CLAIRVEST GROUP INC. **August 12, 2025**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2025

The Management's Discussion and Analysis ("MD&A") of financial condition and results of operations analyzes significant changes in Clairvest Group Inc.'s ("Clairvest" or the "Company") consolidated financial results, financial position, risks and opportunities. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the quarter ended June 30, 2025 ("consolidated financial statements").

The Company's consolidated financial statements include those subsidiaries which provide investment-related services and that the Company controls by having the power to govern the financial and operating policies of these entities. The following entities, which are significant in nature, provide investment-related services on behalf of the Company.

Clairvest GP Manageco Inc.
Clairvest GP (GPLP) Inc.
CEP MIP GP Corporation
Clairvest General Partner III Limited Partnership
Clairvest General Partner IV Limited Partnership

Clairvest employs various acquisition entities in structuring its investments, all of which are controlled by Clairvest. These acquisition entities, which are accounted for at fair value in accordance with International Financial Reporting Standards ("IFRS") as described in the Critical Accounting Estimates section, include the following:

2141788 Ontario Corporation ("2141788 Ontario")
CVG Invest Holdings Limited Partnership ("CVG Invest")
CEP III Co-Investment Limited Partnership ("CEP III Co-Invest")
MIP III Limited Partnership ("MIP III")
CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest")
MIP IV Limited Partnership ("MIP IV")
CEP V Co-Investment Limited Partnership ("CEP V Co-Invest")
Clairvest General Partner V Limited Partnership ("Clairvest GP V")
MIP V Limited Partnership ("MIP V")
CEP VI Co-Investment Limited Partnership ("CEP VI Co-Invest")
MIP VI Limited Partnership ("MIP VI")
Clairvest Special Limited Partnership VI Limited Partnership ("Clairvest SLP VI")
Clairvest CEP Holdings Limited Partnership ("Clairvest CEP Holdings")
CEP VII Co-Investment Limited Partnership ("CEP VII Co-Invest")
MIP VII Limited Partnership ("MIP VII")
Clairvest Special VII Limited Partnership ("Clairvest SLP VII")

2141788 Ontario, a limited partner of CEP III Co-Invest, CEP V Co-Invest, and CEP VII Co-Invest, is a wholly owned acquisition entity of Clairvest. CVG Invest is a wholly owned acquisition entity of Clairvest which holds certain marketable securities that were previously held by Clairvest. Clairvest's relationship with CEP III Co-Invest and MIP III, CEP IV Co-Invest and MIP IV, CEP V Co-Invest, Clairvest GP V and MIP V, CEP VI Co-Invest, MIP VI and Clairvest SLP VI, and CEP VII Co-Invest, MIP VII and Clairvest SLP VII are described in the Transaction with Related Parties and Off-Statement of Financial Position Arrangements section of the MD&A.

Clairvest invests its own capital, and that of third parties, through various Clairvest Equity Partnerships (together, the "CEP Funds") in carefully selected companies that have the potential to generate superior returns. These Partnerships include the following:

Clairvest Equity Partners III Limited Partnership ("CEP III")
Clairvest Equity Partners IV Limited Partnership ("CEP IV")
Clairvest Equity Partners IV-A Limited Partnership ("CEP IV-A")

which collectively, are herein referred to as Clairvest Equity Partners III and IV.

Clairvest Equity Partners V Limited Partnership ("CEP V")

CEP V HI India Investment Limited Partnership ("CEP V India")
Clairvest Equity Partners V-A Limited Partnership ("CEP V-A")
Clairvest Equity Partners VI Limited Partnership ("CEP VI")
Clairvest Equity Partners VI-A Limited Partnership ("CEP VI-A")
Clairvest Equity Partners VI-B Limited Partnership ("CEP VI-B")
Clairvest Equity Partners VII Limited Partnership ("CEP VII")
Clairvest Equity Partners VII-A Limited Partnership ("CEP VII-A")
Clairvest Equity Partners VII-B Limited Partnership ("CEP VII-B")

which collectively, are herein referred to as Clairvest Equity Partners V, VI and VII.

The Company concluded that its ownership interests in the CEP Funds, which meet the definition of structured entities under IFRS, do not meet the definition of control under IFRS. Accordingly, the financial positions and operating results of the CEP Funds are not included in Clairvest's consolidated financial statements.

All amounts are in Canadian dollars unless otherwise indicated.

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements as at and for the year ended March 31, 2025, contain certain disclosures not included in the consolidated financial statements as at and for the quarter ended June 30, 2025, accordingly, this MD&A should be read in conjunction with the audited consolidated financial statements as at and for the year ended March 31, 2025.

Clairvest prepared its consolidated financial statements in accordance with IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), as issued by the International Accounting Standards Board. For a discussion of all material accounting policies which includes a discussion of the Company's critical accounting estimates, refer to *note 2* to the consolidated financial statements. A description of critical accounting estimates is provided below.

Fair value of financial assets or liabilities
When a financial asset or liability is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, the fair value of an investment quoted on an active market is generally the bid price on the principal exchange on which the investment is traded. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility. Additionally, there are several other factors the Company considers in determining the value at which to carry an investment quoted on an active market, including factors that may be unique to Clairvest and its business model. These factors can and do sometimes include, inter alia, the amount of public float and the depth of market liquidity for a particular stock, the size of our position and the amount of time it would take to dispose of our position at acceptable prices, any applicable lock-up or other contractual restrictions, whether or not Clairvest is an affiliate of the issuer of the securities, whether or not we have registration rights, the availability of safe harbor from registration requirements for resales of our position, and whether or not the securities are restricted securities or control securities. As a result of these factors, Clairvest's internal valuation could differ from that of other investors. Where Clairvest's internal valuation differs from the publicly traded price of a company's shares, Clairvest's internal valuation in no way reflects a disagreement with the publicly traded price. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private market transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

A change to an estimate with respect to Clairvest's privately held corporate investments or publicly traded corporate investments would impact corporate investments and net investment gain.

