



Canso Select Opportunities Corporation

2024 ANNUAL REPORT

Corporate Information

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LEGAL COUNSEL:

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DIRECTORS, OFFICERS & COMMITTEES OF THE CORPORATION:

Jason Bell
President & CEO
Investment Committee member

Shirley Sumsion
Director, Chief Financial Officer
Investment and Audit Committee member

Neda Bizzotto
Director, Vice President & Corporate Secretary

Heather Mason-Wood
Director, Chair & Investment Committee
member

John Carswell
Director & Investment Committee member

Thomas Fernandes
Director & Audit Committee member

Stephen Klubi
Director & Audit Committee member

Tony MacDougall
Director & Audit Committee member

Margaret (Peggy) Dowdall-Logie
Director

Joseph Morin
Director & Investment Committee member

Jason Davis
Investment Committee member

Canso Select Opportunities Corporation Class A Multiple Voting Shares and Class B Subordinate Voting Shares are listed for trading on the TSX Venture Exchange.

Ticker Symbols:
CSOC.A (Class A Multiple Voting Shares)
CSOC.B (Class B Subordinate Voting Shares)

Website: www.selectopportunitiescorporation.com



Canso Select Opportunities Corporation

March 26, 2025

CSOC Shareholders ...

It is my pleasure to provide you with the 2024 Annual Report of Canso Select Opportunities Corporation ("CSOC").

After two years at the helm, Joe Morin announced his intention to retire as Chief Executive Officer ("CEO") and President at the end of 2024. Joe has been both a longtime friend and mentor. I worked for over a decade by his side at Canso Investment Counsel Ltd. ("CIC"), a member of the Canso Group of Companies, where he played a large role in my development as a research analyst and portfolio manager. Joe's expertise provided leadership to our investment team and his spirit from his days as a Lieutenant in the Royal Canadian Navy emerged at every corporate outing. Fortunately, he has offered me an open invite to catch up on the golf course. I hope that his swing improves in retirement, though I have my doubts.

Joe will be a tough act to follow. In his time as CEO, he grew CSOC's book value per share from \$4.90 to \$7.51, a compounded annual rate of 23.8%.

Core Position in Lysander Funds Limited

A significant portion of this growth came from CSOC's acquisition of a minority stake in Lysander Funds Limited ("Lysander"), a member of the Canso Group of Companies. Founded in 2009, Lysander is an Investment Fund Manager offering funds primarily throughout the Canadian investment dealer and advisor channel. CIC is the portfolio manager of its largest fund, the Lysander-Canso Corporate Value Fund.

On January 13, 2023, CSOC made a \$12.25 million all-stock purchase of Lysander Class A common shares. This transaction contemplated a Lysander price per share of \$175. Over the past 2 years, Lysander has doubled its assets under management from approximately \$10 billion to \$20 billion, resulting in significant growth in both revenue and operating income. The Lysander shares held by CSOC are now valued at \$21.7 million, or \$310 per share. CSOC also received the benefit of \$1.83 million of dividends from Lysander over this period. At its current valuation, Lysander shares represent 53.3% of CSOC's total assets. We view the Lysander shares as our core position, which will remain the most important driver of shareholder value for the foreseeable future.

Share Price to Book Value Differential

The positive underlying performance of CSOC has not been met with equal enthusiasm by "Mr. Market." There is a growing disconnect between CSOC's per share book value and the price at which the stock trades on the TSX Venture Exchange. CSOC's Class A Multiple Voting Shares and CSOC's Class B Subordinate Voting Shares closed the year at \$2.50 and \$2.39 respectively, while the book value per share at year end was \$7.51. In aggregate terms, CSOC's book value totaled \$39.2 million at year end, while its market capitalization was \$12.64 million.

There is no rule that public shares must trade at their accounting book value. Oftentimes there is good reason to ignore misleading balance sheet items. However, in the case of CSOC, we think book value is a useful gauge in assessing the fair value of our business.

61% of our assets, valued at \$24.8 million, are private. These assets require a certain degree of subjective judgement in assessing their fair value. We rely on a third party, Blair Franklin, to value the shares of our



Canso Select Opportunities Corporation

largest private investment: Lysander. Again, Lysander shares represent 53.3% of our total assets. For the remaining 7.7% of our private investments, we employ widely used valuation techniques to determine their fair value.

Publicly traded investments represent 38% of our assets. These are traditional stocks, bonds and preferred shares that trade in a market where prices are observable.

The value of CSOC's publicly traded securities totaled approximately \$15.5 million at year end. Consider that the value of these assets alone is higher than CSOC's entire market capitalization of \$12.64 million. This suggests that the value "Mr. Market" assigns to securities represented by 11 private companies, including Lysander which has a dividend payout currently delivering \$980,000 per annum to CSOC, is less than zero dollars.

We understand the frustration of our shareholders concerning this differential. CSOC shares, like many publicly listed companies on the TSX Venture Exchange, do not have a large following of analysts offering research and investment recommendations. Individuals must discover and understand CSOC largely for themselves. I hope to put forth, in this letter and future shareholder communications, the requisite information to facilitate a clear understanding of CSOC and its value proposition.

Background on Canso Group of Companies

In this vein, I believe it is integral that investors have a clear understanding of CSOC's history, ownership and position within what we refer to as the Canso Group of Companies.

CIC, Lysander and CSOC are all part of the Canso Group of Companies. There are more companies that make up this group, but they are of little significance to shareholders of CSOC. John Carswell is the beneficial majority owner of all three companies.

CIC was founded in 1997 by John Carswell. CIC is one of Canada's largest independent specialty managers of corporate bond portfolios for some of Canada's most sophisticated investors. CIC has a strong historical investment track record. Additional details about CIC can be found on its website: <https://www.cansofunds.com/>

Lysander was founded in 2009 by John Carswell and others. Lysander is a Canadian Investment Fund Manager that distributes funds managed by partner portfolio managers. The largest of these partner portfolio managers is CIC, which manages a variety of funds for Lysander. Additional details about Lysander can be found on its website: <https://www.lysanderfunds.com/>

CSOC was created from the conversion of a closed-end fund managed by Lysander (CIC was the portfolio manager to the closed-end fund). The predecessor fund was called Canso Select Opportunities Fund ("CSOF"). In late 2018, CSOF was converted into its current form, CSOC, as a publicly listed corporation on the TSX Venture Exchange. The rationale for the conversion was to create a clear path to value recognition for several of the less liquid holdings in CSOF, which were being jeopardized by the fund's annual redemption feature. As a publicly traded company, CSOC would be able to establish a permanent base of capital from which to grow.

Also in 2018, CSOC entered into an operational services agreement with CIC. The agreement sets out that CIC will provide the day-to-day operational services to carry out the business affairs of CSOC. All CSOC's investment decisions are made by CSOC's Investment Committee.



Canso Select Opportunities Corporation

Objective

We will continue to focus on our objective of creating long-term value for our shareholders. Consistent with this mission, CSOC's Investment Committee evaluates potential investments in public & private equities, debt and other securities. The deployment of funds to new investments depends on the valuation of the new investment opportunities and the availability of capital generated from income or the realization of proceeds from existing portfolio investments. We believe there are always attractive opportunities, irrespective of market conditions, and individual security selection remains paramount to the long-term success of the company.

I would like to thank the Officers and Directors of CSOC for their efforts on behalf of CSOC and CSOC shareholders this past year. I would also like to thank all of you for your interest in, and support of, Canso Select Opportunities Corporation.

