



Canso Select Opportunities Corporation

Management's Discussion and Analysis

For the Three Months Ended June 30, 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 June 30, 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 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.

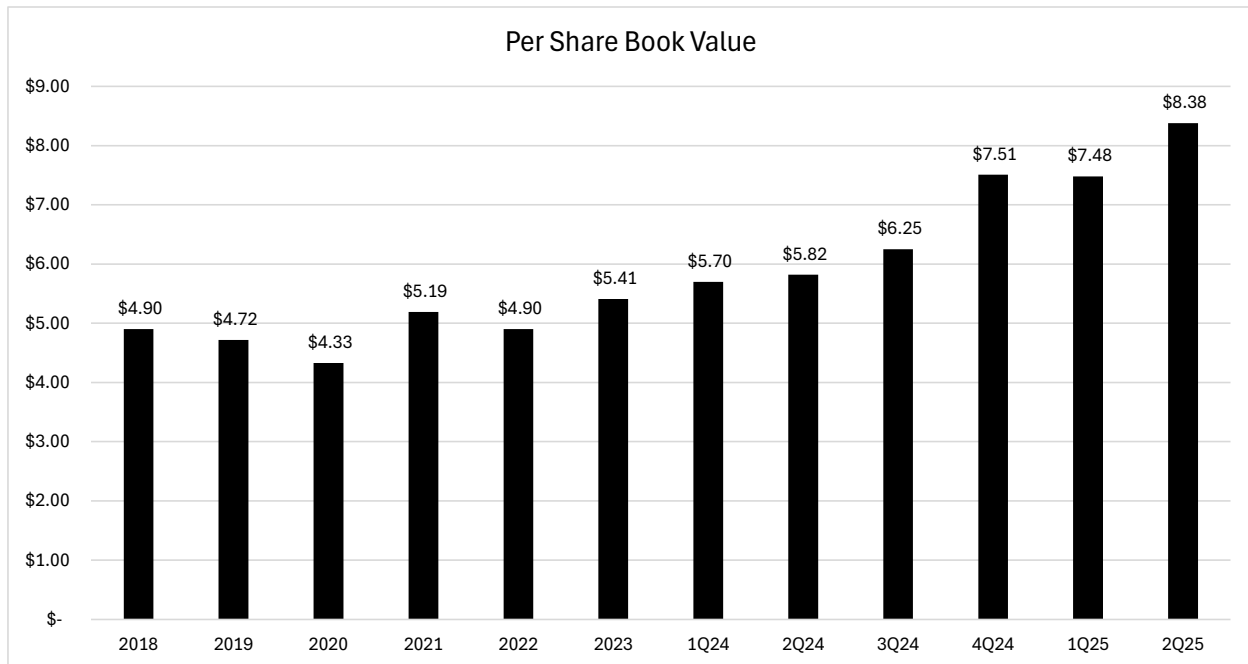
The following MD&A is the responsibility of management and is dated August 26, 2025. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed 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 increased by 12% in the second quarter, from \$7.48 to \$8.38. Compared to the second quarter of 2024, the per share book value of CSOC has increased by 44%.



***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 income for the quarter was \$4,684,867, compared to \$602,174 in the second 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. 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. We believe the best metric for gauging our performance is the growth of our book value per share over time.

| | 30-Jun-2025 | 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 | \$366,564 | \$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 | \$1,426 | \$4,528 | (\$26,147) |
| Realized (Loss) Gain on Investments | (\$7) | (\$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 | \$295,573 | (\$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 | \$4,757,031 | (\$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 | \$5,419,161 | (\$205,137) | \$7,580,293 | \$2,638,445 | \$713,274 | \$1,800,033 | \$3,067,904 | \$300,770 | \$268,773 | (\$510,815) |
| Total Expenses | \$88,335 | \$83,576 | \$95,196 | \$67,595 | \$93,487 | \$80,444 | \$116,654 | \$67,995 | \$320,178 | \$60,603 |
| Net (Loss) Income | \$4,684,867 | (\$159,903) | \$6,554,941 | \$2,271,521 | \$602,174 | \$1,525,492 | \$2,646,981 | \$233,899 | (\$16,378) | (\$481,332) |
| Total Assets | \$45,717,238 | \$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 | \$23,100,000 | \$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 | \$43,718,336 | \$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 | 1,468,594 | 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 | 3,749,843 | 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 | 5,218,437 |
| Per Share Figures: | | | | | | | | | | |
| (Loss) Income per share | \$ 1.04 | \$ (0.04) | \$ 1.45 | \$ 0.51 | \$ 0.14 | \$ 0.34 | \$ 0.59 | \$ 0.06 | \$ 0.05 | \$ (0.10) |
| Net (Loss) Income per share | \$ 0.90 | \$ (0.03) | \$ 1.26 | \$ 0.44 | \$ 0.12 | \$ 0.29 | \$ 0.51 | \$ 0.04 | \$ (0.00) | \$ (0.09) |
| Book Value per share | \$ 8.38 | \$ 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.