Recognition of carried interest and corresponding expenses
The Company recognizes carried interest from Clairvest Equity Partners III and IV on its consolidated statements of financial position which is based on the fair values of the financial instruments held by those funds. As discussed previously, fair values of certain financial instruments are determined using valuation techniques which by their nature involve the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of these financial instruments. Imprecision in determining fair value using valuation techniques may affect the calculation of carried interest receivable and the resulting accrued liabilities for future payouts relating to these carried interest receivables at the statement of financial position date. In accordance with IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), the Company would only recognize carried interest from Clairvest Equity Partners III and IV in the event a significant reversal during a future period is highly improbable. The carried interest from Clairvest Equity Partners V, VI and VII and the amounts ultimately payable to the limited partners of the corresponding MIP Partnerships are accounted for at fair value through profit or loss in accordance with IFRS 10 and included in Corporate Investments.

Deferred income taxes
The process of determining deferred income tax assets and liabilities requires management to exercise judgment while considering the anticipated timing of disposal of corporate investments, and proceeds thereon, tax planning strategies, changes in tax laws and rates, and loss carryforwards. Deferred income tax assets are only recognized to the extent that, in the opinion of management, it is probable that the deferred income tax asset will be realized. A change to an accounting estimate with respect to deferred income taxes would impact deferred income tax liability and income tax expense.

FINANCIAL CONDITION AND BOOK VALUE

The following table summarizes the Company's financial position and book value:

Financial Position ($000's) (except share information) **As at**	**June 30, 2025**	**March 31, 2025**
Cash, cash equivalents, restricted cash and temporary investments ("treasury funds")	287,455	295,728
Carried interest from Clairvest Equity Partners IV	47,922	48,517
Corporate investments, including carried interest from Clairvest Equity Partners V, VI and VII, and net of corresponding management participation(1)	975,082	942,857
Total assets	1,447,210	1,429,435
Management participation from Clairvest Equity Partners IV	37,340	37,718
Total liabilities	187,351	177,844
Book value	1,259,859	1,251,591
Book value per share	88.94	88.30
Dividend per share declared(2)	0.8830	—
Number of common shares outstanding	14,165,531	14,173,631

(1) Includes carried interest of $150,214 (March 31: $141,897) and management participation of $111,202 (March 31: $105,457) from Clairvest Equity Partners V, VI and VII, and $144,150 (March 31: $162,235) in cash, cash equivalents and temporary investments held by Clairvest's acquisition entities.

(2) Declared annually during quarter ended June 30.

Clairvest's book value increased by $0.64 per share during the first quarter of fiscal 2026. The increase was primarily due to $21.3 million, or $1.51 per share, in net income and comprehensive income ("net income") for the quarter, net of $12.5 million, or $0.8830 per share, of dividends declared during the quarter, and the accretive effect from the 8,100 common shares purchased and cancelled during the quarter as described in *note 10* to the consolidated financial statements. During the quarter, Clairvest made new and follow-on investments totalling $42.7 million into its private equity portfolio.

<u>ASSETS</u>

As at June 30, 2025, the Company's treasury funds of $287.5 million were held in cash, money market savings accounts rated not below R1-High, investment savings accounts, guaranteed investment certificates either rated not below A or principally protected by the Canada Deposit Insurance Corporation, term loans, marketable securities, and limited recourse capital notes as permitted by the Company's treasury policy (see *notes 4 and 16* to the consolidated financial statements for a detailed discussion of the Company's treasury funds). 2141788 Ontario and CVG Invest also held $137.7 million in cash, investment savings accounts, guaranteed investment certificates rated comparably, limited recourse capital notes, marketable securities and other fixed income securities as permitted by the Company's treasury policy. In addition, Clairvest is the beneficial owner of $6.5 million in cash held in various acquisition entities which are controlled by Clairvest.

Clairvest maintains a $100.0 million revolving credit facility which is participated in by several Schedule 1 Canadian chartered banks. The credit facility, which has an expiry of December 2029 and is eligible for a one-year extension on each anniversary of the closing date, bears interest at the bank prime rate plus 1.25% per annum on drawn amounts and a standby rate of 0.70% per annum on undrawn amounts. The amount available under the credit facility as at June 30, 2025 was $100.0 million, which is based on debt covenants and certain restrictions within the banking arrangement. No amounts were drawn on the facility during the quarter and as at June 30, 2025.

Carried interest from Clairvest Equity Partners IV is further described in *note 8* to the consolidated financial statements.

As at June 30, 2025, Clairvest had corporate investments with a carrying value of $975.1 million, an increase of $32.2 million during the first quarter of fiscal 2026. Of this, $800.9 million represented the fair value of Clairvest's investee companies, $39.0 million represented carried interest from Clairvest Equity Partners V, VI, and VII net of management participation, and the remaining $135.2 million of which represented other net assets held by Clairvest's acquisition entities. Certain of these acquisition entities, as further described in *note 11* to the consolidated financial statements, invest alongside the CEP Funds.

