



Canso Select Opportunities Corporation

Management's Discussion and Analysis For the Three Months Ended March 31, 2026

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, 2026 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 (loss), 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.

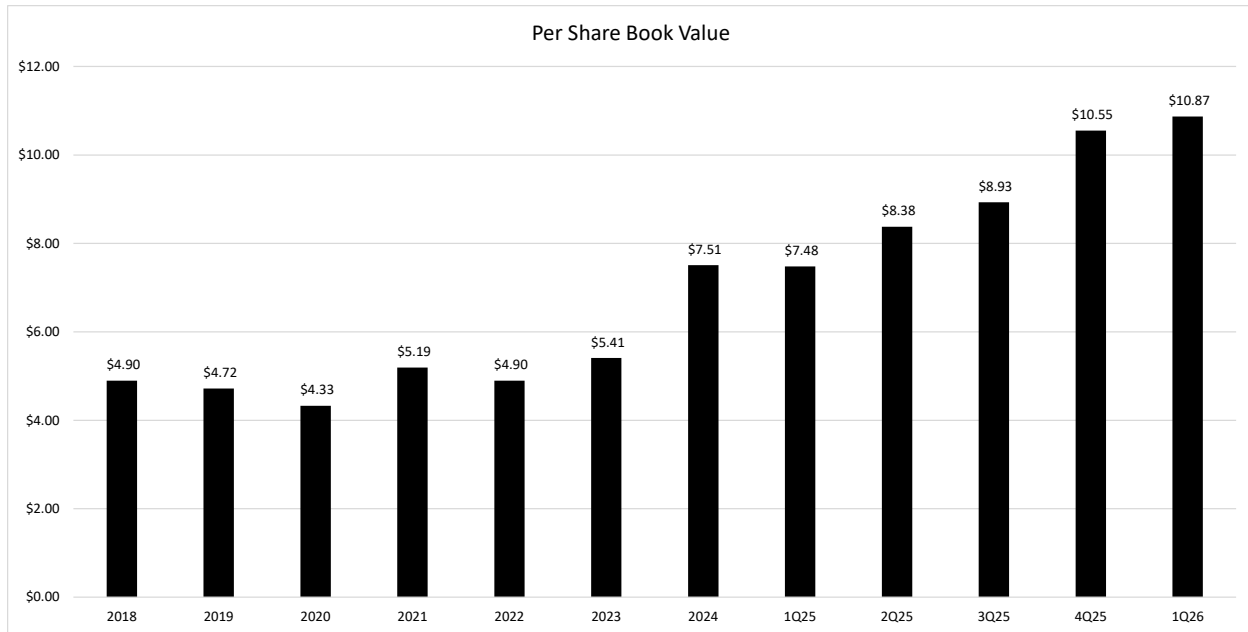
The following MD&A is the responsibility of management and is dated May 26, 2026. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed 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 Lysander Funds Limited ("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 3% in the first quarter, from \$10.55 to \$10.87.



***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 quarter-end.*

Net income was \$1,654,972 in the first quarter of 2026, compared to a loss of \$159,903 in the first quarter of 2025. 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. 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.

From Sedar Financial Statements:

