



Canso Select Opportunities Corporation

Management's Discussion and Analysis For the Three Months Ended March 31, 2025

Management's Discussion and Analysis ("MD&A") provides a review of Canso Select Opportunities Corporation's ("CSOC" or the "Corporation") interim financial results for the three-month period ended March 31, 2025 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the interim statements of financial position, interim statements of comprehensive (loss) income, interim statements of changes in equity, and interim statements of cash flows of CSOC. As such, this MD&A should be read in conjunction with the interim financial statements and notes thereto. The interim 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.

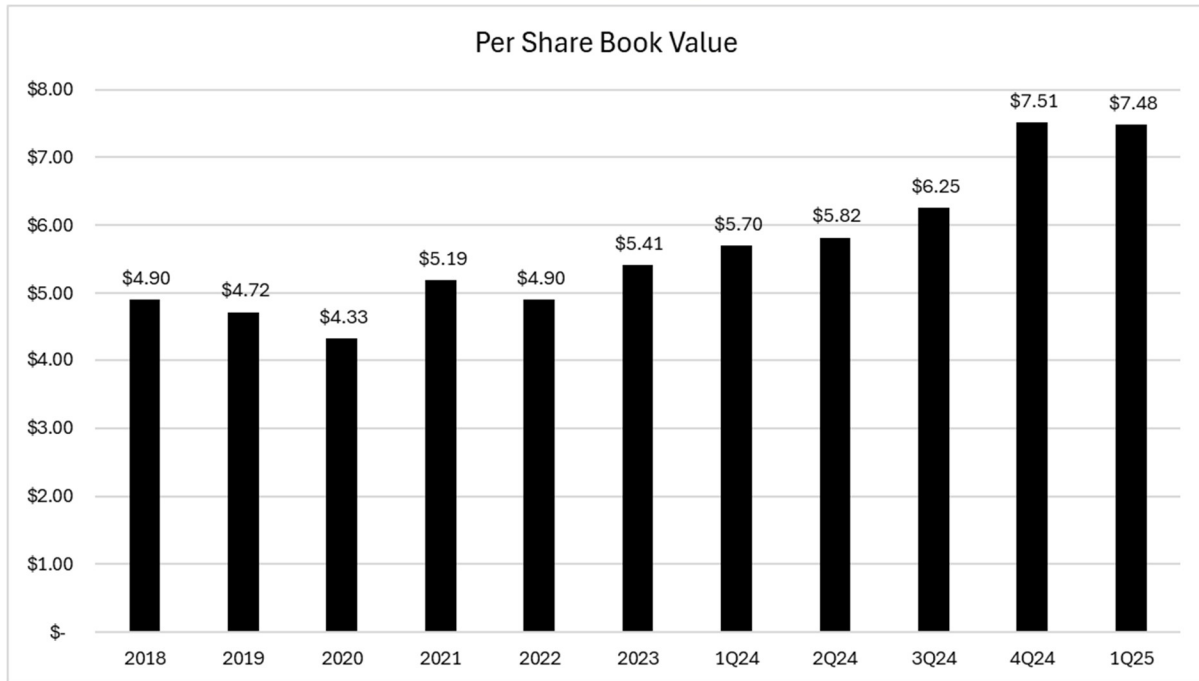
The following MD&A is the responsibility of management and is dated May 26, 2025. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed 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 corporation. 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 decreased in value by 0.4% in the first quarter, from \$7.51 to \$7.48. Compared to the first quarter of 2024, the per share book value has increased by 31.2%.



****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 or quarter-end.**

Net loss for the quarter was \$159,903, compared to net income of \$1,525,492 in the first quarter of 2024. CSOC qualifies as an Investment Entity under IFRS 10 'Consolidated Financial Statements', and therefore both realized and unrealized changes in the fair value of our assets are reflected in our income statement. We believe the best metric for gauging our performance is the growth of our book value per share over time. Quarterly changes in the value of publicly traded assets cause volatility in earnings not necessarily reflective of the underlying performance of the securities we own. This effect should balance itself over time.