The aggregate carrying value of Clairvest's investee companies increased by $39.5 million during the first quarter of fiscal 2026, which primarily comprised the following:

- Net unrealized gain on investee companies of $26.6 million from various investments in the private equity portfolio;
- Investment made in Beneficial Reuse Management, a distributor of products to the agriculture, landscape, wallboard, and construction end-markets by reusing or converting certain industrial waste streams into value-add products, of US$18.1 million (C$25.1 million);
- Follow-on investment made in Acera Insurance of $9.6 million;
- Investment made in NCS Engineers, a provider of turn-key water and wastewater engineering solutions across the United States, of US$5.6 million (C$8.0 million); net of
- Foreign exchange revaluation losses on investee companies totalling $28.9 million, which is offset by foreign exchange gains totalling $19.7 million from the foreign exchange hedging program.

Clairvest has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada. In order to limit its exposure to changes in the value of these investments denominated in foreign currencies relative to the Canadian dollar, Clairvest and its acquisition entities consider and if determined appropriate, entered currency positions opposite these foreign denominated investments, thus creating hedges against fluctuation in the underlying currencies of Clairvest's investments. For the quarter ended June 30, 2025, the foreign exchange adjustments made in Clairvest's valuation of its investee companies is partially offset by the foreign exchange adjustments made in the forward exchange forward contracts used to support its foreign exchange hedging strategy, except for its foreign exchange exposure in its investment in its investment in Head Digital Works denominated in Indian Rupees ("INR") which was unhedged. During the first quarter of fiscal 2026, Clairvest recorded a foreign exchange loss of $6.9 million on its investment in Head Digital Works due to the depreciation of the Indian rupee relative to the Canadian dollar. Foreign exchange forward contracts are described in *note 14* to the consolidated financial statements.

The table below details the cost and fair value of Clairvest's investee companies, aggregated by industry concentration, as at June 30, 2025 and March 31, 2025:

	June 30, 2025			March 31, 2025		
($000's)	Fair value	Cost	Difference	Fair value	Cost	Difference
Aerospace, defense and government services	**160,382**	**104,611**	**55,771**	161,443	104,611	56,832
Co-packing	**19,708**	**17,106**	**2,602**	18,127	17,106	1,021
Environmental	**59,322**	**63,128**	**(3,806)**	26,735	29,992	(3,257)
Gaming	**368,371**	**121,712**	**246,659**	369,805	121,712	248,093
Insurance services	**53,205**	**36,336**	**16,869**	41,126	26,730	14,396
Life science services	**3,113**	**9,900**	**(6,787)**	3,251	9,900	(6,649)
Medical practice management	**63,844**	**36,872**	**26,972**	67,397	36,872	30,525
Renewable energy	**49,718**	**52,213**	**(2,495)**	51,517	52,213	(696)
Technology services	**18,213**	**13,130**	**5,083**	16,414	13,130	3,284
Other investments	**5,018**	**2,199**	**2,819**	5,591	2,199	3,392
	800,894	**457,207**	**343,687**	761,406	414,465	346,941

The cost and fair value of these investee companies do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as economic hedges against the Company's foreign currency-denominated investments. Significant activities of each investee company during the first quarter of fiscal 2026 are further described in *note 6* to the consolidated financial statements.

LIABILITIES

As at June 30, 2025, Clairvest had $187.4 million in liabilities, which included $19.8 million in accrued management compensation, $59.8 million in share-based compensation, $37.3 million in management participation from Clairvest Equity Partners III and IV, and $41.6 million current and deferred income tax liability. $83.4 million of these liabilities were and are payable only upon the cash realization of certain investments of Clairvest or the CEP Funds, and the cash realizations are expected to far exceed the payments required upon these realizations.

The $59.8 million in share-based compensation included $12.8 million accrued under the Non-Voting Option Plan, $18.2 million under the Employee Deferred Share Units ("EDSU") plan, $9.2 million under the Book Value Appreciation Rights plan, and $19.7 million under the Directors Deferred Share Units and Appreciation Deferred Share Units plan.

Management participation is further described in *note 8* to the consolidated financial statements.

EQUITY AND SHARE INFORMATION

Clairvest has normal course issuer bids ("NCIB") outstanding enabling it to purchase up to 718,192 common shares during the 12-month period ending March 9, 2026. During the first quarter of fiscal 2026, the Company purchased and cancelled 8,100 common shares under the NCIB for an aggregate cost of $0.6 million.

As at June 30, 2025 and August 12, 2025, Clairvest had 14,165,531 common shares issued and outstanding.

No Non-Voting Shares had been issued as at June 30, 2025. The Non-Voting Shares, which have a two times preference over the common shares, were authorized as part of the Non-Voting Option Plan as described below.

Options granted under the Non-Voting Option Plan are exercisable for Non-Voting Shares. The Non-Voting Option Plan has a cash settlement feature. Options granted under this plan vest at a rate of one-fifth of the grant at the end of each year over a five-year period. As at June 30, 2025, 605,981 options were outstanding, 278,273 options of which had vested.

The Company's EDSU plan which provides, among other things, that participants may elect annually to receive all or a portion of their annual bonus amounts that would otherwise be payable in cash in the form of EDSUs. EDSUs may be redeemed for cash or for common shares of the Company in accordance with the terms of the plan. Clairvest is required to reserve one common share for each EDSU issued under the EDSU Plan. The maximum number of Clairvest common shares reserved for the EDSU Plan has been increased to 350,000 common shares, which represents approximately 2.5% of the outstanding number of common shares. As at June 30, 2025, 237,385 EDSUs were outstanding under the EDSU Plan.

