The price of the convertible increased materially in 2024 as the common stock of New Horizon was more than two times higher than the convertible conversion price at year-end.

### **Recent Developments**

#### **Acquisition of Lysander Shares**

On January 13, 2023, CSOC announced the acquisition of 70,000 Class A common shares of Lysander at a purchase price of \$175 per share for total consideration of \$12.25 million. CSOC issued 2,440,239 Class B subordinate voting shares as consideration for the Lysander shares purchased. An independent committee of the board had previously engaged Blair Franklin to provide an independent valuation of the Lysander shares. The Class A common shares held in Lysander will remain a core holding of the Corporation for the

foreseeable future and are expected to generate an important source of capital appreciation and dividend income for CSOC over the long term.

### Valuation of Lysander Shares

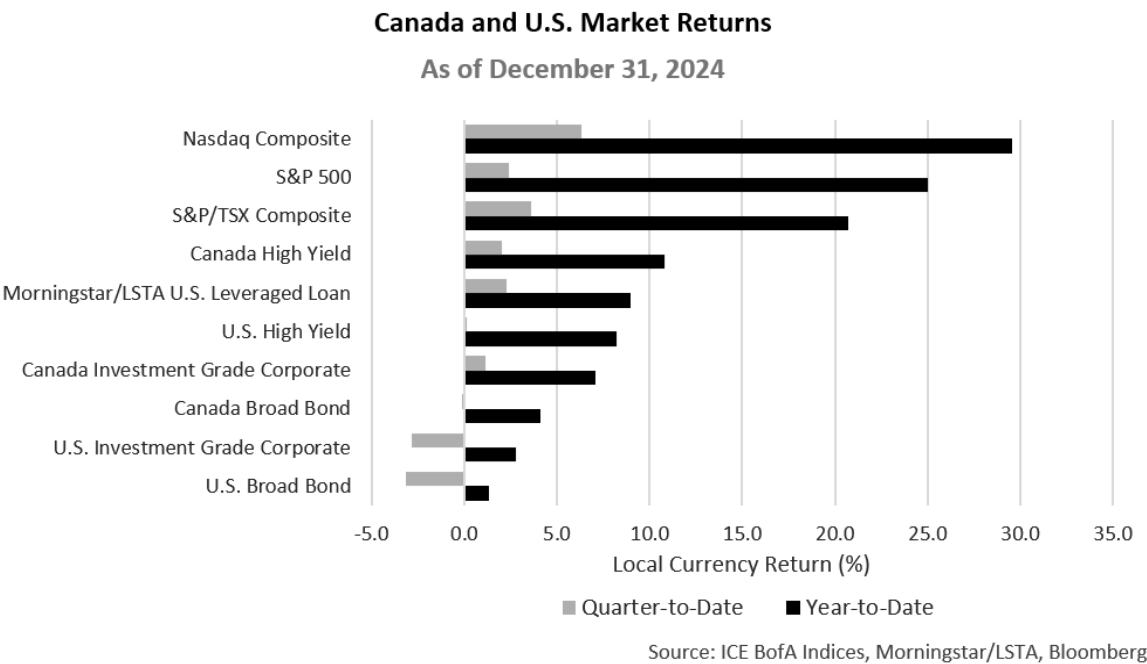
CSOC has engaged Blair Franklin to obtain an independent third-party valuation of the Lysander shares. Blair Franklin was engaged for valuation services for both year-end 2023 and 2024. As at December 31, 2024, Blair Franklin produced a valuation of \$310 per share, an increase of 47.6% from the previous year-end valuation of \$210 per share.

In addition to the capital appreciation, CSOC received \$1,057,000 in dividends from Lysander in 2024.

### Market Performance

Equity markets continued their ascent in the final quarter of 2024. The Nasdaq Composite led the charge, up 6.4%, as investor optimism around artificial intelligence continued. Canadian markets also rose, pushed higher by positive performance in financials and our own technology darling, Shopify. While equity markets met the election of U.S. President Trump with approval, bond markets weren’t so sure. It was a more challenging period for U.S. fixed income markets as government yields repriced higher. Capital appreciation from shrinking risk premiums in corporate bonds helped to offset the impact. Canadian investment grade was an outlier in the quarter, supported by the outperformance long term corporate bond spreads that was more than enough to overcome the negative impact from higher government bond yields.

2024 was another blockbuster year for equities and a great year for credit, particularly high yield. Despite poor fourth quarter performance for U.S. bond markets, all indices ended the year up versus 2023. Equity and corporate credit carried its momentum with investors accepting increasingly expensive valuations. The risk of missing out on enduring strong performance kept cash flowing into the riskiest asset classes.



