

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2021

June 22, 2021

The Management's Discussion and Analysis ("MD&A") of financial condition and results of operations analyzes significant changes in Clairvest Group Inc.'s consolidated financial results, financial position, risks and opportunities. It should be read in conjunction with the audited annual consolidated financial statements and related notes for the year ended March 31, 2021 ("consolidated financial statements").

The following MD&A is the responsibility of Management and is as at June 22, 2021. The Board of Directors carries out its responsibility for review of this disclosure through its Audit Committee. The Audit Committee reviews the disclosure and recommends its approval to the Board of Directors. The Board of Directors has approved this disclosure.

INTRODUCTION

Clairvest Group Inc. ("Clairvest" or the "Company") is a private equity management firm that specializes in partnering with management teams and other stakeholders of both emerging and established companies. The Company's shares are traded on the Toronto Stock Exchange under the symbol CVG.

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 together, 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")

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

The Company concluded that its ownership interests in the CEP Funds, which meet the definition of structured entities under International Financial Reporting Standards ("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.

The Company's consolidated financial statements include those subsidiaries which provide investment-related services and which 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 USA Limited
- Clairvest General Partner Limited Partnership
- Clairvest General Partner III Limited Partnership
- Clairvest General Partner IV Limited Partnership

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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 IFRS as described in the Critical Accounting Estimates section of the MD&A, include the following:

- 2141788 Ontario Corporation ("2141788 Ontario")
- 2486303 Ontario Inc. ("2486303 Ontario")
- 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 Partner VI Limited Partnership ("CEP SLP VI")

2141788 Ontario, a limited partner of CEP III Co-Invest and CEP V Co-Invest, is a wholly owned acquisition entity of Clairvest. 2486303 Ontario is a wholly owned acquisition entity of Clairvest, which together with Clairvest, directly and indirectly holds a 100% interest in Clairvest Equity Partners Limited Partnership ("CEP"), an investment fund held by third-party investors until December 2015. 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, and CEP VI Co-Invest, MIP VI and CEP SLP VI are described in the Transaction with Related Parties and Off-Statement of Financial Position Arrangements section of the MD&A.

As at March 31, 2021, Clairvest, through these acquisition entities, had 20 core investments in 10 different industries, some of which are located or have operations outside of North America. One was a joint investment with CEP III, three were joint investments with CEP IV and CEP IV-A (together, the "CEP IV Fund"), ten were joint investments with CEP V, CEP V India and CEP V-A (together, the "CEP V Fund"), and four were joint investments with CEP VI, CEP VI-A and CEP VI-B (together, the "CEP VI Fund"). Clairvest also held an investment in the Grey Eagle Casino and a residual interest in Wellington Financial.

The table below summarizes Clairvest's direct and indirect investee companies ("investee companies") as at March 31, 2021:

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SUMMARY OF CLAIRVEST'S INVESTEE COMPANIES AS AT MARCH 31, 2021

Investee Company	Industry Segment	Clairvest Ownership Percentage ⁽²¹⁾	CEP Fund Ownership Percentage ⁽²¹⁾	Total Ownership Percentage ⁽²¹⁾	Description of Business
INVESTMENTS DIRECTLY HELD					
Grey Eagle Casino ⁽¹⁾	Gaming	Equity participation			A casino on Tsuu T'ina First Nation reserve lands, located southwest of the city of Calgary, Alberta.
Wellington Financial	Financial Services	N/A			Wellington Financial was realized during fiscal 2018. Certain entitlements on the residual warrants portfolio remain outstanding as at March 31, 2021.
INVESTMENTS MADE BY CEP III CO-INVEST ALONGSIDE CEP III					
Chilean Gaming Holdings ⁽²⁾	Gaming	36.8%	37.7%	74.5%	An investment vehicle which holds an equity interest in various gaming entertainment complexes in Chile.
INVESTMENTS MADE BY CEP IV CO-INVEST ALONGSIDE CEP IV/CEP IV-A					
Centaur Gaming	Gaming	N/A			Investment was realized during fiscal 2019. Certain deferred considerations on the sale remain outstanding as at March 31, 2021.
Davenport Land Investments ⁽³⁾	Other	21.9%	59.9%	81.8%	An investment vehicle which holds real estate surrounding a casino in Davenport, Iowa.
Northco / Top Aces ⁽⁴⁾	Specialty Aviation & Defence Services	38.7% of Northco 17.3% of Top Aces	57.8% of Northco 24.7% of Top Aces	96.5% of Northco 42.0% of Top Aces	Northco is a specialty aviation services company operating across Canada. Top Aces is a supplier of advanced adversary services in Canada, United States, and Germany.
Momentum Solutions ⁽⁵⁾	Specialty Aviation	4.4%	11.8%	16.2%	Momentum Solutions is a Toronto based, inter-connected network of logistical support companies offering innovative, custom and full-scale solutions to clients globally.
New Meadowlands Racetrack (the "Meadowlands") ⁽⁶⁾	Gaming	Debentures and equity investment rights			Operates North America's premier standardbred horse racing track located in East Rutherford, New Jersey.

- (1) Clairvest held an equity participation interest in the Grey Eagle Casino entitling to earnings between 11.25% to 38.25% of the earnings of Grey Eagle Casino until December 2022, subject to certain extension rights.
- (2) Clairvest held 30,446,299 units of Chilean Gaming Holdings, a partnership which held a 50% interest in each of Casino Marina del Sol and Casino Chillan and a 73.8% interest in each of Casino Osorno and Casino sol Calama.
- (3) Clairvest held 1,982.14 units of Davenport Land Investments.
- (4) Clairvest held \$23.6 million in convertible debentures of Northco with a stated interest rate of 2% per annum, and 3,867 common shares of Northco. Clairvest also held 722,9719 common shares of Top Aces.
- (5) Clairvest held 4,477 common shares of Momentum Solutions.
- (6) Clairvest held US\$5.4 million in secured convertible debentures of the Meadowlands with a stated interest rate of 15% per annum, US\$0.7 million in preferred debt with a stated interest rate of 3% per annum and US\$0.4 million in a non-interest-bearing short-term loan. Clairvest also held warrants which entitle it to invest in equity securities subject to certain conditions.

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Investee Company	Industry Segment	Clairvest Ownership Percentage ⁽²¹⁾	CEP Fund Ownership Percentage ⁽²¹⁾	Total Ownership Percentage ⁽²¹⁾	Description of Business
INVESTMENTS MADE BY CEP V CO-INVEST ALONGSIDE CEP V/CEP V India/CEP V-A					
Accel Entertainment ⁽⁷⁾	Gaming	5.5%	12.8%	18.3%	A licensed video gaming terminal operator in the United States. Listed on the NYSE under the symbol ACEL.
Also Energy ⁽⁸⁾	Renewable Energy	18.0%	41.9%	59.9%	A global provider of software and hardware solutions that enable the monitoring and control of power production and plant operations for commercial, industrial, and utility-scale solar plants.
ChildSmiles Group ⁽⁹⁾	Dental Services	15.0%	35.0%	50.0%	A multi-specialty dental practice with five offices across New Jersey.
Digital Media Solutions ⁽¹⁰⁾	Marketing Services	10.4%	24.2%	34.6%	A digital media company which operates as a lead generation engine for companies in a variety of different industries. Listed on the NYSE under the symbol DMS.
DTG Recycle ⁽¹¹⁾	Waste Management	14.6%	34.2%	48.8%	A waste hauling and recycling company with operations concentrated in the greater Seattle-Tacoma area of Washington State.
Durante Rentals ⁽¹²⁾	Equipment Rental	20.8%	48.6%	69.4%	A construction equipment rental provider in the New York Metropolitan area.
FSB Technology ⁽¹³⁾	Gaming	25.1%	58.6%	83.7%	A business-to-business sports and internet gaming technology supplier based in London, United Kingdom.
Head Digital Works ⁽¹⁴⁾	Gaming	32.4%	42.4%	74.8%	An internet-based technology and gaming company with ownership interest in Ace2Three, FanFight, Cricket.com, and WittyGames.
Meriplex Communications ⁽¹⁵⁾	Information Technology	17.7%	41.3%	59.0%	A provider of managed IT services company based in Houston, Texas.
Winters Bros. Waste Systems of Long Island ("Winters Bros. of LI") ⁽¹⁶⁾	Waste Management	14.0%	32.6%	46.6%	A regional solid waste collection, recycling and disposal company servicing customers in Long Island, New York.
INVESTMENTS MADE BY CEP VI CO-INVEST ALONGSIDE CEP VI/CEP VI-A/CEP V-B					
Arrowhead Environmental Partners ⁽¹⁷⁾	Waste Management	11.3%	30.4%	41.7%	A non-hazardous waste-by-rail operator in Northeastern United States markets.
Brunswick Bierworks ⁽¹⁸⁾	Co-Packing	22.2%	59.8%	82.0%	A contract manufacturer of specialty beverages based in Ontario, Canada.
F12.NET ⁽¹⁹⁾	Information Technology	16.5%	44.3%	60.8%	A provider of managed IT services for Canadian-based small and medium-sized enterprises.
NovaSource Power Services ⁽²⁰⁾	Renewable Energy	23.0%	62.1%	85.1%	A solar operations and maintenance company serving commercial, residential and utility-scale solar plants globally.