FINANCIAL RESULTS

Net income for the quarter ended June 30, 2025 was $21.3 million, compared with a net income of $23.9 million for the same period during the last fiscal year. The following table summarizes the composition of net income:

FINANCIAL RESULTS

($000's) (except per share information)	Quarter ended June 30	
	2025	2024
Net investment gain (loss) **(A)**		
- Investee companies inclusive of foreign exchange hedging activities	**17,365**	23,468
- Temporary investments	**6,238**	(6,105)
- Carried interest and management participation from Clairvest Equity Partners V, VI and VII	**2,572**	2,208
- Acquisition entities including distributions, interest, dividends and fees received from investee companies and net of taxes paid or payable by these acquisition entities	**9,807**	541
	35,982	20,112
Distributions, interest income, dividends and fees **(B)**		
- CEP Funds	**8,451**	10,379
- Investee companies	**1,452**	1,218
- Treasury funds	**3,488**	4,633
- Acquisition entities and other	**72**	473
	13,463	16,703
Carried interest from Clairvest Equity Partners III and IV **(C)**	**(595)**	2,124
Total expenses **(D)**	**24,998**	11,958
Net income before income taxes **(A+B+C-D)**	**23,852**	26,981
Income tax expense	**2,516**	3,060
Net income	**21,336**	23,921
Net income per share	**1.51**	1.63
Net income per share - fully diluted	**1.51**	1.63

The Company fair values its acquisition entities which hold Clairvest's interest in its investee companies as well as other assets and liabilities. Distributions, interest, dividends and fees earned from and realized gains and net change in unrealized gains or losses on the investee companies held by acquisition entities, including foreign exchange fluctuations and the hedging activities related to managing the foreign currency exposure of these investments, and income taxes incurred by these acquisition entities, are reflected in net investment gain until the net proceeds are distributed out of these acquisition entities, at which point the Company would record a distribution or a dividend from acquisition entities and reverse the net investment gain or loss which had previously been recorded.

The following tables summarize, by industry concentration, the net investment gain or loss of investee companies for the quarters ended June 30, 2025 and 2024. This net investment gain or loss is inclusive of the foreign exchange hedging activities related to these investments:

NET INVESTMENT GAIN (LOSS) ON INVESTEE COMPANIES

Quarter ended June 30 ($000's)	2025				2024
	Net realized loss	Net unrealized gain (loss)	Foreign exchange gain (loss)[1]	Total	Total
Aerospace, defense and government services	—	—	(254)	(254)	3,635
Co-packing	—	1,581	—	1,581	—
Environmental	(74)	1,481	(303)	1,104	22,534
Equipment rental	—	—	—	—	3,694
Gaming	—	18,862	(7,884)	10,978	(2,363)
Insurance services	—	2,473	—	2,473	964
Life science services	—	—	(17)	(17)	(4,631)
Medical practice management	—	(104)	(406)	(510)	4,266
Renewable energy	—	839	(233)	606	(3,700)
Technology services	—	1,799	—	1,799	(952)
Other investments	—	(303)	(92)	(395)	21
Net investment gain (loss) on investee companies	(74)	26,628	(9,189)	17,365	23,468

(1) Inclusive of foreign exchange hedging activities

Investment and divestiture activities are further described in *note 6* to the consolidated financial statements.

During the first quarter of fiscal 2026, the net impact of foreign exchange on the investee companies after consideration of foreign exchange hedging activities included a foreign exchange loss of $6.9 million (2025 – gain of $1.3 million) on the Indian rupee denominated investment and a loss of $2.3 million (2025 – $1.0 million) on U.S. dollar denominated investments.

The Company and its acquisition entities also receive distributions, interest, dividends or fees from various investee companies. The following table summarizes the income earned by the Company and its acquisition entities for the quarters ended June 30, 2025 and 2024:

DISTRIBUTIONS, INTEREST, DIVIDENDS AND FEES FROM INVESTEE COMPANIES

Quarter ended June 30 ($000's)	2025			2024
	Earned directly by Clairvest	Earned through acquisition entities	Total	Total
Distributions and interest income				
Aerospace, defense and government services	—	262	262	267
Co-packing	—	—	—	58
Environmental	—	165	165	45
Gaming	—	(740)	(740)	1,351
Life science services	—	27	27	—
Medical practice management	—	298	298	—
Renewable energy	—	11	11	—
	—	23	23	1,721
Dividend income				
Gaming	—	—	—	9
Advisory and other fees	1,452	—	1,452	947
Distributions, interest, dividends and fees from investee companies	1,452	23	1,475	2,677

The Company and its acquisition entities also receive distributions, fees and interest from the CEP Funds as described in *note 7* to the consolidated financial statements. The following table summarizes the distributions, fees and interest earned from the CEP Funds for the quarters ended June 30, 2025 and 2024:

DISTRIBUTIONS, FEES AND INTEREST FROM THE CEP FUNDS

Quarter ended June 30 ($000's)	2025			2024
	Earned directly by Clairvest	Earned through acquisition entities	Total	Total
Priority distributions	**2,668**	—	**2,668**	3,470
Management fees	**5,119**	—	**5,119**	6,559
Interest on loans advanced	**664**	**20**	**684**	572
Distributions, fees and interest from the CEP Funds	**8,451**	**20**	**8,471**	10,601

The Company also earns carried interest from the CEP Funds. As described in *note 8* to the consolidated financial statements, carried interest from Clairvest Equity Partners III and IV is recorded in carried interest in accordance to IFRS 15 and carried interest from Clairvest Equity Partners V, VI and VII is recorded in net investment gain or loss in accordance to IFRS 10.