Sincerely,

(signed) "Jason Bell"

Jason Bell
President and CEO

Forward-Looking Statements

Certain information contained in this Annual Report constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of CSOC, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. For important information regarding forward- looking statements, please refer to CSOC's most recently filed MD&A under the heading "Forward-Looking Statements".

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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.

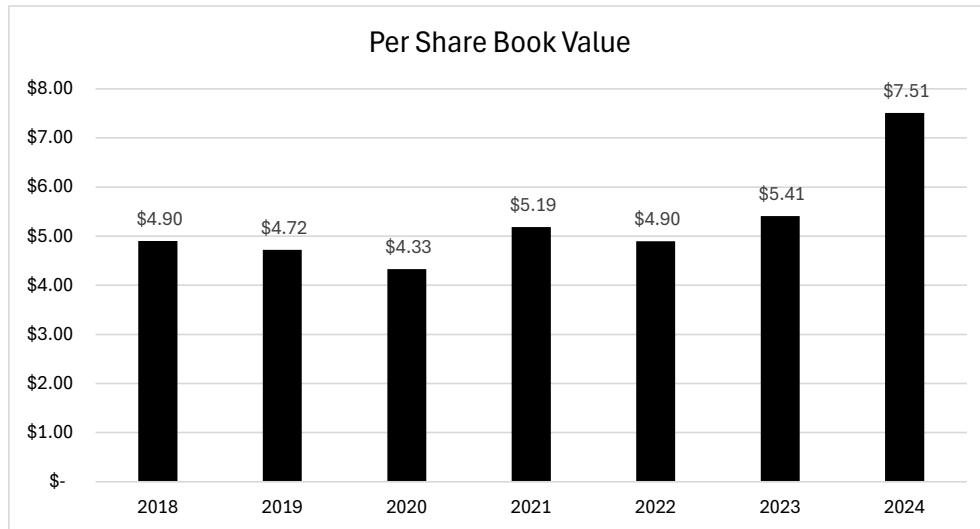
The following MD&A is the responsibility of management and is dated March 26, 2025. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed 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
Revenue		
<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)
Total Revenue	\$ 12,732,045	\$ 3,126,632
Total Expenses	\$ 336,722	\$ 565,430
Net Income	\$ 10,954,128	\$ 2,383,170
Total Assets	\$ 40,699,980	\$ 28,360,871
<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
Total Shareholder's Equity	\$ 39,193,372	\$ 28,239,244
Number of Shares		
CSOCA	1,489,994	1,531,860
CSOCB	3,728,443	3,686,577
Total Shares Outstanding	5,218,437	5,218,437
Per Share Figures:		
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%
Total	16,946,928	15,448,016	38.0%

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 operates 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%
Total	3,823,033	3,131,343	7.7%

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

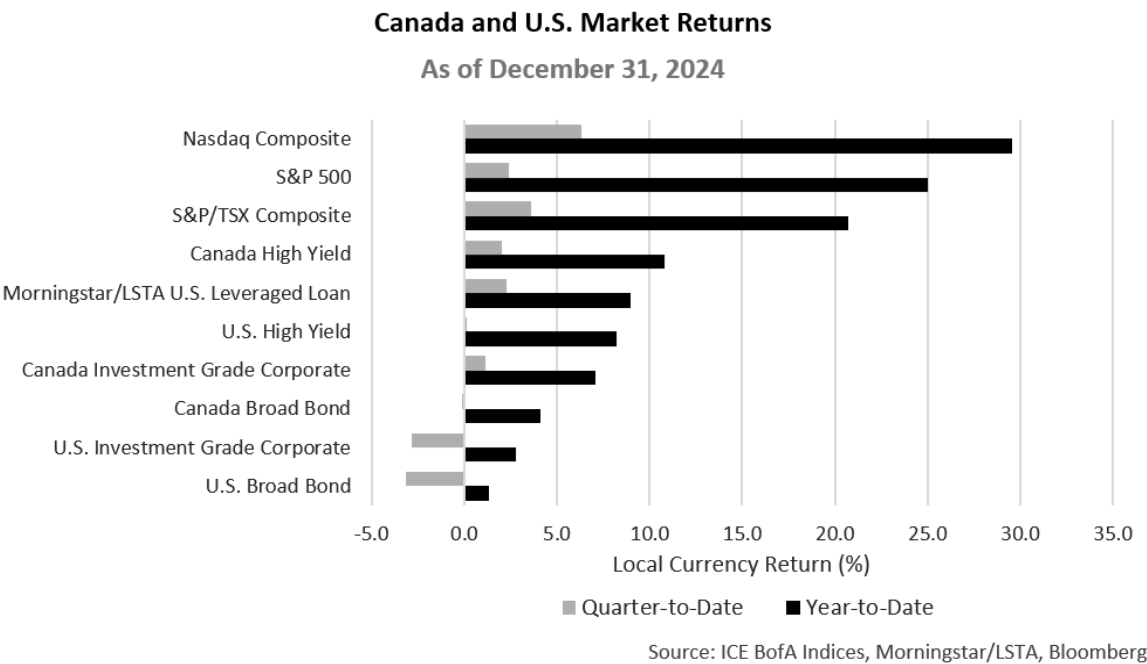
CSOC has engaged Blair Franklin to obtain an independent third-party valuation of the Lysander shares. Blair Franklin was engaged for valuation services for both year-end 2023 and 2024. As at December 31, 2024, Blair Franklin produced a valuation of \$310 per share, an increase of 47.6% from the previous 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
Revenue								
<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)	
Total Revenue	\$7,580,293	\$2,638,445	\$713,274	\$1,800,033	\$3,067,904	\$300,770	\$268,773	(\$510,815)
Total Expenses	\$95,196	\$67,595	\$93,487	\$80,444	\$116,654	\$67,995	\$320,178	\$60,603
Net Income	\$6,554,941	\$2,271,521	\$602,174	\$1,525,492	\$2,646,981	\$233,899	(\$16,378)	(\$481,332)
Total Assets	\$40,699,980	\$33,315,133	\$30,698,979	\$30,120,055	\$28,360,871	\$25,629,052	\$25,383,829	\$25,521,475
<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>
Total Shareholder's Equity	\$39,193,372	\$32,638,432	\$30,366,911	\$29,764,736	\$28,239,244	\$25,593,112	\$25,358,365	\$25,374,742
Number of Shares								
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
Per Share Figures:								
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>.

Financial Statements

Canso Select Opportunities Corporation

December 31, 2024 and 2023

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Management's Responsibility for Financial Reporting

The accompanying Financial Statements have been prepared by Management. Management is responsible for the information and representations contained in these Financial Statements. Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and include certain amounts based on estimates and assumptions. The material accounting policies that management believes are appropriate for Canso Select Opportunities Corporation ("CSOC") are described in Note 2 to the Financial Statements.

The Board of Directors is responsible for reviewing and approving CSOC's Financial Statements, overseeing management's performance of its financial reporting responsibilities and engaging the independent auditors. For all share classes of CSOC, the Financial Statements have been reviewed and approved by the Board of Directors.