All three segments contributed to the increase in our book value during the quarter.

We increased our valuation of Lysander shares in the second quarter by 6.5%, from \$310 to \$330. Lysander paid us \$350,000 in dividends in the quarter, which equates to a quarterly dividend rate of \$5 per Lysander share. Given continued growth in AUM and financial position, we have a high degree of confidence in the sustainability of Lysander dividends, which we expect to amount to \$1,400,000 per annum to CSOC.

Alongside a generally buoyant quarter for public equity markets, we experienced positive price increases in many of our larger *Public Investments* positions.

We hold two positions in securities issued by New Horizon Aircraft Ltd., which experienced material positive price appreciation in the second quarter. We categorize our holding in common shares of New Horizon Aircraft Ltd. in *Public Investments*, and we categorize our holding of convertible preferred shares of New Horizon Aircraft Ltd. in *Other Private Investments*. New Horizon Aircraft Ltd. common stock increased in price by 229% in the quarter, resulting in the same increase to the price of the convertible preferred shares. This had a material impact on the change in our book value in the second quarter.

Lysander (\$23.1 million)

Lysander shares represent 50.5% of CSOC's total assets. Founded in 2009, Lysander is an investment fund manager offering investment 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 20 of Lysander's 34 Funds. In past Management Discussion & Analyses, we referred to Lysander's assets under management as those assets for which Lysander served as the Investment Fund Manager. However, Lysander also collects fees from funds that it distributes while not acting as the investment fund manager. Going forward, we will include such assets in any reference we make to Lysander's Assets under management because we believe it provides a better perspective on Lysander fee-earning assets.

Lysander continued its positive momentum in the second quarter. Assets under management grew from \$23.4 billion to \$24.7 billion. Revenue and operating income continued to grow alongside assets.

CSOC received \$350,000 in dividends from Lysander in the quarter. On an annual basis, we expect to receive a total of \$1,400,000 in dividends from Lysander, about 3.2% of our book value.

As a reminder, we engage Blair Franklin to provide an independent valuation of Lysander at year end. Until year end, CSOC is responsible for ensuring Lysander shares are represented at their fair value at the end of each quarter. As a result of continued growth and improving financial and operating metrics, we increased the fair value of our Lysander Shares from \$310 per share to \$330 per share in the second quarter. Since Blair Franklin completed its year-end valuation, Lysander's assets have grown by 14.4%, from \$21.6 billion to \$24.7 billion. In addition, the dividend assumptions used by Blair Franklin were 14.3% lower than the regular dividends being paid by Lysander presently, \$17.5 per share compared to \$20 per share. We believe a moderate increase in the valuation of the shares was warranted given the underlying growth at Lysander.

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 (\$19.4 million)

Public Investments represent 42.4% 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 second quarter of 2025, the S&P500 rose 10.6% after making a steep climb from April lows. Unsurprisingly, Donald Trump had his hand in much of the market turmoil. His broad-stroke Liberation Day tariffs were met with market panic. Less than a week later, under pressure, Trump paused its implementation and announced partial rollbacks. In our last Management Discussion and Analysis, we said the following: "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." We see little reason to alter this point of view.

Our top five public investments experienced significant positive price appreciation in the first quarter. MDA Space Ltd. was up 27.7%, Quebecor was up 14.2%, Bird Construction was up 32.3%, Cineplex was up 17.3% and Air Canada was up 48.7%. Last quarter, we made a notable mention of a position that had fallen by 54% in the quarter, New Horizon Aircraft Ltd. This quarter, its shares appreciated by 228.9%.

Trying to explain price movements in stocks over any short period of time is a fruitless exercise. What we can say confidently is that we expect small cap stocks to experience higher volatility than larger market cap stocks over short time frames. This does not mean that small cap stocks are inherently riskier. We measure

real risk as the risk of permanently losing capital. If we avoid paying outlandish prices, our risk should be limited to the success or lack thereof of the underlying business. CSOC's size allows us to take meaningful portfolio positions in smaller market cap companies that might be misunderstood and overlooked by the market. We are happy to ride out the volatility if we have conviction in our valuation.

New Horizon Aircraft Ltd. shares fall into the small cap category. At the end of 2024, its shares traded at US\$1.13. At the end of the first quarter, its shares traded at US\$0.52. At the end of the second quarter, its shares traded at \$1.71. So long as we continue to hold shares of New Horizon Aircraft Ltd., they will likely make repeat appearances in our quarterly commentary.