	31-Mar-2025	31-Dec-2024	30-Sep-2024	30-Jun-2024	31-Mar-2024	31-Dec-2023	30-Sep-2023	30-Jun-2023	31-Mar-2023
Income									
Dividend Income	\$601,924	\$579,081	\$245,830	\$393,339	\$176,339	\$464,301	\$176,333	\$176,258	\$21,725
Interest (Expense) Income	(\$43)	\$211,934			\$1,370	(\$6,166)	\$1,426	\$4,528	(\$26,147)
Realized (Loss) Gain on Investments	(\$47,810)	\$988,314			(\$4,021)	\$14,283	\$2,280		\$52,169
Realized Foreign Exchange (Loss) Gain	(\$13,889)	(\$2,024)			\$3,195				
Change in Unrealized Foreign Exchange (Loss) Gain	(\$189,290)	\$108,370	\$1,515	(\$53,893)	(\$39,377)	(\$51,739)	\$5,020	(\$8,031)	\$6,444
Change in Unrealized (Loss) Gain on Investments	(\$556,029)	\$10,029,492	\$2,391,100	\$373,828	\$1,662,527	\$2,351,830	\$115,711	\$96,018	(\$565,006)
Total (Loss) Income	(\$205,137)	\$7,580,293	\$2,638,445	\$713,274	\$1,800,033	\$3,067,904	\$300,770	\$268,773	(\$510,815)
Total Expenses	\$83,576	\$95,196	\$67,595	\$93,487	\$80,444	\$116,654	\$67,995	\$320,178	\$60,603
Net (Loss) Income	(\$159,903)	\$6,554,941	\$2,271,521	\$602,174	\$1,525,492	\$2,646,981	\$233,899	(\$16,378)	(\$481,332)
Total Assets	\$40,346,759	\$40,699,980	\$33,315,133	\$30,698,979	\$30,120,055	\$28,360,871	\$25,629,052	\$25,383,829	\$25,521,475
Lysander Class A Shares	\$21,700,000	\$21,700,000	\$17,150,000	\$15,890,000	\$15,400,000	\$14,700,000	\$12,250,000	\$12,250,000	\$12,250,000
Total Shareholder's Equity	\$39,033,469	\$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	1,468,794	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	3,749,643	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	5,218,437
Per Share Figures:									
(Loss) Income per share	\$ (0.04)	\$ 1.45	\$ 0.51	\$ 0.14	\$ 0.34	\$ 0.59	\$ 0.06	\$ 0.05	\$ (0.10)
Net (Loss) Income per share	\$ (0.03)	\$ 1.26	\$ 0.44	\$ 0.12	\$ 0.29	\$ 0.51	\$ 0.04	\$ (0.00)	\$ (0.09)
Book Value per share	\$ 7.48	\$ 7.51	\$ 6.25	\$ 5.82	\$ 5.70	\$ 5.41	\$ 4.90	\$ 4.86	\$ 4.86

Key Contributors

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.

There was no change in our valuation of *Lysander* in the first quarter. However, *Lysander* paid record quarterly dividends to CSOC, amounting to \$584,500, or 1.5% of CSOC's book value. We successfully exited from our second largest position in *Other Private Investments*, AdHawk Microsystems. We received US\$921,625 in proceeds, a return of 163% from our initial investment in 2023. Proceeds from Adhawk and dividends from *Lysander* were invested in stocks we believe will perform well over time. *Public Investments* were responsible for the minor decrease in CSOC's per share book value during the quarter. Increased volatility in public markets was natural in the wake of Donald Trump's announcement on tariffs.

Lysander (\$21.7 million)

Lysander shares represent 53.8% of CSOC's total assets. Founded in 2009, *Lysander* is an Investment Fund Manager offering funds primarily throughout the Canadian investment dealer and advisor channel. Canso Investment Counsel Ltd. ("CIC") is the portfolio manager of its largest Fund, the *Lysander-Canso Corporate Value Fund*.

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. CIC is the largest of the partner portfolio managers, responsible for the management of 18 of *Lysander's* 27 Funds.

Lysander continued its positive momentum into 2025. Assets under management grew from \$20 billion at year end to \$21.3 billion. Revenue and operating income continued to grow alongside assets.