Approved by the Board of Directors

(signed) "Jason Bell"

Jason Bell
Director

(signed) "Shirley Sumsion"

Shirley Sumsion
Director

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Canso Select Opportunities Corporation

Opinion

We have audited the financial statements of Canso Select Opportunities Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Level 3 Investments - Refer to Notes 2, 3 and 10 to the financial statements

Key Audit Matter Description

The Company's investment portfolio includes securities not quoted in an active market ("private investments") for which reliable quotations are not readily available, or for which there is no closing bid price. Management uses various valuation methodologies with unobservable market inputs in its determination of the fair value of private investments. The valuation methodologies used in estimating the fair value of these private investments vary based on the specific characteristics of the private investments.

The valuation of the private investments is inherently subjective and involves the use of significant management judgment and unobservable market inputs. As a result, the procedures related to the valuation methodologies and unobservable market inputs required a high degree of auditor judgment and increased audit effort, including the use of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation methodologies and unobservable market inputs used by management to estimate the fair value of the private investments included the following, among others:

- For a sample of private investments, with the assistance of fair value specialists,
 - Evaluated the appropriateness of the methodology used in the valuation of the private investments;
 - Evaluated the reasonableness of any significant changes in valuation methodologies or significant unobservable market inputs;
 - Reviewed relevant internal and external information, including industry information, to assess the reasonability of unobservable market inputs in instances where these inputs were more subjective;
 - Developed independent fair value estimates by using private investment financial information, which was compared to agreements or underlying source documents provided to the Company by the private investments, and available market information from third party sources such as market spreads, market multiples, and leverages;
- Evaluated management's fair value estimates by comparing to subsequent transactions, if any, taking into account changes in market or investment specific conditions, where applicable.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Francesco Quatrale.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants
March 26, 2025
Toronto, Ontario

Canso Select Opportunities Corporation
Statements of Financial Position
As at December 31, 2024 and 2023

	2024	2023
	\$	\$
Assets		
Current Assets		
Investment in Canso Select Opportunities Fund, FVTPL (Note 8)	12,981,373	9,728,183
Investments through FVTPL (Note 8)	27,405,704	18,104,949
Accrued interest	-	9,315
Cash and cash equivalents	104,845	227,021
Dividend receivable	16,309	446
Prepaid expenses	22,762	18,712
Total Current Assets	40,530,993	28,088,626
Non-current Asset		
Deferred tax assets (Note 9)	168,987	272,245
Total Assets	40,699,980	28,360,871
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 4 and 6)	142,310	95,266
Non-current Liabilities		
Deferred tax liabilities (Note 9)	1,364,298	26,361
Total Liabilities	1,506,608	121,627
Shareholders' Equity		
Share capital (Note 5)	23,359,050	23,359,050
Contributed surplus	4,324,550	4,324,550
Retained earnings	11,509,772	555,644
Total Shareholders' Equity	39,193,372	28,239,244
Total Liabilities and Shareholders' Equity	40,699,980	28,360,871

Approved by the Board of Directors

(signed) "Jason Bell"

Jason Bell
Director

(signed) "Shirley Sumsion"

Shirley Sumsion
Director

The accompanying notes are an integral part of these financial statements.

Canso Select Opportunities Corporation
Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023

	2024	2023
	\$	\$
Income		
Dividend income	1,394,589	838,617
Interest income (expense)	213,304	(26,359)
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:		
Realized gain on investments (Note 8)	988,314	14,283
Realized foreign exchange loss	(2,024)	-
Change in unrealized foreign exchange gain (loss)	108,370	(51,739)
Change in unrealized gain on investments (Note 8)	10,029,492	2,351,830
Total Income	12,732,045	3,126,632
Expenses (Note 6)		
Directors fees	99,969	125,105
Professional fees (Note 7)	133,118	307,450
Administration	78,814	108,360
Bank charges	1,094	982
Insurance	23,727	23,533
Total Expenses	336,722	565,430
Net Income before income taxes	12,395,323	2,561,202
Income tax expense		
Deferred (Note 9)	1,441,195	178,032
Total Income Tax Expense	1,441,195	178,032
Net income and comprehensive income for the year	10,954,128	2,383,170
Earnings per share attributable to shareholders		
Basic	\$2.10	\$0.46
Diluted	\$2.10	\$0.46

The accompanying notes are an integral part of these financial statements.

Canso Select Opportunities Corporation
Statements of Changes in Equity
For the years ended December 31, 2024 and 2023

2024				
	\$	\$	\$	\$
	Share capital	Contributed surplus	Retained earnings	Total
Opening balance, January 1, 2024	23,359,050	4,324,550	555,644	28,239,244
Net income for the year	-	-	10,954,128	10,954,128
Ending balance, December 31, 2024	23,359,050	4,324,550	11,509,772	39,193,372

2023				
	\$	\$	\$	\$
	Share capital	Contributed surplus	Retained earnings (deficit)	Total
Opening balance, January 1, 2023	11,109,050	4,324,550	(1,827,526)	13,606,074
Class B Subordinate Voting Shares issued	12,250,000	-	-	12,250,000
Net income for the year	-	-	2,383,170	2,383,170
Ending balance, December 31, 2023	23,359,050	4,324,550	555,644	28,239,244

The accompanying notes are an integral part of these financial statements.

Canso Select Opportunities Corporation
Statements of Cash Flows
For the years ended December 31, 2024 and 2023

	2024	2023
	\$	\$
Operating Activities		
Net income	10,954,128	2,383,170
Adjustments for:		
Interest income re-invested	(222,620)	(23,708)
Dividend income re-invested	(313,361)	(308,454)
Realized gain on investment	(988,314)	(14,283)
Realized foreign exchange loss	6,570	-
Change in unrealized foreign exchange (gain) loss on investments	(108,103)	51,666
Change in unrealized appreciation on investments	(10,029,492)	(2,351,830)
Purchase of investments	(1,420,721)	(991,540)
Proceeds from sale of investments	522,096	1,036,539
Accrued interest	9,315	69,205
Dividend receivable	(15,863)	(53)
Prepaid expenses	(4,050)	201,603
Deferred tax assets	103,258	151,671
Deferred tax liabilities	1,337,937	26,361
Accounts payable and accrued liabilities	47,044	(83,319)
Net Cash (Used in) Generated by Operating Activities	(122,176)	147,028
Cash and cash equivalents — Beginning of year	227,021	79,993
Cash and cash equivalents — End of year	104,845	227,021

The accompanying notes are an integral part of these financial statements.

Canso Select Opportunities Corporation
Notes to Financial Statements
For the years ended December 31, 2024 and 2023

1. General Information

Canso Select Opportunities Corporation ("CSOC" or "Company") was incorporated by articles of incorporation under the Ontario Business Corporations Act on February 16, 2018. Effective September 4, 2018, the Class A Multiple Voting Shares and Class B Subordinate Voting Shares of CSOC were eligible to commence trading on the TSX Venture Exchange under the symbols CSOC.A representing the Class A Multiple Voting Shares and CSOC.B representing the Class B Subordinate Voting Shares. Canso Select Opportunities Fund ("CSOF") is a wholly-owned investment held by CSOC. CSOC indirectly holds all of the investments of CSOF through its ownership of CSOF.

CSOC is an Ontario-based investment corporation. The Company's registered head office is 100 York Blvd., Suite 550, Richmond Hill, Ontario, L4B 1J8. CSOC's investment objective is to provide capital gains and dividend income to its shareholders. Consistent with this objective, the Company evaluates potential investments in debt, public and private equity and other securities. The deployment of funds to new investments depends on both the attractiveness of new investment opportunities and the availability of capital as generated from the realization of value from existing portfolio investments.