During the quarter, we continued to buy shares of GoPro and Match Group with average costs of US\$0.58 and US\$30.36 respectively. We sold a significant portion of our common shares of Hertz Global Holdings. We sold our entire position in a Bank of Nova Scotia limited recourse capital note.

| Description | Average Cost (\$) | Fair Value (\$) |
|---|-------------------|-------------------|
| MDA Space Ltd. (previously MDA Ltd.) | 879,998 | 2,206,909 |
| Quebecor Inc. Class B | 1,513,458 | 1,865,250 |
| Bird Construction Inc. | 436,070 | 1,855,573 |
| Cineplex Inc | 1,203,587 | 1,773,640 |
| Air Canada | 1,257,089 | 1,592,892 |
| Manulife Financial Group | 694,689 | 1,400,737 |
| Yellow Pages Limited | 1,119,866 | 1,081,415 |
| GoPro Inc | 667,988 | 859,140 |
| Latam Airlines Group 13.375% October 15, 2029 | 641,209 | 761,795 |
| Canada Treasury Bill August 27, 2025 | 746,288 | 746,288 |
| New Horizon Aircraft Ltd | 468,711 | 642,127 |
| BCE Inc. | 751,122 | 596,662 |
| Match Group Inc | 540,756 | 531,083 |
| Enbridge Inc | 384,298 | 500,175 |
| Sun Life Financial Inc. Series 11 QR Preferred Shares | 483,261 | 451,000 |
| Canada Treasury Bill July 2, 2025 | 392,944 | 393,943 |
| Hertz 5% December 1, 2029 | 390,620 | 374,084 |
| Aegis Brands Inc. (previously Second Cup Ltd.) | 3,400,936 | 338,069 |
| Bombardier Inc. Series 2 Preferred Shares | 277,325 | 334,082 |
| Corus Entertainment Inc. 6% February 28, 2030 | 526,000 | 270,000 |
| Bombardier Inc. Series 4 Preferred Shares | 101,953 | 216,225 |
| US Treasury Bill August 26, 2025 | 189,744 | 189,744 |
| Air Canada 4% July 1, 2025 | 207,684 | 169,380 |
| Flint Corp (previously ClearStream Energy SVCS Inc.) | 2,012,939 | 131,811 |
| Canadian Life Companies Split | 78,572 | 88,452 |
| Hertz Global Holdings Inc. | 158,512 | 83,878 |
| Canada Government Bond 0.5% September 1, 2025 | 43,839 | 43,841 |
| NorthStar Gaming Holdings Inc | 7,337 | 641 |
| NorthStar Gaming Holdings Inc (Escrow) | 1,217 | 97 |
| Cash & Cash Equivalents | - 96,744 - | 96,744 |
| Total | 19,481,268 | 19,402,189 |

Other Private Investments (\$3 million)

Other Private Investments represent 6.6% of CSOC's total assets.

We experienced significant growth in our position of convertible preferred shares of New Horizon Aircraft Ltd., which increased by 229% in the second quarter. We categorize this security as a private investment because it is not traded in an active public market. We value our position based on its convertibility right into tradable common shares. We hold 227 convertible preferred shares. Each convertible preferred share gives its holder the right to convert into 2,222.22 common shares at any time. On an as-converted basis, this equates to a US\$862,600 value. The fair value presented in the table below is in Canadian dollars.

| Description | Average Cost (\$) | Fair Value (\$) |
|---|-------------------|------------------|
| New Horizon Aircraft Ltd Preferred Convertible | 321,211 | 1,175,044 |
| 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 | 393,871 |
| HashTag Paid Inc. Series A-5 Preferred Shares | 132,837 | 343,139 |
| 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 | 70,204 |
| Portfolio HiWay Inc. | 50,000 | 62,500 |
| Fibracast | 800,000 | 58,800 |
| Brill Power Limited Class A | 105,559 | 23,237 |
| 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. July 5, 2031 Warrants | - | - |
| Smooth Payment Inc. May 12, 2031 Warrants | - | - |
| Total | 3,356,359 | 2,995,179 |

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. All new investments will be made directly by CSOC, unless management feels that the investment would be better suited in CSOF, in order to utilize the tax losses.

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

Lysander Dividend

The Company received dividends of \$350,000 from Lysander Funds in July 2025.

Flint Corp Recapitalization

On August 7, 2025, Flint Corp announced a recapitalization transaction, subject to shareholder and regulatory approval. The transaction contemplates a complete recapitalization of the company's senior secured notes and preferred shares, converting both into common shares. As a result of the announcement, CSOC believed that it was highly likely that the value of our position in Flint Corp Series 1 preferred shares would be lower when converted into common equity. We wrote down the price of our preferred shares from \$540 to \$100. The price change equates to a value of -\$236,354.

Latam Airlines Group Bonds

On July 7, 2025, our position in senior secured bonds of LATAM Airlines Group were called in full at a price of US\$112.27. We originally purchased these bonds in October of 2022 at a significantly discounted new issue price of US\$93.10. They paid a 13.38% annual coupon along the way.

Capital Resources

CSOC has no commitments for any capital expenditures as of June 30, 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 June 30, 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 June 30, 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 valued at nil

at June 30, 2025. The list of all associated risks are disclosed in detail in Note 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, 2026. There were no management fees charged for the period ended June 30, 2025 (June 30, 2024 – \$Nil).

Disclosure of Outstanding Share Data

As at June 30, 2025, there were 1,468,594 Class A Shares and 3,749,843 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>.

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 www.sedarplus.ca.