



Canso Select Opportunities Corporation

Management's Discussion and Analysis For the Three Months Ended June 30, 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 June 30, 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, 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.

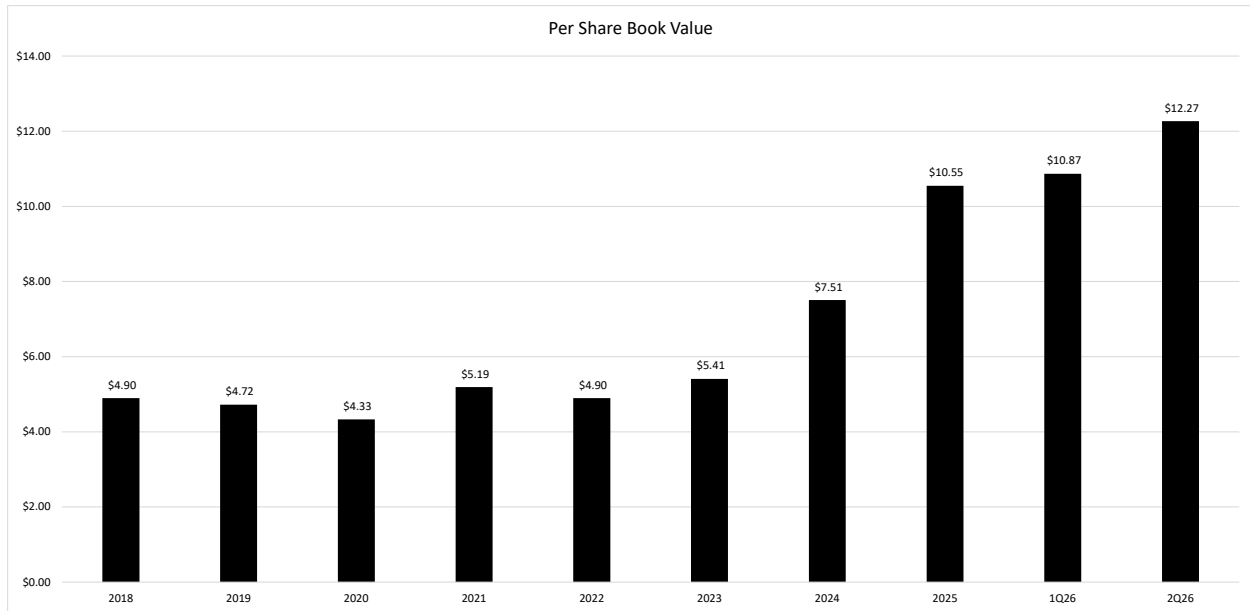
The following MD&A is the responsibility of management and is dated August 26, 2026. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed 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 by 13% in the second quarter, from \$10.87 to \$12.27.



***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 \$7,344,708 in the second quarter of 2026, compared to net income of \$4,684,867 in the second 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:

	30-Jun-2026	31-Mar-2026	31-Dec-2025	30-Sep-2025	30-Jun-2025	31-Mar-2025	31-Dec-2024	30-Sep-2024
Income								
<i>Dividend Income</i>	\$978,042	\$1,618,987	\$1,630,605	\$371,655	\$366,564	\$601,924	\$579,081	\$245,830
<i>Interest Income (Expense)</i>	\$293,320	\$25,591	\$122,807	\$14,335		(\$43)	\$212,000	
<i>Realized Gain (Loss) on Investments</i>	\$2,710,808	\$9,397	\$2,253,001	\$589,361	(\$7)	(\$47,810)	\$992,335	
<i>Realized Foreign Exchange Gain (Loss)</i>	\$167,816	\$15,901	(\$2,102)	\$1,621		(\$13,889)	(\$5,219)	
<i>Change in Unrealized Foreign Exchange Gain (Loss)</i>	\$651,727	(\$365,537)	(\$377,929)	\$366,226	\$295,573	(\$189,290)	\$200,125	\$1,515
<i>Change in Unrealized Gain (Loss) on Investments</i>	\$3,661,418	\$445,428	\$6,033,103	\$1,923,257	\$4,757,031	(\$556,029)	\$5,602,037	\$2,391,100
Total Income (Loss)	\$8,463,131	\$1,749,767	\$9,659,485	\$3,266,455	\$5,419,161	(\$205,137)	\$7,580,359	\$2,638,445
Total Expenses	\$120,257	\$100,793	\$80,741	\$95,223	\$88,335	\$83,576	\$95,262	\$67,595
Net Income (Loss)	\$7,344,708	\$1,654,972	\$8,442,518	\$2,888,536	\$4,684,867	(\$159,903)	(\$4,399,187)	\$2,271,521
Total Assets	\$68,064,768	\$59,859,034	\$58,308,314	\$48,955,009	\$45,717,238	\$40,346,759	\$40,699,980	\$33,315,133
<i>Lysander Class A Shares</i>	<i>\$33,950,000</i>	<i>\$33,250,000</i>	<i>\$33,250,000</i>	<i>\$23,100,000</i>	<i>\$23,100,000</i>	<i>\$21,700,000</i>	<i>\$21,700,000</i>	<i>\$17,150,000</i>
Total Shareholder's Equity	\$64,049,067	\$56,704,362	\$55,049,390	\$46,606,876	\$43,718,336	\$39,033,469	\$39,193,372	\$32,638,432
Number of Shares								
Class A	1,458,394	1,464,994	1,464,994	1,464,994	1,468,594	1,468,794	1,489,994	1,511,994
Class B	3,760,043	3,753,443	3,753,443	3,753,443	3,749,843	3,749,643	3,728,443	3,706,443
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:								
Income (Loss) per share	\$ 1.62	\$ 0.34	\$ 1.85	\$ 0.63	\$ 1.04	\$ (0.04)	\$ 1.45	\$ 0.51
Net Income (Loss) per share	\$ 1.41	\$ 0.32	\$ 1.62	\$ 0.55	\$ 0.90	\$ (0.03)	\$ 1.26	\$ 0.44
Book Value per share	\$ 12.27	\$ 10.87	\$ 10.55	\$ 8.93	\$ 8.38	\$ 7.48	\$ 7.51	\$ 6.25