2. Basis of Presentation and Material Accounting Policies

These financial statements are presented in Canadian dollars and have been prepared in accordance with IFRS Accounting Standards, as issued by the IASB and as required by Canadian securities legislation and the Canadian Accounting Standards Board. The Company qualifies as an Investment Entity under IFRS 10 'Consolidated Financial Statements' ("IFRS 10"). Entities that meet the definition of an investment entity within IFRS 10, are required to measure their subsidiaries at Fair Value Through Profit or Loss ("FVTPL") rather than consolidate them. The criteria which define an investment entity are as follows: 1) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services; 2) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and 3) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis. In the judgement of Management, CSOC meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

The following material accounting policies were used in the preparation of these financial statements:

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term investments in an active market with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

Deferred Income Taxes

The Company accounts for income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

Shareholders' Equity

CSOC classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. CSOC's Class A Multiple Voting Shares, and Class B Subordinate Voting Shares do not contain a redemption feature, are therefore not puttable and are classified as equity under IAS 32, Financial Statements.

Foreign Currency

CSOC's functional and presentation currency is the Canadian dollar. Foreign-denominated investments and other foreign-denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses relating to cash and other financial assets and liabilities are presented as foreign exchange gain (loss) on cash and other net assets.

2. Basis of Presentation and Material Accounting Policies (Cont'd)

Income Recognition

Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Interest income is measured using the effective interest rate method.

Earnings or Loss per share

Basic earnings or loss per share is computed by dividing the earnings or loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings or loss per share is computed similar to basic earnings or loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Share Capital

Share capital of the Company as stated in the financial statements is the same as the Company's legal stated capital.

IFRS 9 Financial Instruments ("IFRS 9")

Since its inception, CSOC has applied IFRS 9, Financial Instruments, which deals with the recognition, derecognition, classification and measurement of financial instruments. IFRS 9 contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, cash, prepaid expenses and accounts payable and accrued liabilities are all carried at amortized cost. All other financial assets would be measured at fair value. IFRS 9 also introduces the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The ECL impairment model does not have a material impact on the Company's financial assets given that the majority of the Company's financial assets are measured at fair value through profit or loss.

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss ("FVTPL")

Financial Assets

CSOC classifies its investments in debt and equity securities and investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. CSOC also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income ("FVOCI") has not been taken. Consequently, these financial assets are mandatorily measured at FVTPL.

Financial Liabilities

CSOC may make short sales in which a borrowed security is sold in anticipation of a future decline in its market value or used as an arbitrage strategy.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking. All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

Financial Assets and Financial Liabilities at Amortized Cost

The financial assets and financial liabilities measured at amortized cost include cash, accrued income, and other short-term receivables and payables.

2. Basis of Presentation and Material Accounting Policies (Cont'd)

Fair Value Hierarchy

CSOC classifies financial instruments carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified as Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. Management assesses transfers at the time of an event that may cause reason for re-assessment of levelling. The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes observable data requires significant judgment by the investment committee. CSOC considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair Value Measurements

CSOC measures its investment in CSOF at FVTPL, which is determined based on the fair value of CSOF's assets and liabilities. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and securities) are based on quoted market prices at the close of trading on the period-end date. The quoted market price used for financial assets and financial liabilities of CSOF is the last traded price provided such price is within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, Management will determine the points within the bid-ask spread that are most representative of the fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques commonly used by market participants making the maximum use of observable inputs and relying as little as possible on unobservable inputs. Management uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Where available, valuation techniques use market observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, management selects the non-market-observable inputs to be used in its valuation techniques, based on a combination of historical experience, derivation of input levels based on similar products with observable price levels and knowledge of current market conditions and valuation approaches.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

2. Basis of Presentation and Material Accounting Policies (Cont'd)

Fair Value Measurements (Cont'd)

Unlisted debt securities are valued based on observable inputs such as the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Unlisted debt securities for which current quotations are not readily available are valued using another valuation technique as described below.

Management uses widely recognized valuation techniques for determining the fair value of financial and non-financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include: i) discounted value of expected cash flows, ii) relative value, iii) option pricing methodologies, iv) private placement financing techniques, and v) internally developed models. In some cases, it may be reasonable and appropriate to value at cost where it represents the most reasonable estimate of fair value.

Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models.

Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued.

Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed form analytical formula or other mathematical techniques (e.g., binomial tree or Monte Carlo simulation).

For more complex instruments and instruments for which there is no active market, fair values may be estimated using a combination of observed transaction prices, if any, consensus pricing services and relevant broker quotes. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services.

Private placement financings are instances where a company raises capital through an offering of additional securities in the private markets. Pertinent details of such offering, including the terms of such offering, the issue price, and total capital raised are considered when assessing the reasonability that the issue price of such offering approximates fair value. In contrast to public offerings on a recognized exchange, private placement financings are not available to the general public. The Company also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation.

Recognition, Derecognition and Measurement

At initial recognition, financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in their fair value are included in the statement of comprehensive income for the period in which they arise. Dividend or interest income earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income.

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or CSOC has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit

2. Basis of Presentation and Material Accounting Policies (Cont'd)

Recognition, Derecognition and Measurement (Cont'd)

or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Investment transactions are accounted for on a trade date basis. Interest income is recorded on an accrual basis. Realized gains and losses on the disposition of investments, and unrealized appreciation and depreciation of investments, are determined on an average cost basis and are included in the statement of comprehensive income.

Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from expiration of written options whereby realized gains are equivalent to the premium received and from the exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gains or losses from disposition of the related investments at the exercise price of the option.

Accounting Estimates

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The most significant estimates relate to the valuation of investments. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

IFRS Accounting Standards issued but not yet adopted

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS Accounting Standards 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures ("MPMs") in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impact to the financial statements.

Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS Accounting Standards 9 – Financial Instruments and IFRS Accounting Standards 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance ("ESG")-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at FVOCI and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impact to the financial statements.

3. Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to use judgement in applying its accounting policies and to make estimates and assumptions about the future. 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 and in any future period affected.

The following discusses the most significant accounting judgements that the Company has made in preparing the financial statements:

i. Fair value measurement of derivatives and securities not quoted in an active market

CSOC may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgements and estimates CSOC has made in preparing financial statements. See Note 10 for more information on the fair value measurements of CSOC's financial statements.

3. Critical Accounting Estimates and Judgements (Cont'd)

ii. Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income, together with further tax planning strategies.

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are current in nature and will be paid within the next 3 months. The breakdown of the account is as follows:

	December 31, 2024	December 31, 2023
	\$	\$
Accounts payable and accrued liabilities	142,310	87,047
Government remittances	-	8,219
	142,310	95,266

5. Share Capital

The Company is authorized to issue an unlimited number of shares of a class designated as Class A Multiple Voting Shares, an unlimited number of shares of a class designated as Class B Subordinate Voting Shares, and an unlimited number of shares of a class designated as Preference Shares. Share capital of the Company as stated in the financial statements is the same as the legal stated capital.