(7) Clairvest held 5,069,670 Class A-1 shares and 244,674 Class A-2 shares of Accel Entertainment.

(8) Clairvest held 1,013,062 Class A preferred stock, 577,609 Class A common stock and 11,037 Class B preferred stock of Also Energy and a promissory note with a stated interest rate of 10% per annum.

(9) Clairvest held 11,836,135 Class B preferred units of ChildSmiles Group.

(10) Clairvest held 6,058,016 Class A common shares and 276,653 warrants of Digital Media Solutions.

(11) Clairvest held 8,657,622 Class A convertible preferred shares of DTG Recycle.

(12) Clairvest held 217,121.20 LLC units of Durante Rentals.

(13) Clairvest held 7,820,855 Class A common shares and 1,770,804 Class B convertible preferred shares of FSB Technology.

(14) Clairvest held 39,412,175 common shares of Head Digital Works.

(15) Clairvest held 5,250 common shares of Meriplex Communications.

(16) Clairvest held 1,487,773 Class C units of Winters Bros. of LI., 256,037 units of WBLI II, LLC, and 1,398 units in WBLI III, LLC, affiliates to Winters Bros. of LI which are owned proportionately by the same unitholders as Winters Bros. of LI.

(17) Clairvest held 2,706 Class A preferred units of Arrowhead Environmental Partners.

(18) Clairvest held 5,116,616 Class A shares of Brunswick Bierworks.

(19) Clairvest held 283,144 Class A common shares of F12.NET.

(20) Clairvest held 2,932.6159 common shares of NovaSource Power Services.

(21) Ownership percentage calculated on a fully diluted basis as at March 31, 2021.

OVERVIEW OF FISCAL 2021

An overview of the significant events during fiscal 2021:

Overall and Corporate

- Clairvest ended fiscal 2021 with a book value of \$857.8 million, or \$56.96 per share, representing a growth of 12.5% during fiscal 2021. The growth comprised a book value increase of \$20.4 million, or \$1.41 per share, and dividends paid totaling \$84 million, or \$5.5555 per share.
- Net income and comprehensive income ("net income") during fiscal 2021 was \$6.96 per share. For the fiscal year ended March 31, 2021, Clairvest recorded \$177.7 million in total revenue and \$104.8 million in net income, compared to \$129.3 million and \$69.5 million, respectively, in the prior fiscal year.
- During fiscal 2021, 16,900 common shares were purchased and cancelled under the various normal course issuer bids at an average price of \$46.60 per share, reducing the number of common shares outstanding to 15,058,401. On March 1, 2021, Clairvest filed a new normal course issuer bid enabling it to make market purchases of up to 760,749 of its common shares in the 12-month period commencing March 8, 2021. As at June 22, 2021, no shares have been purchased under the current normal course issuer bid.
- During fiscal 2021, Clairvest paid an annual ordinary dividend of \$0.10 per share and special dividends totalling \$5.4555 per share. The ordinary dividend and a special dividend of \$0.4555 per share were paid on July 24, 2020 to common shareholders of record as of July 3, 2020. Another \$5.00 per share special dividend was paid on November 23, 2020 to common shareholders of record as at November 9, 2020. The dividends were eligible dividends for Canadian income tax purposes.

Clairvest/CEP III Co-Invest and CEP III

- As at March 31, 2021 and June 22, 2021, CEP III had returned 2.3 times invested capital to its third-party investors, after consideration of general partner priority distributions, carried interest and expenses ("on a net basis"). Clairvest, through CEP III Co-Invest, and CEP III continues to hold one investment as at June 22, 2021. Based on the fair value as at March 31, 2021, CEP III is expected to generate approximately 2.5 times invested capital or an IRR of 18% for its third-party investors on a net basis.

Clairvest/CEP IV Co-Invest and the CEP IV Fund

- Clairvest, through CEP IV Co-Invest, and the CEP IV Fund has exited 8 of its 11 investments, generating \$1.51 billion of total sale proceeds against \$436 million of invested capital. As at March 31, 2021, the CEP IV Fund had returned over 2.8 times invested capital to its third-party investors on a net basis.
- In April 2020, Top Aces completed an additional \$60 million equity financing, where CEP IV Co-Invest and the CEP IV Fund invested \$10.4 million as part of this equity financing. CEP IV Co-Invest portion of the investment was \$4.3 million.
- Remaining investments include Northco/Top Aces, New Meadowlands and the remaining interest in Davenport Land Investments. Based on the fair values as at March 31, 2021, the CEP IV Fund is expected to generate approximately 3.1 times invested capital or an IRR of 25% for its third-party investors on a net basis.

Clairvest/CEP V Co-Invest and the CEP V Fund

- Clairvest, through CEP V Co-Invest, and the CEP V Fund concluded their investment program towards the end of fiscal 2020 with 12 investments. As at March 31, 2021 and June 22, 2021, CEP V Co-Invest and the CEP V Fund have realized two investments, returning 0.3 times invested capital to its third-party investors. Of the remaining 10 investments, two have been registered and listed on public market stock exchanges.
- In June 2020, CEP V Co-Invest and CEP V Fund made a US\$12.0 million (C\$16.2 million) follow-on investment to acquire 1,775 Class A common shares of Also Energy from a minority investor. Clairvest, through CEP V Co-Invest, invested US\$3.6 million (C\$4.9 million), increasing its ownership interest to 18.0%.
- In June 2020, Head Digital Works repaid in full the remaining INR₹657.9 million (C\$13.7 million) compulsory convertible debentures ("CCD") to CEP V Co-Invest.

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- In July 2020, Digital Media Solutions (“DMS”), an investee company of CEP V Co-Invest and the CEP V Fund, completed its transaction with Leo Holdings Corp., becoming a publicly traded company on the NYSE (NYSE: DMS). As part of the transaction, CEP V Co-Invest received US\$8.2 million in cash proceeds, 6,091,377 Class A common shares of DMS and 276,653 warrants (NYSE: DMS WS) which are convertible into Class A common shares at an exercise price of US\$11.50 per warrant.
- In December 2020, CEP V Co-Invest and CEP V Fund realized on its investment in Right Time Heating and Air Conditioning (“Right Time”) for a 4.8 times invested capital or an IRR of 112%. CEP V Co-Invest received total cash proceeds of \$30.3 million on the realization.
- During fiscal 2021, CEP V Co-Invest made follow-on investments totalling \$3.9 million in FSB Technology in the form of convertible preferred shares and common shares to support its continuing growth.
- Based on the fair values as at March 31, 2021, the CEP V Fund is tracking to 2.0 times invested capital or an IRR of approximately 25% for its third-party investors on a net basis.