	31-Mar-26	31-Dec-2025	30-Sep-2025	30-Jun-2025	31-Mar-2025	31-Dec-2024	30-Sep-2024	30-Jun-2024	31-Mar-2024
Income									
<i>Dividend Income</i>	\$1,618,987	\$1,630,605	\$371,655	\$366,564	\$601,924	\$579,081	\$245,830	\$393,339	\$176,339
<i>Interest Income (Expense)</i>	\$25,591	\$122,807	\$14,335		(\$43)	\$212,000			\$1,304
<i>Realized Gain (Loss) on Investments</i>	\$9,397	\$2,253,001	\$589,361	(\$7)	(\$47,810)	\$992,335			(\$4,021)
<i>Realized Foreign Exchange Gain (Loss)</i>	\$15,901	(\$2,102)	\$1,621		(\$13,889)	(\$5,219)			\$3,195
<i>Change in Unrealized Foreign Exchange Gain (Loss)</i>	(\$365,537)	(\$377,929)	\$366,226	\$295,573	(\$189,290)	\$200,125	\$1,515	(\$53,893)	(\$39,377)
<i>Change in Unrealized Gain (Loss) on Investments</i>	\$445,428	\$6,033,103	\$1,923,257	\$4,757,031	(\$556,029)	\$5,602,037	\$2,391,100	\$373,828	\$1,662,527
Total Income (Loss)	\$1,749,767	\$9,659,485	\$3,266,455	\$5,419,161	(\$205,137)	\$7,580,359	\$2,638,445	\$713,274	\$1,799,967
Total Expenses	\$100,793	\$80,741	\$95,223	\$88,335	\$83,576	\$95,262	\$67,595	\$93,487	\$80,378
Net Income (Loss)	\$1,654,972	\$8,442,518	\$2,888,536	\$4,684,867	(\$159,903)	(\$4,399,187)	\$2,271,521	\$602,174	\$1,525,492
Total Assets	\$59,859,034	\$58,308,314	\$48,955,009	\$45,717,238	\$40,346,759	\$40,699,980	\$33,315,133	\$30,698,979	\$30,120,055
<i>Lysander Class A Shares</i>	\$33,250,000	\$33,250,000	\$23,100,000	\$23,100,000	\$21,700,000	\$21,700,000	\$17,150,000	\$15,890,000	\$15,400,000
Total Shareholder's Equity	\$56,704,362	\$55,049,390	\$46,606,876	\$43,718,336	\$39,033,469	\$39,193,372	\$32,638,432	\$30,366,911	\$29,764,736
Number of Shares									
Class A	1,464,994	1,464,994	1,464,994	1,468,594	1,468,794	1,489,994	1,511,994	1,511,994	1,531,094
Class B	3,753,443	3,753,443	3,753,443	3,749,843	3,749,643	3,728,443	3,706,443	3,706,443	3,687,343
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:									
Income (Loss) per share	\$ 0.34	\$ 1.85	\$ 0.63	\$ 1.04	\$ (0.04)	\$ 1.45	\$ 0.51	\$ 0.14	\$ 0.34
Net Income (Loss) per share	\$ 0.32	\$ 1.62	\$ 0.55	\$ 0.90	\$ (0.03)	\$ 1.26	\$ 0.44	\$ 0.12	\$ 0.29
Book Value per share	\$ 10.87	\$ 10.55	\$ 8.93	\$ 8.38	\$ 7.48	\$ 7.51	\$ 6.25	\$ 5.82	\$ 5.70



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.

Key Contributors

We divide our business into three categories of holdings: *Lysander*, *Public Investments* and *Other Private Investments*.

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.

During the quarter, the growth in our book value per share came from substantial dividend payments from *Lysander*, amounting to \$1,610,000. In our *Public Investments*, we experienced significant growth in some of our larger positions (Quebecor +14%, Bird Construction +40%, MDA Space Ltd +32%), but these were offset by large decreases in GoPro Inc. (-45%) and Ubisoft (-37%), a new position added during the quarter.

Lysander (\$33.3 million)

Lysander shares represent 55.5% 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*.

CSOC owns 70,000 shares of *Lysander*. The shares are currently priced at \$475.

At the end of every fiscal year, we engage Blair Franklin to provide an independent valuation of *Lysander* shares. CSOC is responsible for ensuring *Lysander* shares are presented at their fair value at the end of each quarter. We made no change to *Lysander*'s valuation in the first quarter.

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 32 funds.

Lysander's assets under management grew from \$27 billion at the end of 2025 to \$27.6 billion at the end of the first quarter of 2026. For confidentiality purposes, we do not publish *Lysander*'s detailed financial results.

CSOC received \$1,610,000 in dividends from *Lysander* during the quarter. The dividends comprised of *Lysander*'s regular \$5 quarterly per share dividend, and a special \$18 per share dividend. After the end of the quarter, we received notice from *Lysander* that the regular quarterly dividend would be increasing to \$7.50 per share. This equates to expected annual regular dividends of \$2,100,000.

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



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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 (\$23.7 million)

Public Investments represent 39.7% of CSOC's total 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. Year-over-year or quarter-over-quarter 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.

Stock Performance

We experienced significant growth in some of our larger positions (Quebecor +14%, Bird Construction +40%, MDA Space Ltd +32%), but these were offset by large decreases in GoPro Inc. (-45%) and Ubisoft (-37%), a new position added during the quarter.

Description	Average Cost (\$)	Fair Value (\$)
Canada Treasury Bill July 15, 2026	4,550,306	4,550,313
Quebecor Inc. Class B	1,513,458	2,658,150
Bird Construction Inc.	436,070	2,567,768
MDA Space Ltd. (previously MDA Ltd.)	879,998	2,215,081
Cineplex Inc	1,203,587	1,613,095
Manulife Financial Group	694,689	1,541,648
Ubisoft Entertainment	2,390,960	1,493,494
Air Canada	1,257,089	1,369,872
Yellow Pages Limited	1,119,866	1,134,538
BCE Inc.	777,353	720,989
Enbridge Inc	384,298	610,821
GoPro Inc.	408,502	550,475
New Horizon Aircraft Ltd	468,711	542,411
Match Group Inc	540,756	540,002
Sun Life Financial Inc. Series 11 QR Preferred Shares	483,261	470,885
Corus Entertainment Inc. 6% February 28, 2030	526,000	259,333
Aegis Brands Inc. (previously Second Cup Ltd.)	3,400,936	258,120
Flint Corp (previously ClearStream Energy SVCS Inc.)	2,742,339	251,468
Hertz 5% December 1, 2029	390,620	230,480
Canadian Life Companies Split	78,572	88,032
Hertz Global Holdings Inc.	126,810	46,323
Cash & Cash Equivalents	25,682	25,683
NorthStar Gaming Holdings Inc	8,555	185
Total	24,408,418	23,739,166

Public Investments Activity

During the quarter, we entered into a new equity position in Ubisoft Entertainment, one of the largest global video game developers/publishers, at an average cost of €6.07. We funded the purchase with proceeds



from our position in Canadian T-bills. Our cash position continues to benefit from the regular dividends received from Lysander.