Class A Multiple Voting Shares

The rights, privileges, restrictions and conditions attaching to the Class A Multiple Voting Shares are as follows:

Dividends - The holders of Class A Multiple Voting Shares shall be entitled to receive and the Company shall pay thereon, as and when declared from time to time by the Board of Directors of the Company (the "Board") out of moneys of the Company properly applicable to the payment of dividends, dividends in such amount as the Board shall in its sole discretion determine. Provided, however, that the Board may not declare a dividend on the Class A Multiple Voting Shares without also concurrently declaring a dividend on the Class B Subordinate Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Subordinate Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is \$0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion - The Class A Multiple Voting Shares are convertible, at any time, at the option of the holder and without payment of additional consideration, into Class B Subordinate Voting Shares on the basis of one Class B Subordinate Voting Share for each one Class A Multiple Voting Share so converted. A holder of Class A Multiple Voting Shares may convert less than all of the Class A Multiple Voting Shares held, but only a whole number of Class A Multiple Voting Shares may be converted.

Voting - The holders of the Class A Multiple Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company, in person or by proxy, save and except meetings at which only holders of another class or series of shares are entitled to vote, and each such Class A Multiple Voting Share shall confer the right to thirty (30) votes.

Liquidation - The holders of the Class A Multiple Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Company ranking in priority to the Class A Multiple Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of Class B Subordinate Voting Shares, in such assets of the Company as are available for distribution.

5. Share Capital (cont'd)

Class B Subordinate Voting Shares

The rights, privileges, restrictions and conditions attaching to the Class B Subordinate Voting Shares are as follows:

Dividends - The holders of Class B Subordinate Voting Shares shall be entitled to receive, and the Company shall pay thereon, as and when declared from time to time by the Board out of moneys of the Company properly applicable to the payment of dividends, dividends in such amount as the Board shall in its sole discretion determine. Provided, however, that the Board may not declare a dividend on the Class B Subordinate Voting Shares without also concurrently declaring a dividend on the Class A Multiple Voting Shares, and provided further that any time that a dividend is declared on the Class A Multiple Voting Shares and the Class B Subordinate Voting Shares, the dividend on the Class B Subordinate Voting Shares shall be in an amount per share which is \$0.05 per share higher than the amount of the dividend declared on the Class A Multiple Voting Shares.

Conversion - In the event that an Exclusionary Offer is made for the Class A Multiple Voting Shares, the Class B Subordinate Voting Shares are, subject to certain conditions, convertible at the option of the holder into Class A

Multiple Voting Shares on a one for one basis for purposes of the holder tendering such converted shares to the Exclusionary Offer.

"Exclusionary Offer" means an offer to purchase Class A Multiple Voting Shares that:

(A) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Class A Multiple Voting Shares are listed, be made to all or substantially all holders of Class A Multiple Voting Shares who are residents of a province of Canada to which the requirement applies; and

(B) is not made concurrently with an offer to purchase Class B Subordinate Voting Shares that is identical to the offer to purchase Class A Multiple Voting Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Class A Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class A Multiple Voting Shares), and that has no condition attached other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Class A Multiple Voting Shares, and for the purposes of this definition if an offer to purchase Class A Multiple Voting Shares is not an Exclusionary Offer as defined above but would be an Exclusionary Offer if it were not for this sub-clause (B), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class B Subordinate Voting Shares.

Voting - The holders of the Class B Subordinate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company, save and except meetings at which only holders of

another class or series of shares are entitled to vote, and each such Class B Subordinate Voting Share shall confer the right to one (1) vote in person or by proxy.

Liquidation - The holders of the Class B Subordinate Voting Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for purposes of winding-up its affairs, but subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Company ranking in priority to the Class B Subordinate Voting Shares in respect of return of capital on dissolution or winding-up, to share rateably, on a share for share basis, with the holders of Class A Multiple Voting Shares, in such assets of the Company as are available for distribution.

Preference Shares - The Preference Shares may at any time and from time to time be issued in one or more series, to consist of such number of shares as may, before issuance of such series, be fixed by the Board by Articles of Amendment in accordance with the procedure set forth in the Business Corporations Act (Ontario) (the "OBCA") respecting the issuance of shares in series. The Board may, subject to the limitations set forth in the OBCA, fix by Articles of Amendment the designation of each series of Preference Shares and the rights, privileges, restrictions and condition assigned to such series. There are no Preference Shares issued as of December 31, 2024 and 2023.

Canso Select Opportunities Corporation
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For the years ended December 31, 2024 and 2023

5. Share Capital (cont'd)

At December 31, 2024 share capital consists of the following:

	Number of shares #	Amount \$
1,489,994 Class A Multiple Voting Shares		5,957,968
3,728,443 Class B Subordinate Voting Shares		17,401,082
		<u>23,359,050</u>
Class A Multiple Voting Shares:		
Class A Multiple Voting Shares outstanding, January 1, 2024	1,531,860	6,125,376
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	(41,866)	(167,408)
Class A Multiple Voting Shares outstanding, December 31, 2024	1,489,994	5,957,968
Class B Subordinate Voting Shares:		
Class B Subordinate Voting Shares outstanding, January 1, 2024	3,686,577	17,233,674
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	41,866	167,408
Class B Subordinate Voting Shares outstanding, December 31, 2024	3,728,443	17,401,082
	<u>5,218,437</u>	<u>23,359,050</u>

During the year, there was a conversion of 41,866 Class A Multiple Voting Shares to 41,866 Class B Subordinate Voting Shares.

At December 31, 2023 share capital consisted of the following:

	Number of shares #	Amount \$
1,531,860 Class A Multiple Voting Shares		6,125,376
3,686,577 Class B Subordinate Voting Shares		17,233,674
		<u>23,359,050</u>
Class A Multiple Voting Shares:		
Class A Multiple Voting Shares outstanding, January 1, 2023	1,611,460	6,443,669
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	(79,600)	(318,293)
Class A Multiple Voting Shares outstanding, December 31, 2023	1,531,860	6,125,376
Class B Subordinate Voting Shares:		
Class B Subordinate Voting Shares outstanding, January 1, 2023	1,166,738	4,665,381
Conversion from Class A Multiple Voting Shares to Class B Subordinate Voting Shares	79,600	318,293
Class B Subordinate Voting Shares issued	2,440,239	12,250,000
Class B Subordinate Voting Shares outstanding, December 31, 2023	3,686,577	17,233,674
	<u>5,218,437</u>	<u>23,359,050</u>

6. Related Party Transactions

CSOC has an operational services agreement with Canso Investment Counsel Ltd. ("Canso") that was originally entered into on August 1, 2018. 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, there were no fees payable for services provided by Canso to CSOC for the first 24-month period and the term could be extended at 12-month periods, as agreed to between the parties. The parties agreed to extend the no fee arrangement for the 12-month term ending on July 31, 2025. There were no management fees charged for the year ended December 31, 2024 (2023 – \$Nil).

Included in administration expense is \$11,018 paid to Portfolio HiWay Inc. ("PHW"), a company under common control. Included in professional fees expense is \$10,659 paid to PHW. Included in accounts payable is \$21,677 (2023 – \$Nil) owing to PHW.

On January 13, 2023, CSOC purchased 70,000 Class A Common Shares of Lysander Funds Limited from CFM by issuing to CFM 2,440,239 Class B Subordinate Voting Shares of CSOC pursuant to a share purchase agreement dated October 17, 2022 (the "Transaction"). The consideration is \$12.25 million. Following the Transaction, CFM holds approximately 68% of CSOC's outstanding Class B Subordinate Voting Shares, which represents a voting position of 4.7%.

Canso Select Opportunities Corporation
Notes to Financial Statements
For the years ended December 31, 2024 and 2023

7. Audit Fees

For the year ended December 31, 2024, fees paid/payable to Deloitte LLP for the audit of the financial statements of CSOC were \$38,673 (2023 – \$32,842), including HST.