CSOC received \$584,500 in dividends from *Lysander* in the quarter, a combination of a regular \$245,000 dividend and a special \$339,500 dividend relating to the successful results in fiscal 2024.

With its continued success, *Lysander* increased the quarterly dividend rate from \$3.50 to \$5 per share for the quarter, which was paid out subsequent to the end of the quarter. Our share of this dividend is \$350,000 per quarter, which annualizes to \$1.4 million, or 3.6% of our book value.

Despite continued growth, we did not adjust our valuation of *Lysander* shares in the quarter. As a reminder, we engage Blair Franklin to provide an independent valuation of *Lysander* at year end. Until year end, CSOC is responsible to ensure *Lysander* shares are represented at their fair value.



at the end of each quarter. We will continue to monitor Lysander's success and make adjustments in the future as warranted.

At the end of 2024, Blair Franklin valued the shares at \$310, 47.6% higher than its valuation at the end of 2023. The change in price reflected the significant growth experienced by Lysander during the year.

We are extremely pleased with the performance of our core position in 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 (\$16.5 million)

Public Investments represent 40.9% of CSOC's assets. 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. Yearly price changes, and especially quarterly 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.

In the first quarter of 2025, the S&P500 fell 4.3%. Donald Trump spooked the markets with plans to implement tariffs on China, Mexico and Canada, which he later expanded globally. We think it's a fool's errand to attempt to make sense of or predict the outcome of the new tariff regime. Trump has made commitments from which he has withdrawn within days. There are potential risks to some of our positions, but these risks are highly dependent upon the final version of the new tariff regime, which we believe is unpredictable.

Our top five public investments had mixed performance in the quarter. MDA Space Ltd. was down 6.9%, Quebecor Inc. was up 15.3%, Cineplex was down 18.9%, Manulife was up 1.5% and Bird Construction was down 16.5%. Another notable mention was shares of New Horizon Aircraft Ltd., which fell 54% in the quarter, after we had made some opportunistic sales.

During the quarter, we added to our existing position in Air Canada. We purchased new positions in Match Group Inc. and GoPro Inc. We decreased our position size in New Horizon Aircraft Ltd., and we sold out of our position in UBS Group.

GoPro Inc. is the market leader in the action camera space. The company experienced a 20% decrease in revenues in 2024 and expects continued weakness through 2025. Global consumer discretionary spending is down, GoPro's new flagship 360 camera is delayed and competition in the action camera market has intensified. In response, GoPro announced it is cutting 25% of its workforce to manage costs. The deluge of weak results and low expectations resulted in a significant decrease in GoPro common stock price. We began purchasing shares at \$0.66, or an

implied market capitalization of ~US\$100 million, a long way from its peak valuation of US\$12 billion in 2014. To put the current valuation in context, between 2019 and 2022, GoPro generated aggregate funds from operations of US\$340 million against average annual revenues of US\$1.1 billion. While we do not believe GoPro will return to this level of sales anytime soon, we believe the valuation offered by the market presents an opportunity. Even with the downturn in sales, GoPro expects to be debt-free by the end of the year, which would allow the company the time and flexibility to stabilize or improve operating results.

Match Group Inc. is a leading dating service provider, owning and operating many of the most popular dating apps, including Tinder and Hinge. The company makes money primarily via subscription revenue from users who enjoy premium tiers of their offerings. Match Group actively defends its market position by acquiring potential competitors. OkCupid, Plenty of Fish and Hinge are examples of such acquisitions. The market has become concerned that online dating apps are suffering a secular decline in popularity. While there is some evidence to support this assertion, we feel that the value and convenience provided by these apps, along with their massive networks, will continue to draw in subscribers over time. We purchased the stock at \$30.52 at a reasonable multiple to earnings.