Not long after we made our initial purchase in Ubisoft, the shares fell by more than 40%. The company made a significant corporate announcement, which included a large restructuring, cancellation of games, studio closures, layoffs, significant operating losses, and a withdrawal of longer-term guidance. The stock ended the quarter priced at €3.84, down 37% from our average purchase price.

Ubisoft shares had fallen significantly from their peak valuation of €93.98 in June of 2018. Over the last decade, the costs to produce high quality games have skyrocketed, and competition has increased commensurately. Ubisoft, once considered an industry-leading creative powerhouse, had lost faith from investors with repeated failures of some of its larger games. Game development involves significant up-front capital and costs, with no guarantee that consumers will make a purchase.

Our investment thesis centers on the long-term value of Ubisoft's intellectual property and the company's unique relationship with Tencent, one of the world's largest technology and entertainment companies. Ubisoft houses major gaming franchises like Assassin's Creed, Tom Clancy's Rainbow Six and Far Cry. We take the view that as long as Ubisoft's balance sheet can withstand a few years of pain, the company has a reasonable probability of landing a win with future content from these franchises.

On the topic of its balance sheet, Ubisoft entered a unique transaction with Tencent in 2025. Ubisoft created a new subsidiary with its three largest gaming franchises. The subsidiary, named Vantage Studios, sold an approximate 25% minority stake to Tencent for €1.16 billion, which meant the remaining stake of the subsidiary should be worth €3.3 billion. Ubisoft's entire market capitalization at the time of our purchase was approximately €800 million. The math looked attractive to us and the implied support from Tencent, a company with a sizeable treasure chest, was also meaningful.

Other Private Investments (\$2.5 million)

Other Private Investments represent 4.1% of CSOC's total assets.

The first quarter was muted for our private investments. We did not experience the typical volatility in our convertible preferred shares of New Horizon Aircraft Ltd. as the underlying stock moved marginally.

As a reminder, we categorize our New Horizon Aircraft Ltd. Preferred Convertible 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\$741,532.59 value. The fair value presented in the table below is in Canadian dollars.



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Description	Average Cost (\$)	Fair Value (\$)
New Horizon Aircraft Ltd Preferred Convertible	321,211	992,570
Our Home and Miniature Land Inc. 10% April 30, 2026	400,000	400,000
HashTag Paid Inc. Series A-5 Preferred Shares	132,837	339,796
Reformulary Group Inc.	200,000	250,000
Smooth Payment Inc. 14% December 1, 2026	400,000	200,000
HashTag Paid Inc. Series B-4 Preferred Shares	66,330	70,334
Palmer Energy Technology Ltd. (previously Brill Power Limited Class A)	105,559	63,628
Portfolio HiWay Inc.	50,000	62,500
Fibracast	800,000	58,800
TC Fund I LP Class B	12,361	8,340
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
Smooth Payment Inc. May 12, 2031 Warrants	-	-
Our Home and Miniature Land Inc. Warrants	-	-
Smooth Payment Inc. July 5, 2031 Warrants	-	-
Total	2,626,934	2,451,940

CSOC Tax Status

On September 4, 2018, Canso Select Opportunities Fund (“CSOF” or 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. To the degree that it makes economic sense, 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

Subsequent to the end of the quarter, the Company received a quarterly dividend of \$525,000 (\$7.5/share) and special dividend of \$191,100 (\$2.73/share) from Lysander in April 2026.

On May 15, 2026, CSOC announced the termination of CSOF, following the transitional period previously disclosed to investors on February 1, 2018. It had been determined that it was the appropriate time to wind-



up CSOF given the diminishing tax benefits associated with maintaining it. Upon termination, any remaining property or assets and liabilities of CSOF were distributed to CSOC as CSOF's sole unitholder.

Capital Resources

CSOC has no commitments for any capital expenditures as of March 31, 2026.

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, 2026 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, 2026, 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 quarter-end. The list of all associated risks are disclosed in detail in Notes 3 and Note 10 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 Three Months Ended March 31, 2026 (2025 – \$Nil).

Disclosure of Outstanding Share Data

As at March 31, 2026, there were 1,464,994 Class A Shares and 3,753,443 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.