Clairvest/CEP VI Co-Invest and the CEP VI Fund

- Clairvest, through CEP VI Co-Invest, and the CEP VI Fund’s investment period commenced in February 2020 following the completion of the CEP V Fund investment period. As at March 31, 2021, the CEP VI Fund has completed four investments, or approximately 20% of its investment program.
- In May 2020, CEP VI Co-Invest and the CEP VI Fund acquired the solar operations and maintenance business of SunPower Corporation. Upon closing the business was renamed as NovaSource Power Services (“NovaSource”). In December 2020, NovaSource completed its acquisition of SunSystem Technology (“SST”). In March 2021, NovaSource acquired the North American operations and maintenance business from First Solar, Inc. In aggregate, CEP VI Co-Invest and the CEP VI Fund invested US\$108 million into NovaSource, CEP VI Co-Invest’s portion of which was US\$29.3 million (C\$34.3 million) representing a 23.0% ownership interest in NovaSource.
- In June 2020, CEP VI Co-Invest and the CEP VI Fund invested US\$10.0 million in Arrowhead Environmental Partners (“AEP”), a non-hazardous waste-by-rail operator in the Northeastern United States. CEP VI Co-Invest invested US\$2.7 million (C\$3.7 million) in AEP in the form of 2,706 Class A preferred units representing a 11.3% ownership interest.
- In November 2020, CEP VI Co-Invest and the CEP VI Fund invested \$35.5 million in F12.NET, a provider of comprehensive information technology services to small and medium enterprises across Canada. CEP VI Co-Invest invested \$9.6 million in F12.NET in the form of 283,144 Class A common shares representing a 16.5% ownership interest.
- Also in November 2020, CEP VI Co-Invest and CEP VI Fund invested \$18.9 million in Brunswick Bierworks, a Canadian contract manufacturer of specialty beverages. CEP VI Co-Invest invested \$5.1 million in Brunswick Bierworks in the form of 5,116,616 Class A common shares representing a 22.2% ownership interest.

OUTLOOK

Clairvest is one of the leaders in the Canadian private equity industry. From inception, the Company has invested its own capital in every investment. As at June 22, 2021, Clairvest’s current management team has made 56 platform investments and has realized or partially realized on 38 investments which have in aggregate created over \$3 billion in equity value for all stakeholders. Clairvest’s third party funds have performed in the top quartile during the last decade, and while past performance is not an indication of the future, the Clairvest team have all invested significant amounts of their personal capital in the Company which allows Clairvest to approach each investment as owners and shareholders. As a long-term investor, Clairvest is focused on building value in its investee companies by contributing strategic expertise, advising on operational improvement and helping its investee companies capitalize on new opportunities that arise.

Although there remains uncertainty on the longer-term impacts of the COVID-19 pandemic and the recovery therefrom, the Company and its investee companies have taken and will continue to take actions to mitigate the effects of COVID-19, keeping in mind the interests of the various stakeholders. These changes and any additional changes in

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operations by Clairvest and its investee companies in response to COVID-19 could materially impact the financial results of the Company. At this time, while vaccination efforts are ongoing globally, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of Clairvest and its investee companies.

As at March 31, 2021, Clairvest and its controlled acquisition entities had \$1.3 billion of capital available for future acquisitions through its cash, cash equivalents and temporary investments ("treasury funds"), credit facilities and uncalled capital in the CEP Funds. As the Company's investment mission is to partner with entrepreneurs to help build strategically significant businesses, the Company and the CEP Funds intend to continue supporting their investee companies providing them with the opportunity to realize on their investment thesis through this pandemic and beyond.