8. Investments

In determining whether CSOC has control or significant influence over an investment, CSOC assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. CSOC qualifies as an investment entity under IFRS 10, and therefore accounts for investments it controls at fair value through profit and loss. CSOC has significant influence over Lysander because it controls 12% of Lysander and its representation on the board of directors of Lysander. As an investment entity, CSOC meets the exemption under IAS 28 that allows CSOC to elect to measure the investment in associates at fair value through profit or loss in accordance with IFRS 9. CSOC's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the Circular to meet those objectives. CSOC also measures and evaluates the performance of any investment on a fair value basis. As described in Note 1, CSOF is a wholly owned investment of CSOC.

As at December 31, 2024, CSOC's investment portfolio consists of equity and debt securities in 16 different issuers.

Description	Average Cost \$	Fair Value \$	% of Portfolio
Equities Held Long	16,610,439	26,805,704	97.81%
Air Canada	191,516	255,990	0.93%
BCE Inc.	638,104	533,120	1.95%
Bombardier Inc.	41,975	51,825	0.19%
Brill Power Limited Class A	105,559	22,417	0.08%
Quebecor Inc. Class B	354,534	315,000	1.15%
Fibracast	800,000	58,800	0.21%
Lysander Funds Limited	12,250,000	21,700,000	79.18%
New Horizon Aircraft Ltd	450,473	133,503	0.49%
New Horizon Aircraft Ltd (Unregistered)	106,872	327,852	1.20%
New Horizon Aircraft Ltd Preferred Convertible	321,211	788,308	2.88%
HashTag Paid Inc. Series A-5 Preferred Shares	132,837	362,914	1.32%
HashTag Paid Inc. Series B-4 Preferred Shares	66,330	74,249	0.27%
MDA Space Ltd. (previously MDA Ltd.)	879,998	1,856,167	6.77%
Our Home and Miniature Land Inc. Warrants	-	-	0.00%
NorthStar Gaming Holdings Inc (Escrow)	1,825	128	0.00%
NorthStar Gaming Holdings Inc	6,730	519	0.00%
Portfolio HiWay Inc.	50,000	62,500	0.23%
Reformulary Group Inc.	200,000	250,000	0.91%
Smooth Payment Inc. May 12, 2031 Warrants	-	-	0.00%
Smooth Payment Inc. July 5, 2031 Warrants	-	-	0.00%
TC Fund I LP Class B	12,475	12,412	0.05%
Fixed Income	800,000	600,000	2.19%
Our Home and Miniature Land Inc. 10% January 27, 2026	400,000	400,000	1.46%
Smooth Payment Inc. 8.0% December 1, 2025	400,000	200,000	0.73%
CSOC's Investments at Fair Value through Profit or Loss	17,410,439	27,405,704	100.00%

Canso Select Opportunities Corporation
Notes to Financial Statements
For the years ended December 31, 2024 and 2023

8. Investments (Cont'd)

As at December 31, 2024, CSOF's investment portfolio consists of equity and debt securities in 21 different issuers. The portfolio also includes cash and cash equivalents.

Description	Average Cost \$	Fair Value \$	% of Portfolio
Cash & Cash Equivalents	180,757	182,038	1.41%
Equities Held Long	13,147,654	10,321,319	80.18%
Aegis Brands Inc. (previously Second Cup Ltd.)	3,400,936	349,490	2.71%
Air Canada	396,508	400,680	3.11%
Bird Construction Inc.	436,070	1,679,619	13.05%
Bombardier Inc.	337,302	489,934	3.81%
BZ Holdings Inc.	-	2	0.00%
Canadian Life Companies Split	78,572	89,250	0.69%
Cineplex Inc	1,203,587	1,865,380	14.49%
Enbridge Inc	384,298	494,181	3.84%
UBS Group AG (previously Credit Suisse Group AG)	148,214	241,480	1.88%
Flint Corp (previously ClearStream Energy SVCS Inc.)	2,012,939	131,811	1.02%
Flint Corp Series 1 Preferred Shares (previously ClearStream Energy Services - Preferred)	729,400	390,401	3.03%
Hertz Global Holdings Inc.	424,452	126,859	0.99%
Manulife Financial Group	694,689	1,420,684	11.04%
Quebecor Inc. Class B	1,158,924	1,102,500	8.56%
Sun Life Financial Corp	483,261	408,975	3.18%
X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.)	86,844	5,969	0.05%
X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.)	51,792	1	0.00%
Yellow Pages Limited	1,119,866	1,124,103	8.73%
Fixed Income	2,795,548	2,889,770	22.45%
AdHawk Microsystems Inc. 6% Promissory Notes September 30, 2025	466,585	503,370	3.91%
Air Canada 4% July 1, 2025	207,684	191,375	1.49%
Bank of Nova Scotia	563,450	686,079	5.33%
Latam Airlines Group	641,209	820,899	6.38%
Corus Entertainment Inc	526,000	320,000	2.49%
Hertz Corp	390,620	368,047	2.85%
Fixed Income held short	(514,437)	(519,472)	(4.04%)
Government of Canada	(514,437)	(519,472)	(4.04%)
Total	15,609,522	12,873,655	100.00%
Other Assets, Net of Liabilities		107,718	
CSOC's investment in CSOF at Fair Value Through Profit or Loss		12,981,373	

9. Income Taxes

CSOC, as a public corporation, is subject to income taxes on its net investment income and net realized gain on investments at rates of approximately 26.50% and 13.25%, respectively. Taxable dividends from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The effective income tax rates for deferred income taxes are approximately 26.50% on investment income and 13.25% on net realized gains/losses.

The Company's expense of income taxes for the years ended December 31, 2024 and 2023 are summarized as follows:

	December 31, 2024		December 31, 2023	
	\$	%	\$	%
Net income before income taxes	12,395,323	100.0%	2,561,202	100.0%
Expected taxes expense at future rates – 26.5%	3,284,761	26.5%	678,719	26.5%
Income tax effect of the following:				
Non-deductible expenses	-	0.0%	27,320	1.1%
Non-taxable income	(369,566)	(3.0%)	(222,234)	(8.7%)
Return to provision adjustments	(2)	0.0%	870	0.0
Non-taxable portion of realized capital gain	(125,403)	(1.0%)	(1,881)	(0.1%)
Non-taxable portion of unrealized capital gain	(1,348,595)	(10.9%)	(304,762)	(11.9%)
	1,441,195	11.6%	178,032	7.0%

The income tax expense is represented as follows:

	December 31, 2024	December 31, 2023
	\$	\$
Deferred tax expense	1,441,195	178,032
	1,441,195	178,032

As at December 31, 2024, CSOC had a deferred tax asset of \$168,987 (2023 – \$272,245). The components of the Company's deferred income tax asset are as follows:

	December 31, 2024	December 31, 2023
	\$	\$
Intangible property	7,983	8,403
Share issue cost	7,216	9,631
Non-capital losses	153,788	201,167
Realized capital losses	-	53,044
	168,987	272,245

As at December 31, 2024, CSOC had a deferred tax liability of \$1,364,298 (2023 – \$26,361) relating to unrealized gain on its investments.

CSOC has non-capital losses of \$580,331 (2023 – \$759,120) available to offset future taxable income, and if not utilized, will expire as follows:

Year	\$
2040	176,616
2041	59,937
2043	343,778
	580,331

Realized capital losses of \$400,335 from previous tax years have been fully applied against capital gains earned in 2024.