The following tables summarize the realized carried interest and the net change in unrealized carried interest for Clairvest Equity Partners III and IV, and Clairvest Equity Partners V, VI and VII for the quarters ended June 30, 2025 and 2024:

NET CARRIED INTEREST INCOME ($000's)

	Quarter ended June 30	
	2025	2024
Net change in unrealized carried interest from CEP III and IV	**(595)**	2,124
Net change in unrealized carried interest from CEP V, VI and VII	**8,317**	8,229
Net carried interest income[(1)]	**7,722**	10,353

(1) Includes carried interest which are ultimately paid to non-Clairvest participants if and when they are payable, which are recorded as management participation as described below

Included in distributions and interest income for the first quarter of fiscal 2026 was interest earned from treasury funds of $3.0 million, compared to $3.9 million for the same quarter last year. Acquisition entities of Clairvest earned interest from their treasury funds totalling $1.5 million during the first quarter of fiscal 2026, compared to $1.4 million for the same quarter last year. The Company also had $6.2 million in net investment gain on its treasury funds during the first quarter of fiscal 2026, compared to a $6.1 million net investment loss for the same quarter last year. During the quarter, the Company and its acquisition entities sold marketable securities in the temporary investment portfolio for total cash proceeds of $3.7 million. As at June 30, 2025, the Company and its acquisition entities held $76.3 million in marketable securities within the temporary investment portfolio.

Total expenses for the first quarter of fiscal 2026 were $25.0 million, compared with $12.0 million for the same quarter last year. The following table summarizes expenses incurred by the Company for the quarters ended June 30, 2025 and 2024:

TOTAL EXPENSES, EXCLUDING INCOME TAXES ($000's)

	Quarter ended June 30	
	2025	2024
Employee compensation and benefits	**5,043**	6,087
Share-based compensation expenses	**10,359**	2,273
Administration and other expenses	**2,735**	2,066
Finance and foreign exchange expenses (recovery)	**7,239**	(67)
Management participation from Clairvest Equity Partners III and IV	**(378)**	1,599
Total expenses, excluding income taxes	**24,998**	11,958

The following table summarizes share-based compensation expenses incurred by the Company for the quarters ended June 30, 2025 and 2024:

TOTAL SHARE-BASED COMPENSATION EXPENSES ($000's)

	Quarter ended June 30	
	2025	2024
Non-voting options expense (recovery)	**4,526**	(2,669)
Book value appreciation rights expense	**1,820**	6,367
Deferred share units and appreciation deferred share units expense (recovery)	**2,375**	(802)
Employee deferred shares units expense (recovery)	**1,638**	(623)
Total share-based compensation expenses	**10,359**	2,273

Management participation is further described in *note 8* to the consolidated financial statements.

The Company incurred $2.5 million in income taxes, and its acquisition entities recovered $0.3 million in income taxes during the first quarter of fiscal 2026, compared with $3.1 million in income taxes incurred by the Company and $1.5 million in income taxes incurred by the acquisition entity for the same quarter last year. Income taxes incurred by the Company's acquisition entities are reflected in net investment gain.

Quarterly results ($000's except per share information)	**Gross revenue[(1)]**	**Net income (loss)**	**Net income (loss) per common share**	**Net income (loss) per common share fully diluted[(2)]**
	$	**$**	**$**	**$**
June 30, 2025	48,850	21,336	1.51	1.51
March 31, 2025	30,532	20,721	1.46	1.46
December 31, 2024	52,484	38,450	2.70	2.70
September 30, 2024	54,526	38,950	2.68	2.68
June 30, 2024	38,939	23,921	1.63	1.63
March 31, 2024	34,926	26,103	1.78	1.78
December 31, 2023	(3,905)	(4,950)	(0.34)	(0.34)
September 30, 2023	(31,239)	(43,968)	(2.93)	(2.93)

(1) Includes net investment gain (loss)

(2) The sum of quarterly net income per common share may not equal the year-to-date net income per common share due to rounding and the dilutive effect on any quarters which may not be applicable for the full year.

OUTLOOK

As a long-term investor, Clairvest is focused on building value in its investee companies by contributing strategic expertise, guiding management through volatile times and helping its investee companies capitalize on new opportunities that arise.

As at June 30, 2025, Clairvest had $1.9 billion of capital available for future investments through treasury funds, credit facilities and access to funds at its acquisition entities and uncalled capital in the CEP Funds. With the available funds, Clairvest has ample liquidity to support its investee companies as appropriate and to continue its active pursuit of new investment opportunities to enhance shareholder value.

TRANSACTIONS WITH RELATED PARTIES

Clairvest is entitled to other various entitlements from its acquisition entities as described in *note 11* to the consolidated financial statements.

As at June 30, 2025, Clairvest had accounts receivable from its investee companies totalling $6.3 million, CEP IV totalling $3 thousand, CEP IV-A totalling $0.2 million, CEP V totalling $7 thousand, CEP V India totalling $2.5 million, CEP V-A totalling $29 thousand, CEP VI totalling $5.2 million, CEP VI-A totalling $6.4 million, CEP VI-B totalling $4.2 million, CEP VII totalling $12.8 million, CEP VII-A totalling $11.4 million and CEP VII-B totalling $15.2 million. Additionally, acquisition entities of Clairvest which were not consolidated had accounts receivable from CEP III totalling $0.4 million.

In addition, the Company advances loans to its acquisition entities, the CEP Funds, and investee companies. During the first quarter of fiscal 2026, the Company received a net repayment of $8.9 million on these loans such that $34.1 million in loans remained outstanding as at June 30, 2025.