## CSOC Tax Status

On September 4, 2018, Canso Select Opportunities Fund (the “Fund”) completed a plan of arrangement (the “Arrangement”) with the Corporation whereby the Corporation issued Class A Multiple Voting Shares and Class B Subordinate Voting Shares of CSOC in exchange for the outstanding units of the Fund and the Fund became a wholly-owned investment of CSOC.

The Fund has a pool of tax loss carry forwards that can be utilized to shelter gains of the Fund so long as the trust continues to be maintained and certain other conditions are met. If the Fund were to be wound-up into CSOC at a time when it had losses, such losses would expire unutilized. Consequently, the current intention is to maintain the continued existence of the Fund until such time as all or substantially all of the losses of the Fund are utilized, or so long as the benefits associated with maintaining and utilizing such losses (e.g. current and potential cash tax savings) outweighs the cost of maintaining the Fund. As the holding period for many of these investments of the Fund is measured in years, and the Fund has tax losses, the “transitional period” could be a year or more. Any new investments will be made directly by CSOC.

## Liquidity

Liquidity risk is managed by maintaining a portion of the Corporation’s assets in investments traded in an active market that can be readily sold. All liabilities of the Corporation are due within one year.

The securities of the Corporation are listed on the TSX Venture Exchange under the ticker CSOC.A and CSOC.B.

## Summary of Quarterly Results

The following table shows selected financial information about CSOC for the most recently completed eight quarters of the Corporation:

	31-Dec-2024	30-Sep-2024	30-Jun-2024	31-Mar-2024	31-Dec-2023	30-Sep-2023	30-Jun-2023	31-Mar-2023
<b>Revenue</b>								
<i>Dividend Income</i>	\$579,081	\$245,830	\$393,339	\$176,339	\$464,301	\$176,333	\$176,258	\$21,725
<i>Interest Income (expense)</i>	\$211,934			\$1,370	(\$6,166)	\$1,426	\$4,528	(\$26,147)
<i>Change in Unrealized gain (loss)</i>	\$5,602,037	\$2,391,100	\$373,828	\$1,662,527	\$2,698,663	\$115,711	\$96,018	(\$558,562)
<i>Realized gain (loss)</i>	\$987,116	\$0		(\$826)	\$5,559	\$2,280	\$0	\$6,444
<i>Change in Unrealized foreign exchange gain (loss)</i>	\$200,125	\$1,515	(\$53,893)	(\$39,377)	(\$48,728)	\$5,020	(\$8,031)	
<b>Total Revenue</b>	<b>\$7,580,293</b>	<b>\$2,638,445</b>	<b>\$713,274</b>	<b>\$1,800,033</b>	<b>\$3,067,904</b>	<b>\$300,770</b>	<b>\$268,773</b>	<b>(\$510,815)</b>
<b>Total Expenses</b>	<b>\$95,196</b>	<b>\$67,595</b>	<b>\$93,487</b>	<b>\$80,444</b>	<b>\$116,654</b>	<b>\$67,995</b>	<b>\$320,178</b>	<b>\$60,603</b>
<b>Net Income</b>	<b>\$6,554,941</b>	<b>\$2,271,521</b>	<b>\$602,174</b>	<b>\$1,525,492</b>	<b>\$2,646,981</b>	<b>\$233,899</b>	<b>(\$16,378)</b>	<b>(\$481,332)</b>
<b>Total Assets</b>	<b>\$40,699,980</b>	<b>\$33,315,133</b>	<b>\$30,698,979</b>	<b>\$30,120,055</b>	<b>\$28,360,871</b>	<b>\$25,629,052</b>	<b>\$25,383,829</b>	<b>\$25,521,475</b>
<i>Lysander Class A Shares</i>	<i>\$21,700,000</i>	<i>\$17,150,000</i>	<i>\$15,890,000</i>	<i>\$15,400,000</i>	<i>\$14,700,000</i>	<i>\$12,250,000</i>	<i>\$12,250,000</i>	<i>\$12,250,000</i>
<b>Total Shareholder's Equity</b>	<b>\$39,193,372</b>	<b>\$32,638,432</b>	<b>\$30,366,911</b>	<b>\$29,764,736</b>	<b>\$28,239,244</b>	<b>\$25,593,112</b>	<b>\$25,358,365</b>	<b>\$25,374,742</b>
<b>Number of Shares</b>								
Class A	1,489,994	1,511,994	1,511,994	1,531,094	1,531,860	1,555,160	1,598,560	1,611,460
Class B	3,728,443	3,706,443	3,706,443	3,687,343	3,686,577	3,663,277	3,619,877	3,606,977
Total	5,218,437	5,218,437	5,218,437	5,218,437	5,218,437	5,218,437	5,218,437	5,218,437
<b>Per Share Figures:</b>								
Revenue per share	\$ 1.45	\$ 0.51	\$ 0.14	\$ 0.34	\$ 0.59	\$ 0.06	\$ 0.05	\$ (0.10)
Net Income per share	\$ 1.26	\$ 0.44	\$ 0.12	\$ 0.29	\$ 0.51	\$ 0.04	\$ (0.00)	\$ (0.09)
Book Value per share	\$ 7.51	\$ 6.25	\$ 5.82	\$ 5.70	\$ 5.41	\$ 4.90	\$ 4.86	\$ 4.86

The variations shown in the table above relate to the timing of investment decisions and do not reflect any general trends or seasonality. For each quarterly period, the financial data has been prepared in accordance with IFRS and the Canadian Dollar has been the presentation and functional currency.