10. Fair Value Hierarchy

The following fair value hierarchy table presents information about CSOC's and CSOF's assets and liabilities measured at fair value, as described in Note 2, as at December 31, 2024 and 2023. During the year ended December 31, 2024, there were no transfers between levels (2023 – \$Nil).

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Financial Assets	\$	\$	\$	\$
Fixed Income held in CSOF	-	2,386,400	503,370	2,889,770
Equities held in CSOF	9,924,948	-	396,371	10,321,319
Fixed Income held in CSOC	-	-	600,000	600,000
Equities held in CSOC	3,474,104	788,308	22,543,292	26,805,704
Total	13,399,052	3,174,708	24,043,033	40,616,793

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Financial Liabilities	\$	\$	\$	\$
Fixed income held in CSOF	-	(519,472)	-	(519,472)
Total	-	(519,472)	-	(519,472)

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets	\$	\$	\$	\$
Fixed Income held in CSOF	-	2,700,823	461,510	3,162,333
Equities held in CSOF	6,903,769	-	383,541	7,287,310
Fixed Income held in CSOC	-	-	1,100,000	1,100,000
Equities held in CSOC	1,019,995	-	15,984,954	17,004,949
Total	7,923,764	2,700,823	17,930,005	28,554,592

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Financial Liabilities	\$	\$	\$	\$
Fixed income held in CSOF	-	(1,258,506)	-	(1,258,506)
Total	-	(1,258,506)	-	(1,258,506)

	December 31, 2024	December 31, 2023
Level 3 Reconciliation	\$	\$
Balance, beginning of year	17,930,005	3,096,682
Purchases - held in CSOC	-	12,812,541
Purchases - held in CSOF	-	466,585
Sales - CSOC	-	(236,614)
Sales - CSOF	-	(20,836)
Conversion - CSOC*	(500,000)	-
Realized loss, net - CSOC	-	72,117
Realized gain, net - CSOF	-	(4,560)
Dividend income re-invested	-	20,492
Return on capital	(21,483)	-
Change in unrealized appreciation (depreciation) - CSOF	76,173	(89,509)
Change in unrealized appreciation - CSOC	6,558,338	1,813,107
Balance, end of year	24,043,033	17,930,005

* During the year ended December 31, 2024, \$500,000 Horizon Aircraft 10% Convertible Promissory Note October 24, 2024 along with the accrued interest of \$10,685 was converted to 93,566 shares of New Horizon Aircraft Ltd, which was classified as a Level 1 financial instrument.

The fair value of each Level 3 financial instrument is generally measured using unobservable market inputs with the best information available at the time. Various valuation techniques are utilized, depending on a number of factors including key inputs and assumptions, which are company specific and may include estimated discount rates and expected price volatilities.

The following section provides information regarding select Level 3 securities in both CSOC and CSOF. It includes a summary of the valuation techniques used and the sensitivity of the fair value of these securities to changes in input values.

10. Fair Value Hierarchy (Cont'd)

Brill Power Limited Class A

Price: £0.41

Valuation technique: The private placement financing technique using an Option Pricing Model

Unobservable inputs: The main unobservable inputs into the model are the time to exit, volatility, risk free rate, and enterprise value of the company.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 50%, or an increase or decrease in the security price of £0.21, or an increase or decrease in net assets of \$11,209.

Fibracast

Price: \$0.07

Valuation Technique: The private placement financing technique

Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$0.021, or an increase or decrease in net assets of \$17,640.

HashTag Paid Inc. Series A-5 Preferred Shares

Price: US\$0.54

Valuation Technique: The private placement financing technique using an Option Pricing Model

Unobservable Inputs: The main unobservable inputs into the model are the time to exit, volatility, risk free rate, and enterprise value of the company.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 50%, or an increase or decrease in the security price of US\$0.27, or an increase or decrease in net assets of \$181,457.

HashTag Paid Inc. Series B-4 Preferred Shares

Price: US\$0.65

Valuation Technique: The private placement financing technique using an Option Pricing Model

Unobservable Inputs: The main unobservable inputs into the model are the time to exist, volatility risk free rate and enterprise value of the company.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 50%, or an increase or decrease in the security price of US\$0.33, or an increase or decrease in net assets of \$37,125.

Lysander Funds Limited

Price: \$310.00

Valuation technique: Relative Value

Unobservable inputs: The primary unobservable inputs for this security are the company's financial metrics, AUM, valuation multiples of comparable publicly traded asset managers, and a discount for lack of liquidity.

Change in input values: A reasonably possible change to the value of market comparables could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$93, or an increase or decrease in net assets of \$6,510,000.

Our Home and Miniature Land Inc. 10% January 27, 2026

Price: \$100.00

Valuation Technique: The private placement financing technique

Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.

Change in input values: A reasonably possible change to value of the next private placement financing could result in an increase or decrease of 30% or an increase or decrease in the security price of \$30, or an increase or decrease in net assets of \$120,000.

Our Home and Miniature Land Inc. Warrants

Price: \$0.00

Valuation Technique: The private placement financing technique

Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities. On January 27, 2021 Our Home and Miniature Land issued warrants exercisable at \$2.50 per share, which is the same subscription price as the last financing of the company giving a fair value on the warrants of \$0.

10. Fair Value Hierarchy (Cont'd)

Change in input values: N/A

Portfolio HiWay Inc.

Price: \$25.00

Valuation Technique: The private placement financing technique

Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of securities.

Change in input values: A reasonably possible change to the value of the next private placement could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$7.50, or an increase or decrease in net assets of \$18,750.

Reformulary Group Inc.

Price: \$1.25

Valuation technique: The private placement financing technique

Unobservable inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$0.375, or an increase or decrease in net assets of \$75,000.

Smooth Payment Inc. 8.0% December 1, 2025

Price: \$50.00

Valuation Technique: The private placement financing technique

Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase of 100% or a decrease of 100%, or an increase or decrease in net assets of \$200,000. The lower limit in value is due to the difficult financing environment for early stage companies. Inability to raise capital could result in further impairment of this investment. Conversely, ability to raise equity capital at a valuation or near the previous equity raise, would result in a revaluation of this investment back to par.

Smooth Payment Inc. May 12, 2031 Warrants

Price: \$0.00

Valuation Technique: The private placement financing technique

Unobservable Inputs: The company has significant debt outstanding, including about \$2 million in senior secured debt maturing in the near term. There is significant debt ahead of the equity supporting a \$0 value. Given market conditions for early-stage financing, it is believed that it will be difficult for the company to raise funding.

Change in input values: N/A

Smooth Payment Inc. July 5, 2031 Warrants

Price: \$0.00

Valuation Technique: The private placement financing technique

Unobservable Inputs: The company has significant debt outstanding, including about \$2 million in senior secured debt maturing in the near term. There is significant debt ahead of the equity supporting a \$0 value. Given market conditions for early-stage financing, it is believed that it will be difficult for the company to raise funding.

Change in input values: N/A

TC Fund I LP Class B

Price: \$16.91

Valuation Technique: Internally developed model

Unobservable Inputs: The primarily unobservable inputs for this security include TC Fund I FY24 Q3 Financial Statements, its book value of Equity on the balance sheet, CSOC's ownership stake in TC Fund I and the amount payable to RivettLP upon distribution of the partnership, of which is in relation to the tax benefit CSOC received.