The table below summarizes the status of the CEP Funds as at June 22, 2021:

Status of Clairvest Equity Partnerships as at June 22, 2021

(\$millions, except year of fund and number of investments)						Number of Investments	
	Year of Fund	Third-Party Capital	Clairvest Commitment	Total Capital	Capital Called	Total	Currently Held
Clairvest Equity Partners III ("CEP III")	2006	C\$225	C\$75	C\$300	79.8%	8	1
Clairvest Equity Partners IV ("CEP IV")	2010	C\$342	C\$125	C\$467	93.0%	11	3
Clairvest Equity Partners V ("CEP V")	2015	C\$420	C\$180	C\$600	81.4%	12	10
Clairvest Equity Partners VI ("CEP VI")	2020	US\$620	US\$230	US\$850	19.3%	4	4

FINANCIAL POSITION AND BOOK VALUE

The following table summarizes the Company's financial position and book value as at March 31, 2021 and 2020:

Financial Position

As at, (\$000's, except number of shares and per share amounts)	March 31, 2021	March 31, 2020
Cash, cash equivalents and temporary investments ("treasury funds")	279,373	428,856
Carried interest from Clairvest Equity Partners III and IV	34,318	44,409
Corporate investments, including carried interest from Clairvest Equity Partners V and VI, and net of corresponding management participation	534,667	400,291
Total assets	985,025	944,878
Management participation from Clairvest Equity Partners III and IV	25,996	34,115
Total liabilities	127,218	107,463
Book value	857,807	837,415
Book value per share	56.96	55.55
Dividends per share paid during the fiscal year ended	5.5555	0.5144
Number of common shares outstanding	15,058,401	15,075,301

ASSETS

As at March 31, 2021, Clairvest had total assets of \$985.0 million, an increase of \$40.1 million during fiscal 2021. The increase was primarily due to net gain on investment realizations and a net increase in the fair value of Clairvest's investee companies, less the \$84 million in dividends paid.

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As at March 31, 2021, the Company's treasury funds of \$279.4 million were held in cash and money market savings accounts rated not below R1-High, investment savings accounts and guaranteed investment certificates rated not below A-, marketable securities, limited recourse capital notes and other fixed income securities as permitted by the Company's treasury policy. 2141788 Ontario also held \$63.6 million in cash, investment savings accounts and guarantee investment certificates with consistent ratings to the Company's treasury funds. Clairvest also had access to \$2.4 million in cash held in various other 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 2025 and is eligible for a one-year extension on each anniversary date, bears interest at the bank prime rate plus 1.25% per annum on drawn amounts and a standby fee of 0.70% per annum on undrawn amounts. The amount available under the credit facility as at March 31, 2021 was \$100.0 million, which is based on debt covenants and certain restrictions within the banking arrangement. No amounts had been drawn on the facility during the year and as at March 31, 2021.

As at March 31, 2021, Clairvest had loans receivable totalling \$86.3 million, \$60.3 million of which represented bridge loans to the CEP VI Fund upon the closing of NovaSource's acquisition in late March 2021. These loans were repaid in full subsequent to year end.

As at March 31, 2021, Clairvest had corporate investments with a fair value of \$534.7 million, an increase of \$134.4 million during fiscal 2021, \$470.5 million of which represented the fair value of Clairvest's investee companies, \$28.0 million of which represented carried interest from Clairvest Equity Partners V and VI net of management participation, and the remaining \$36.2 million of which represented other net assets held by Clairvest's acquisition entities.