## **Subsequent Events**

### Lysander Special Dividend

On March 26, 2025, the Lysander Board approved a one-time Special Dividend for 2024 to all shareholders of record as at December 31, 2024. This will result in a special dividend to CSOC of \$339,500.

### Adhawk acquisition

On March 26, 2025, Adhawk Microsystems agreed to be acquired by a third party. CSOC holds \$USD 350,000 of Adhawk Microsystems convertible promissory notes (Adhawk Microsystems Inc 6% Promissory Note Sep 30, 2025). CSOC will receive total proceeds of \$USD 921,664.79.

## **Capital Resources**

CSOC has no commitments for any capital expenditures as of December 31, 2024.

## **Off-Balance Sheet Arrangements**

CSOC does not have any off-balance sheet arrangements.

## **Changes in Accounting Policies Including Initial Adoption**

There were no changes during the period ending December 31, 2024 to the Corporation's accounting policies. The Corporation's accounting policies for its financial instruments are disclosed in detail in Note 2 of the Annual Audited Financial Statements.

## **Financial Instruments and Other Instruments**

For the period ended December 31, 2024, CSOC continued to have the capability to hold derivatives and short positions in an investment portfolio in accordance with its investment mandate. At year-end CSOC held short positions in one Government of Canada bond. This position was held to hedge the interest rate risk on certain corporate bonds held in the portfolio. There were also three warrant securities held in two private companies that were value at nil at year-end. The list of all associated risks are disclosed in detail in Notes 3 and Note 11 of the Annual Audited Financial Statements.

## **Transactions between Related Parties**

On August 1, 2018, CSOC entered into an operational services agreement with Canso Investment Counsel Ltd. ("Canso"). The operational services agreement sets out that Canso will provide the day-to-day operational services to carry out the business affairs of CSOC. Under the terms of the agreement, until August 1, 2022, no fees are payable for services provided by Canso to CSOC. On each of August 1, 2022, August 1, 2023 and August 1, 2024, this arrangement was extended for a further 12 months, respectively. There were no management fees charged for the year ended December 31, 2024 (December 31, 2023: \$0).

## **Disclosure of Outstanding Share Data**

As at December 31, 2024, there were 1,489,994 Class A Shares and 3,728,443 Class B Shares of the Corporation outstanding.

## **Litigation**

The Corporation may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation, such a determination could adversely affect the Corporation's performance and the market price for the Corporation's securities. In August 2021, a proposed class action complaint was brought in the Superior Court of the State of California relating to the sale of BZ Holdings, Inc. ("BZ"), a Delaware corporation, to Centerfield Media Parent, Inc., which was accomplished by merger

approved by BZ's board of directors in December 2020. The proposed representative plaintiffs are three former common shareholders of BZ, purporting to represent a class of other common shareholders. As a result of the merger transaction, which was managed and approved by a special committee of the BZ board of directors, who were advised by sophisticated U.S. legal counsel and an investment banking advisor, the preferred shareholders recovered some, but not all of their investments, and the common shareholders did not receive any compensation. The defendants named in the complaint are BZ's board of directors, certain officers of BZ, BZ's financial adviser, and certain preferred shareholders who the plaintiffs allege promoted and approved the merger. CSOC, was a preferred shareholder of BZ and CDS & Co. is named in the complaint as the registered holder of CSOC's preferred shares. CDS & Co. has not been served with the complaint. Upon motions by the other defendants, on February 22, 2022, the court stayed the lawsuit on jurisdictional grounds. The Corporation denies the allegations in the complaint and, if necessary, will vigorously defend the action.

**Other MD&A Requirements**

Additional information relating to the Corporation is available on SEDAR+ at <https://www.sedarplus.ca>.

**FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words “seeks”, “expects”, “believes”, “estimates”, “will”, “target” and similar expressions. The forward-looking statements reflect the current expectations of CSOC regarding future results or events and are based on information currently available to it. Certain material factors and reasonable assumptions were applied in providing these forward-looking statements. All forward looking statements in this press release are qualified by these cautionary statements. CSOC believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, CSOC can give no assurances that the actual results or developments will be realized. These forward-looking statements are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. CSOC undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this report.*

*Additional information about CSOC is available under its SEDAR+ profile at <https://www.sedarplus.ca>.*