Change in input values: A reasonably possible change in the value of the investments could result in an increase or decrease of 50%, or an increase or decrease in the security price of \$8.46, or an increase or decrease in net assets of \$6,206.

AdHawk Microsystems Inc. 6% Promissory Notes September 30, 2025

Price: US\$100.00

Valuation Technique: Private placement financing technique

10. Fair Value Hierarchy (Cont'd)

Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.

Change in input values: A reasonably possible change to value of the next private placement financing could result in an increase or decrease of 30% or an increase or decrease in the security price of US\$30, or an increase or decrease in net assets of \$151,011.

Flint Corp. Series 1 Preferred Shares

Price: \$535.53

Valuation Technique: Relative value technique

Unobservable Inputs: FLINT Corp. Senior Secured Bond price (from third party).

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$160.66, or an increase or decrease in net assets of \$117,120.

X-Spectrum 2 Inc.

Price: \$0.00

Valuation Technique: Relative value technique

Unobservable Inputs: Company is being wound up and with all assets being liquidated. The liquidation value is likely to be zero as it is believed that the liquidation value of assets will likely be less than the amount of liabilities. The primary unobservable input is the liquidation value of assets.

Change in input values: It is believed that it is highly unlikely that the salvage value of assets will exceed the company's liabilities and therefore the possibility of any recovery on this security is remote.

X-Spectrum 1 Inc.

Price: \$0.27

Valuation Technique: Relative value technique

Unobservable Inputs: The primary unobservable inputs for this security were the expected sale prices of the spectrum assets.

Change in input values: A reasonably possible change to the value of the assets that make up the business could result in an increase or decrease of 40%, or an increase or decrease in the security price of \$0.11, or an increase or decrease in net assets of \$2,388.

11. Risk Management

CSOC's activities expose it to a variety of financial risks in the normal course of operations. These include credit risk, liquidity risk, and market risk (including interest rate risk, currency risk, and price risk). The value of the investments in the Company's portfolio can fluctuate as a result of changes in interest rates, general economic conditions, supply and demand conditions relating to specific securities, or news relating to a specific issuer. In order to manage risk, the investment committee will diversify the portfolio based on industry and credit rating category. As at December 31, 2024 and 2023, the financial risks are coming from CSOC's investment in CSOF and its other investments. Significant risks that are relevant to the Company are discussed below.

Credit Risk

Credit risk is the risk of financial loss that could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Company's main exposure to credit risk consists of investments in debt instruments, such as bonds. To manage this risk, the investment committee monitors the Company's credit exposure and counterparty ratings. The Company measures credit risk and lifetime expected credit losses related to the trade receivables using historical analysis and forward-looking information in determining the expected credit loss.

As at December 31, 2024, the only credit risks are coming from CSOC's investment in CSOF due to debt investments held within CSOF, and in 2 different issuers.

11. Risk Management (Cont'd)

CSOF had invested long (short) in debt instruments with the following credit ratings:

Credit Risk - CSOF				
As a % of CSOF's net assets				
	December 31, 2024		December 31, 2023	
Credit Exposure	\$	%	\$	%
AAA	(519,472)	(4.0%)	(1,258,506)	(12.9%)
BBB-	686,079	5.3%	573,317	5.9%
BB	820,899	6.3%	358,026	3.7%
B+	-	0.0%	1,012,702	10.4%
B-	-	0.0%	403,151	4.1%
CCC+	368,047	2.8%	171,493	1.8%
CCC-	320,000	2.5%	-	0.0%
Not Rated	694,745	5.4%	643,644	6.6%

CSOC had directly invested in debt instruments with the following credit ratings:

Credit Risk - CSOC					
As a % of CSOC's net assets		December 31, 2024		December 31, 2023	
Credit Exposure	\$	%	\$	%	
Not Rated	600,000	2.2%	1,100,000	6.1%	

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations. Liquidity risk is managed by investing a significant portion of the Company's assets in investments that are traded in an active market and that can be readily sold. All liabilities of CSOC are due within one year.

The following table presents CSOF's liabilities according to their maturity date as at December 31, 2024:

	Less than a month	1-3 months	3 months - 1 year	> 1 year
Liquidity Risk	\$	\$	\$	\$
Equity securities sold short	-	-	-	-
Fixed income securities sold short	-	-	-	520,458
Other accrued expenses	-	17,140	-	-

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of an asset will fluctuate because of changes in market interest rates. To manage interest rate risk, the investment committee monitors exposures and maintains the portfolio duration within the limits specified in the investment policies and objectives of the Company. As at December 31, 2024, the interest rate risk is coming from CSOC's investment in CSOF and its other fixed income investments.

The table below summarizes CSOF's exposure to interest rate risk based on the remaining term to maturity as at December 31, 2024:

	Less than 1 year	1-5 years	> 5 years	Total
Interest Rate Exposure	\$	\$	\$	\$
Fixed income securities	694,745	1,355,553	320,000	2,370,298

The table below summarizes CSOC's exposure to interest rate risk based on the remaining term to maturity as at December 31, 2024:

	Less than 1 year	1-5 years	> 5 years	Total
Interest Rate Exposure	\$	\$	\$	\$
Fixed income securities	200,000	400,000	-	600,000

11. Risk Management (Cont'd)

Market Risk

If interest rates had increased or decreased by 1% at December 31, 2024 with all other variables remaining constant, net assets of the interest-bearing financial instruments of CSOF would have decreased or increased by approximately \$43,779 (2023 - \$28,919); net assets of the interest-bearing financial instruments of CSOC would have decreased or increased by approximately \$5,238 (2023 - \$9,845). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Currency Risk

Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. The currency risk will typically be hedged by entering into foreign currency forward contracts if required, however some moderate currency exposure may be assumed if deemed to be beneficial to the Company. As at December 31, 2024, the currency risk is coming from CSOC's investment in CSOF and its other investments.

The table below summarizes CSOF's net exposure to currency risk as at December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Currency Exposure		
USD	18%	22%

The table below summarizes CSOC's net exposure to currency risk as at December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Currency Exposure		
USD	6%	2%
GBP	0%	1%

As at December 31, 2024, if the Canadian dollar had strengthened or weakened by 1% in relation to the above currencies, with all other factors remaining constant, CSOF's net assets may have decreased or increased by 0.18% (2023 – 0.22%) and CSOC's net assets may have decreased or increased by 0.06% (2023 – 0.03%). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. This risk is managed through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well-diversified portfolio.

As at December 31, 2024, the price risk is coming from CSOC's investment in CSOF and its other investments, as approximately 80% (2023 – 75%) of CSOF's net assets were invested in equity investments and 98% (2023 – 94%) of CSOC's net assets were invested in equity instruments. If prices of these investments had increased or decreased by 5% with all other factors remaining constant, CSOF's net assets would have increased or decreased, by approximately \$516,066 (2023 – \$364,366); CSOC's net assets would have increased or decreased, by approximately \$1,340,285 (2023 – \$850,247). In practice, actual results could differ from this sensitivity analysis and the difference could be material.

12. Contingency

The Company may be a party to legal proceedings. The Company believes that each such proceeding constitutes a routine matter incidental to the business conducted by the Company. The Company cannot determine the ultimate outcome of all the outstanding claims but believes the ultimate disposition of the proceedings will not have a material adverse effect on its earnings, cash flow or financial position.

13. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on March 26, 2025.



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