As at June 30, 2025, Clairvest had advanced share purchase loans to certain employees of Clairvest totalling $8.0 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest owned by the employees with a market value as at June 30, 2025 of $10.6 million. None of these loans were made to key management.

Key management at Clairvest includes the Chief Executive Officer ("CEO"), the President, and its directors. In addition to a cash salary, the CEO and the President are entitled to annual discretionary cash bonuses, an annual objective cash bonus which is based on Clairvest's Incentive Bonus Program, and various share-based compensation plans. Aggregate compensation paid to the CEO and the President during the first quarter of fiscal 2026 was $0.4 million. As at June 30, 2025, the total amounts payable to the CEO and the President under the aforementioned plans were $18.3 million. As at June 30, 2025, the total amounts payable to the directors of Clairvest under the DSU, ADSU and Non-Voting Option plans were $20.1 million.

During the first quarter of fiscal 2026, Clairvest earned $1.5 million in advisory and other fees from its investee companies.

Clairvest and a related party of Clairvest, through a limited partnership, own an aircraft that is available for use by both parties. Clairvest and the related party each hold a 50% limited partnership interest. As Clairvest, through a wholly-owned subsidiary, is the general partner of the limited partnership, Clairvest has recognized 100% of the net book value of the aircraft and a liability for the 50% ownership held by the related party. The cost of the aircraft is included in fixed assets and the liability in accounts payable and accrued liabilities.

OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

Clairvest has agreed to guarantee up to $5.0 million to support a credit facility provided to Brunswick Bierworks by its bank. Clairvest would assume the lender's security position that supports the loans provided by the lender should it be called and intends to allocate any amounts called under this guarantee to CEP VI Co-Invest, CEP VI, CEP VI-A and CEP VI-B on a pro-rata basis in accordance with their respective capital commitments in the CEP VI Fund.

Clairvest, together with CEP VI, CEP VI-A and CEP VI-B, in support of the credit facility provided by various banks to New Hampshire Gaming, has guaranteed to fund any and all cost overruns during the construction of a large-scale historical horse racing facility by New Hampshire Gaming, as well as operating deficiencies of the new facility for a specified period of time and up to US$15.0 million. Additionally, Clairvest, together with CEP VI, CEP VI-A and CEP VI-B had entered an agreement with the other investor of New Hampshire Gaming to indemnify 50% of any guarantees funded. Clairvest intends to allocate any amounts called under these guarantees to CEP VI Co-Invest, CEP VI, CEP VI-A and CEP VI-B on a pro-rata basis in accordance with their respective capital commitments in the CEP VI Fund.

In connection with its normal business operations, the Company and its investee companies may, from time to time be involved in legal proceedings, including regulatory investigations, in which claims for monetary damages may be asserted. Clairvest may accrue a liability if, in the opinion of management, it is both probable that costs will be incurred to resolve the matter, and an estimate can be made of the amount of the obligation. While there is inherent difficulty in predicting the outcome of these matters, based on our current knowledge, management does not expect these matters, individually or in aggregate, to have a material adverse effect on its financial statements.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company and its acquisition entities entered into foreign exchange forward contracts as economic hedges against the fair value of its foreign-denominated investments and loans in accordance with its foreign exchange hedging policy. Foreign exchange hedging activities during the first quarter of fiscal 2026 are further described in *note 14* to the condensed consolidated financial statements.

RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return and is therefore affected by a number of risk factors. These factors, categorized as market risk, investing process risk and other risks, are described below. Additional risks not currently known to us or that we currently believe to be immaterial may also have a material adverse effect on future business of the Company.

Market risk

Fair value risk
Fair value risk includes exposure to fluctuations in the fair market value of the Company's investments. The Company's objective is to invest in long-term private equity investments and its holdings may include publicly traded companies which originated from its private equity investments. These companies will likely exhibit share price volatility such that the publicly traded share price may not be the best proxy of value. The Company's investments in these public companies may trade at share prices which are not indicative of the Company's realizable value due to factors including illiquidity of the security and potential adverse consequences when a significant shareholder sells its position. Accordingly, when the Company liquidates the investments in these types of public company shares, its ultimate realized proceeds may be materially different than the valuation at the end of any reporting period which is based on the publicly traded share price at that time and subject to certain adjustments as warranted.

Included in corporate investments are investee companies for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable inputs for fair value measurement is either revenue or earnings before interest, taxes, depreciation and amortization ("EBITDA") and the multiple which is applied to either revenue or EBITDA in each individual investee company. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses; ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii) multiples at which Clairvest invested directly or indirectly in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to consider differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Revenue or earnings multiples used are based on public company valuations as well as private market multiples for comparable companies. Revenues are based on current run-rates adjusted for non-recurring items. Earnings are based on the last twelve-month EBITDA and, if necessary, adjusted for any non-recurring items such as restructuring expenses and annualized pro-forma adjustments from recently completed acquisitions. Adjustments to revenue or EBITDA may also consider forecasted impacts arising from the current economic environment or recent developments of the investee company.

The potential effects to the carrying value of the Company's investments are further described in *note 17* to the interim condensed consolidated financial statements.

Clairvest may also use information with respect to recent transactions for valuation of private equity investments. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value for a period of up to 12 months from the date of the investment. The fair value of term loans, debentures or loans is primarily determined using a discounted cash flow technique. This technique uses observable and unobservable inputs such as discount rates that consider the risk associated with the investment as well as future cash flows. For those investments valued based on recent transactions and discounted cash flows, Clairvest has determined that there are no reasonable alternative assumptions that would change the fair value materially as at June 30, 2025.