Description	Average Cost (\$)	Fair Value (\$)
MDA Space Ltd. (previously MDA Ltd.)	879,998	1,727,939
Quebecor Inc. Class B	1,513,458	1,633,950
Cineplex Inc	1,203,587	1,512,181
Manulife Financial Group	694,689	1,442,560
Bird Construction Inc.	436,070	1,403,120
Cash & Cash Equivalents	1,301,764	1,301,764
Yellow Pages Limited	1,119,866	1,016,910
LATAM Airlines Group 13.375% October 15, 2029	641,209	810,369
Air Canada	974,348	803,439
Bank of Nova Scotia 3.7% July 27, 2081	563,450	673,429
BCE Inc.	654,047	544,797
Enbridge Inc	384,298	515,889
Bombardier Inc. Series 2 Preferred Shares	277,324	311,849
Bombardier Inc. Series 4 Preferred Shares	101,953	194,835
Sun Life Financial Inc. Series 11QR Preferred Shares	483,261	419,738
Match Group Inc	379,537	390,670
Aegis Brands Inc. (previously Second Cup Ltd.)	3,400,936	342,638
Hertz 5% December 1, 2029	390,620	283,072
Corus Entertainment Inc. 6% February 28, 2030	526,000	267,333
GoPro Inc	183,977	179,220
Air Canada 4% July 1, 2025	207,684	174,491
New Horizon Aircraft Ltd (Unregistered)	106,872	150,631
Hertz Global Holdings Inc.	424,452	136,664
Flint Corp (previously ClearStream Energy SVCS Inc.)	2,012,939	131,811
Canadian Life Companies Split	78,572	91,140
New Horizon Aircraft Ltd	361,839	49,269
NorthStar Gaming Holdings Inc	7,337	1,042
NorthStar Gaming Holdings Inc (Escrow)	1,217	158
Total	19,311,304	16,510,908

Other Private Investments (\$2.2 million)

Other Private Investments represent 5.5% of CSOC's total assets.

We experienced a positive exit from one of our private investments in the quarter. In January of 2023, we made a US\$350,000 investment in a convertible promissory note to AdHawk Microsystems Inc. Adhawk is a Canadian company that specializes in advanced eye-tracking solutions. In March, Google acquired the company, netting proceeds to CSOC of US\$921,625. We were very pleased with this outcome, especially given the relatively short holding period. The exit from Adhawk significantly reduced the size of our Other Private Investments portfolio. New Horizon Aircraft Ltd. Preferred Convertibles fell by 54%, in line with the decline of the publicly-traded equity.

Description	Average Cost (\$)	Fair Value (\$)
Our Home and Miniature Land Inc. 10% January 27, 2026	400,000	400,000
Flint Corp Series 1 Preferred Shares (previously ClearStream Energy Services - Preferred)	729,400	393,193
HashTag Paid Inc. Series A-5 Preferred Shares	132,837	362,340
New Horizon Aircraft Ltd Preferred Convertible	321,211	362,188
Reformulary Group Inc.	200,000	250,000
Smooth Payment Inc. 8.0% December 1, 2025	400,000	200,000
HashTag Paid Inc. Series B-4 Preferred Shares	66,330	74,132
Portfolio HiWay Inc.	50,000	62,500
Fibracast	800,000	58,800
Brill Power Limited Class A	105,559	23,050
TC Fund I LP Class B	12,386	12,412
X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.)	86,844	5,969
BZ Holdings Inc.	-	2
X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.)	51,792	1
Our Home and Miniature Land Inc. Warrants	-	-
Smooth Payment Inc. May 12, 2031 Warrants	-	-
Smooth Payment Inc. July 5, 2031 Warrants	-	-
Total	3,356,359	2,204,587

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.

Subsequent Events

The company received dividends of \$350,000 from Lysander Funds in April 2025.

Capital Resources

CSOC has no commitments for any capital expenditures as of March 31, 2025.

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 March 31, 2025 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 March 31, 2025, CSOC continued to have the capability to hold derivatives and short positions in an investment portfolio in accordance with its investment mandate. At quarter-end, CSOC held no short positions. There were three warrant securities held in two private companies that were value at nil at March 31, 2025. 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, 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 period ended March 31, 2025 (March 31, 2024 – \$Nil).

Disclosure of Outstanding Share Data

As at March 31, 2025, there were 1,468,794 Class A Shares and 3,749,643 Class B Shares of the Corporation outstanding.

Litigation

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.

Other MD&A Requirements

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