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 majority of growth in our book value per share came from material price increases in some of our larger positions in our *Public Investments* (Bird Construction +63%, MDA Space Ltd +66%, RH +46%, Ubisoft +40%, Air Canada +37%). Dividend payments from Lysander amounted to \$716,100 in the quarter.

Lysander (\$34 million)

Lysander shares represent 50% 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 \$485, an increase of 2.1% from the end of the first quarter. 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. During the quarter, we increased the valuation of Lysander as the company continues to grow its underlying assets under management.

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, an affiliate of CSOC, 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 \$27.6 billion to \$28.2 billion during the quarter. For privacy and competitive reasons, we do not publish Lysander's detailed financial results.

CSOC received \$716,100 in dividends from Lysander during the quarter. Last quarter, Lysander announced an increase to its regular quarterly dividend from \$5 to \$7.50 per share. During the quarter, we received the regular dividend of \$525,000 in addition to a special dividend of \$191,100. Lysander's regular dividend rate equates to \$2,100,000 in dividends to CSOC annually.

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 (\$30.6 million)

Public Investments represent 45% 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. 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 (Bird Construction +63%, MDA Space Ltd +66%, RH +46%, Ubisoft +40%, Air Canada +37%).

Description	Average Cost (\$)	Fair Value (\$)
Canada Treasury Bill July 15, 2026	5,176,749	5,179,549
Bird Construction Inc.	3,063,382	3,977,788
MDA Space Ltd. (previously MDA Ltd.)	879,998	3,683,420
Quebecor Inc. Class B	2,369,834	3,046,050
RH	1,823,463	2,715,458
Ubisoft Entertainment	2,390,960	2,126,355
Air Canada	1,337,577	1,870,344
Manulife Financial Group	1,702,575	1,792,956
Cineplex Inc.	1,648,262	1,756,821
Yellow Pages Limited	1,066,732	1,038,447
Match Group Inc.	622,845	681,299
BCE Inc.	786,319	635,868
GoPro Inc.	685,801	568,718
Enbridge Inc.	537,612	546,061
Aegis Brands Inc. (previously Second Cup Ltd.)	246,699	246,699
Corus Entertainment Inc. 6% February 28, 2030	268,671	244,000
Flint Corp (previously ClearStream Energy SVCS Inc.)	268,232	236,379
Hertz 5% December 1, 2029	267,598	170,882
Canadian Life Companies Split	89,712	90,720
NorthStar Gaming Holdings Inc	8,555	185
Total	25,241,576	30,607,999

Public Investments Activity

During the quarter, we entered a new equity position in RH at US\$112.93. RH (formerly known as Restoration Hardware) is a luxury home furnishings retailer. The stock has been plagued by a weak macro environment together with the fallout from some poor financial decisions a few years ago. In the wake of the pandemic, the US housing market is suffering from the slowest level of sales activity in more than fifty years which has a significant impact on home furnishing expenditures. Trump's tariffs added more fuel to the fire, impacting many items RH imports from abroad. In 2022 and 2023, RH borrowed US\$2.5bn worth of term loans and used the proceeds to buy back ~25% of its outstanding shares at US\$295.64. With hindsight, this was an irresponsible use of capital which left the company with unnecessary leverage. The stock has fallen from a peak of ~US\$700 (US\$14.6bn market cap).