The Company's corporate investment portfolio was diversified across 23 investee companies in 9 industries as at June 30, 2025. Additionally, the Company has fair value risk on its temporary investments as it holds marketable securities in its treasury portfolio. The Company has considered current economic events and indicators in the valuation of its investee companies and its temporary investments.

Interest rate risk
Fluctuations in interest rates affect the Company's income derived from its treasury funds. For financial instruments which yield a floating interest rate, the income received is directly impacted by the prevailing interest rate. The fair value of financial instruments which yield a fixed interest rate would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on its treasury funds by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

The potential effects on the Company's treasury funds from fluctuations in interest rates are further described in *note 16* to the consolidated financial statements.

Certain of the Company's corporate investments are also held in the form of debentures and loans. Significant fluctuations in market interest rates can have a material impact on the carrying value of these investments.

Clairvest's investee companies are subject to interest rate risk. Significant changes in interest rates can materially increase the borrowing cost for these investee companies and in turn causes a negative impact to the profitability of these companies, which could have a material impact to the Company's fair value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and may suggest these investee companies enter swap derivatives with their banking counterparties to hedge against this risk.

Currency risk
The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and India. The Company may also advance loans to investee companies which are denominated in foreign currencies. The general partner priority distributions and management fees for Clairvest Equity Partners VI and VII are denominated in United States dollars whereas the Company's overhead costs are in Canadian dollars. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, Clairvest and its acquisition entities, subject to certain exceptions, entered hedging positions against these foreign-denominated currencies. As at June 30, 2025, the Company's material foreign exchange exposure comprised its Indian rupee-denominated balances as they are unhedged. In addition, there is a timing difference between the consolidated statements of financial position date and the investment valuation date given the timing of which information is available to make this determination. This could result in a delay in the implementation of the Company's hedging strategy. Accordingly, a significant depreciation in value in these currencies could result in a material impact to the performance of Clairvest, its investment portfolio and the carried interest the Company could earn from the CEP Funds.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact on the profitability of these companies and in turn the Company's fair value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Commodity price risk
Certain Clairvest investee companies are subject to price fluctuations in commodities. Clairvest understands the risk of investing in cyclical industries which are largely tied to commodity prices and takes such risk into account in making these investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Investing process risk

Competition risk
Clairvest and the CEP Funds compete for acquisition of investments with many other investors, some of which may have greater depth of investment experience in particular industries or segment or greater financial resources. There may be intense competition for investments in which Clairvest intends to invest, and such competition may result in less favorable investment terms than would otherwise be the case. There can, therefore, be no assurance that the investments ultimately acquired by Clairvest will meet all the investment objectives of Clairvest, or that Clairvest will be able to invest all of the capital it has committed to invest alongside the CEP Funds. The Company manages this risk through a disciplined

approach to investing its capital and that of the CEP Funds, and has strict investment policies where investments above a certain threshold require the approval of the Board of Directors.

Uncompleted and unspecified investment risk
The due diligence of each specific investment opportunity that Clairvest looks at and the negotiation, drafting and execution of the relevant agreements require substantial management time and attention and may incur substantial third-party costs. In the event that Clairvest elects not to complete a specific investment, the costs incurred up to that point for the proposed transaction are often not recoverable by Clairvest and the CEP Funds. Furthermore, in the event that Clairvest reaches an agreement relating to a specific investment, it may fail to complete such an investment for any number of reasons, including those beyond Clairvest's control. Any such occurrence could similarly result in a financial loss to Clairvest and the CEP Funds due to the inability to recoup any of the related costs incurred to complete a transaction. A shareholder must rely upon the ability of Clairvest's management in making investment decisions consistent with its investment objectives and policies. Shareholders will not have the opportunity to evaluate personally the relevant economic, financial and other information which is utilized by Clairvest in its selection of investments.

Minority investment risk
Clairvest and the CEP Funds may make minority equity investments in entities in which they do not legally control all aspects of the business or affairs of such entities. As at June 30, 2025, 11 of the 23 investments made by Clairvest and the CEP Funds were minority equity investments. In all investments, Clairvest monitors the performance of each investment, maintains an ongoing dialogue with each investee's management team and seeks board representation and negative controls as conditions of each investment.

Gaming investment risk
As at June 30, 2025, Clairvest's exposure to gaming investments represented 32.0% of its net book value. In particular, Clairvest's investment in Head Digital Works and Delaware Park represented 9.6% and 8.5%, respectively, of its net book value. These investments are subject to the risks of any other investment but have heightened exposure to political and regulatory risk whereby a change in the political or regulatory regime governing the gaming industry in a particular jurisdiction where Clairvest's gaming assets are located, including those internationally, could have an impact on the ultimate returns of that investment. In addition, many of these investments involve the construction of a gaming facility whereby not only is Clairvest underwriting the risk of completing the facility on budget, but it is also relying on forecasted gaming revenue, versus historical results, which is only a best estimate. While a project is in construction and for a specified period thereafter, the owners of a newly constructed gaming facility may have to guarantee some or all of the bank facility or agree to fund any operating shortfall. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly. Historically, Clairvest has been able to manage all these risks but past performance of Clairvest provides no assurance of future success.

Risks upon sale of investments
In connection with the disposition of an investee company, Clairvest and the CEP Funds may be required to make representations about the business and financial affairs of the business. Clairvest and the CEP Funds may also be required to indemnify the purchasers of such investee companies to the extent that any such representation turns out to be incorrect, inaccurate, or misleading.