The company's CEO, Gary Friedman, is an aggressive operator willing to take large risks. He owns ~20% of the outstanding shares of RH, which we believe provides a strong alignment of incentives.

Over the last decade, Gary bucked the status quo by investing heavily in massive, immersive retail storefronts while the rest of the industry considered shrinking its physical footprint in favor of online sales. The result has been the emergence of a highly regarded standard-bearer for home furnishing style with the ability to charge premium prices. Gary has plans to grow the brand internationally, with new galleries either complete or underway in England, Munich, Dusseldorf, Brussels, Madrid, London, Paris, Milan, and Sydney.

We believe that our entry price of US\$112.93 (market cap of ~\$US2.2bn) is defensive enough to ride whatever wave Gary takes us on. The company has enough flexibility to manage its debt. If RH is successful in its expansion into international markets, it could provide the business with significant new sources of revenue. At some point, we also expect the housing market in the US to come off the bottom of the cycle, providing a natural lift to RH's operating results.

During the quarter, we also sold our entire common equity position in New Horizon shares at a price of US\$2.77 and our entire position in Sun Life Financial preferred shares.

Other Private Investments (\$2.8million)

Other Private Investments represent 4.2% of CSOC's total assets.

Convertible preferred shares of New Horizon Aircraft increased in price by 39.7%, in line with the underlying public stock.

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\$993,754.56 value. The fair value presented in the table below is in Canadian dollars.

Our Home and Miniature Land was acquired by Pocket Planet in June of 2026. Pocket Planet is a UK-based entertainment company that specializes in miniature attractions. As part of the deal, noteholders agreed to amend the terms of the outstanding bonds by extending the maturity to 2033 and amending the coupon from 10% to 3%. Prior to the amendments, the principal amount of bonds outstanding was raised by a factor that included all prior missed interest payments. Given the lower coupon, we decided it was prudent to value the bonds consistent with our initial book cost of ~\$400,000, or a price of \$60.

Description	Average Cost (\$)	Fair Value (\$)
New Horizon Aircraft Ltd Preferred Convertible	321,211	1,412,187
Our Home and Miniature Land 3% Jun 1, 2033	664,666	400,930
HashTag Paid Inc. Series A-5 Preferred Shares	132,837	346,020
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	71,622
Palmer Energy Technology Ltd. (previously Brill Power Limited)	105,560	65,623
Portfolio HiWay Inc.	50,000	62,500
Fibrecast	800,000	58,800
TC Fund I LP Class B	12,361	7,617
X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.)	5,969	5,969
BZ Holdings Inc.	2	-
Smooth Payment Inc. July 5, 2031 Warrants	-	-
Smooth Payment Inc. May 12, 2031 Warrants	-	-
Our Home and Miniature Land Inc. Warrants	-	-
X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.)	1	-
Total	2,758,937	2,881,268

Termination of Canso Select Opportunities Fund

Canso Select Opportunities Fund (“CSOF”) was a wholly-owned investment in the form of a Trust held by CSOC. CSOC indirectly held all of the investments of CSOF through its ownership of CSOF. On May 15, 2026, CSOF was terminated following the transitional period previously disclosed to investors on February 1, 2018. Given the diminishing tax benefits of maintaining CSOF as a separate entity, it was determined that it was the appropriate time to wind-up CSOF. Upon termination, the remaining assets and liabilities of CSOF were distributed to CSOC as CSOF’s sole unitholder, at a fair value of \$14,128,940. Securities originally held in CSOF were distributed in specie to CSOC at a total value of \$13,962,177. A capital gain of \$2,380,451 was recognized from the wind-up and included in the realized gain (loss) on investments on the Interim Statements of Comprehensive Income.

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 regular dividend of \$525,000 and special dividends totaling \$2,184,700 from Lysander on July 31, 2026.

Capital Resources

CSOC has no commitments for any capital expenditures as of June 30, 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 June 30, 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 June 30, 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 and for an additional 2-month term ending on September 30, 2026. There were no management fees charged for the year ended June 30, 2026 (2025 – \$Nil).

Disclosure of Outstanding Share Data

As at June 30, 2026, there were 1,458,394 Class A Shares and 3,760,043 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.