Investment structure and taxation risks
Clairvest structures its investments in a manner that is intended to achieve its investment objectives. There can be no assurance that the structure of any investment will be as tax efficient as designed or that any particular tax result will be achieved, due to unanticipated tax law changes or unforeseen circumstances during the planning phase of the tax structuring. Furthermore, Clairvest's returns in respect of its investments may be reduced by withholding or other taxes imposed by jurisdictions in which Clairvest's investee companies are organized.

Other risks

Credit risk
Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the quarter ended June 30, 2025, there were no material income effects on changes of credit risk on financial assets. The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of its investee companies regularly.

The Company is also subject to credit risk on its accounts receivable and loans receivable, a significant portion of which are with its investee companies and its CEP Funds. The Company manages this risk through its oversight responsibilities with existing investee companies by reviewing their financial conditions regularly, and through its fiduciary duty as manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages counterparty credit risk on derivative instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks.

The Company manages credit risk on its treasury funds by conducting activities in accordance with the fixed income securities policy which is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. With respect to the other fixed income securities under temporary investments, the Company reviews the credit quality of the counterparties through underwriting information provided by agents or brokers which are specialized in brokering these investments and in each case the Company’s investment in these counterparties represents the most senior security in the counterparty’s capital structure. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Financial obligations arising from off-statement of financial position arrangements have been previously discussed. Accounts payable, loans payable, and derivative instruments have maturities of less than one year. Management participation liability, share-based compensation liability, and amounts accrued under the Bonus Program are only due upon cash realization or completion of the respective vesting periods. Total unfunded commitments to co-invest alongside the CEP Funds, as described were $485.8 million as at June 30, 2025. The timing of any amounts to be funded under these commitments is dependent upon the timing of investment acquisitions, which are made at the sole discretion of the Company.

The Company manages liquidity risk by maintaining a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests treasury funds in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a $100.0 million credit facility which was undrawn as at June 30, 2025.

As at June 30, 2025, Clairvest had treasury funds, inclusive of those held at acquisition entities, of $431.6 million and access to $100.0 million in credit to support its obligations and current and anticipated corporate investments. Clairvest also had access to $1.3 billion in uncalled committed third-party capital through the CEP Funds as at June 30, 2025 to invest alongside Clairvest’s capital.

Conflicts of interest risk
Clairvest’s primary business is that of a private equity investor investing its own capital but it also manages third-party capital through the CEP Funds. In accordance with the various fund agreements for the CEP Funds, Clairvest is required to invest alongside the CEP Funds unless the relevant CEP Fund investor committee approves such an investment to be

invested by Clairvest without the CEP Funds' participation. Accordingly, Clairvest shareholders may not realize the full benefit of Clairvest investment opportunities as such opportunities are required to be shared with the CEP Funds.

Risk of CEP Fund Limited Partners' failure to meet capital calls
The general partner of the CEP Funds is responsible to manage the affairs of the CEP Funds, which includes calling capital for investments made by the CEP Funds. If a limited partner of the CEP Funds fails to make the required capital contribution when due, Clairvest could be required to increase its investment under certain conditions. The general partner of the CEP Funds manages this risk through designing the terms of the CEP Funds appropriately and due diligence of potential limited partners of the CEP Funds prior to admitting them to the partnership.

Minority shareholder risks
As at June 30, 2025, Clairvest's Board of Directors and employees owned approximately 82% of Clairvest's common shares and the CEO owned or controlled over 50% of the total common shares of the Company. Accordingly, the CEO and other insider shareholders have the ability to exercise substantial influence with respect to Clairvest's affairs and can usually dictate the outcome of shareholder votes and may have the ability to prevent certain fundamental transactions.

Accordingly, Clairvest shares may be less liquid and trade at a relative discount compared to circumstances where such large shareholders did not have the ability to significantly influence or determine matters affecting Clairvest.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA"), Management has evaluated the effectiveness of Clairvest's disclosure controls and procedures as at June 30, 2025 and concluded that the disclosure controls and procedures are effective in ensuring that information required to be disclosed by Clairvest in its corporate filings is recorded, processed, summarized and reported within the required time period for the quarter then ended.

National Instrument 52-109 also requires certification from the CEO and the Chief Financial Officer to certify their responsibilities for establishing and maintaining internal controls with regards to the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management has evaluated Clairvest's design and operational effectiveness of internal controls over financial reporting for the quarter ended June 30, 2025. Management has concluded that the design of internal controls over financial reporting was effective and operated as designed as at June 30, 2025 based on this evaluation. There were no changes in internal controls during the most recent interim period that has materially affected, or is reasonably likely to materially affect, internal controls over financial reporting. The Company has not identified any weakness that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

USE OF NON-IFRS MEASURES

This MD&A contains references to various non-IFRS financial measures, including "book value" and "book value per share". Book value is calculated as the value of total assets less the value of total liabilities. Book value per share is calculated as book value divided by the total number of common shares of the Company outstanding as at a specific date. The terms book value and book value per share do not have any standardized meaning according to IFRS. There is no comparable IFRS financial measure presented in the Company's consolidated financial statements and thus no applicable quantitative reconciliation for such non-IFRS financial measure. The Company believes that the measure provides information useful to its shareholders in understanding our performance, and may assist in the evaluation of the Company's business relative to that of its peers.

FORWARD-LOOKING STATEMENTS

A number of the matters discussed in this MD&A deal with potential future circumstances and developments and may constitute "forward-looking" statements. These forward-looking statements can generally be identified as such because of the context of the statements and often include words such as the Company "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature.

The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The impact of any one risk factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future considering all information then available.

All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.