Excluding the carried interest and management participation from Clairvest Equity Partners V and VI and the net assets held by Clairvest's acquisition entities, the aggregate carrying value of Clairvest's investee companies increased by \$102.9 million during fiscal 2021, which primarily comprised the following:

- Net increase in unrealized gain on investee companies of \$92.8 million;
- Investments made in NovaSource totalling \$34.3 million;
- Follow-on investments in existing investee companies totalling \$13.6 million;
- An investment of \$9.6 million in F12.NET;
- An investment of \$5.1 million in Brunswick Bierworks;
- An investment of \$3.7 million in Arrowhead Environmental Partners;
- Accrued interest on debt investments and dividends totalling \$0.6 million; partially offset by
- Foreign exchange revaluation losses on invested companies totalling \$22.8 million, \$21.1 million of which were offset by gains in Clairvest's foreign exchange hedging strategy as described below;
- Redemption of Head Digital Works CCD which had a carrying value of \$13.7 million as at March 31, 2020;
- Distributions and partial realization proceeds from Digital Media Solutions totalling \$10.8 million;
- The sale of Right Time HVAC which had a fair value of \$6.4 million as at March 31, 2020;
- Proceeds received from the Wellington warrants portfolio totalling \$2.3 million; and
- Return of capital from other investee companies totalling \$0.6 million.

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, enter into currency positions opposite these foreign denominated investments, thus creating hedges against fluctuation in the underlying currencies of Clairvest's investment. For the year ended March 31, 2021, the foreign exchange adjustments made in Clairvest's valuation of its investee companies is primarily offset by the foreign exchange adjustments made in the foreign exchange forward contracts used to support its foreign exchange hedging strategy, except for its foreign exchange exposure in its investment in Chilean Gaming Holdings denominated in Chilean Pesos ("CLP") and its investment in Head Digital Works denominated in

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Indian Rupees ("INR"), both of which are unhedged. Foreign exchange forward contracts are described in *note 15* 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 March 31, 2021 and 2020:

(\$000's)	March 31, 2021			March 31, 2020		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Co-packing	5,117	5,117	—	—	—	—
Dental services	14,884	15,902	(1,018)	16,636	15,902	734
Equipment rental	4,467	13,591	(9,124)	7,102	13,591	(6,489)
Financial services	1,782	—	1,782	3,009	—	3,009
Gaming	189,551	111,395	78,156	186,484	120,688	65,796
Information technology	22,690	16,351	6,339	8,602	6,732	1,870
Marketing services	80,951	995	79,956	7,471	995	6,476
Renewable energy	61,047	55,292	5,755	18,523	16,185	2,338
Residential services	—	—	—	6,375	6,375	—
Specialty aviation and defence services	49,316	64,623	(15,307)	81,016	60,304	20,712
Waste management	36,009	25,618	10,391	27,117	21,951	5,166
Other investments	4,639	2,312	2,327	5,257	2,346	2,911
	470,453	311,196	159,257	367,592	265,069	102,523

Significant activities of each investee company during fiscal 2021 are further described in *note 5* to the consolidated financial statements.

LIABILITIES

As at March 31, 2021, Clairvest had \$127.2 million in total liabilities, which included \$10.5 million in accrued management and director compensation, \$65.2 million in share-based compensation, \$26.0 million in management participation from Clairvest Equity Partners III and IV and \$16.9 million in current and deferred tax liability. \$48.3 million of these liabilities were and are payable only upon the cash realization of certain investments of Clairvest or the CEP Funds.

FINANCIAL RESULTS

Clairvest's operating results reflect revenue earned from its corporate investments and treasury funds and realized gains and net change in unrealized gains and losses on its corporate investments. These results are net of all costs incurred to manage these assets.

Net income for the year ended March 31, 2021 was \$104.8 million compared with net income of \$69.5 million for the year ended March 31, 2020. The following table summarizes the composition of net income for the years ended March 31:

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2021

June 22, 2021

Financial Results

Year ended March 31, (\$000's, except per share amounts)	2021	2020
Net investment gain (loss) (A)		
- Investee companies inclusive of foreign exchange hedging activities	119,520	58,412
- Treasury funds	9,727	—
- Carried interest and management participation from Clairvest Equity Partners V and VI	24,436	3,560
- Acquisition entities including distributions, interest, dividends and fees received from investee companies and net of taxes paid or payable by these acquisition entities	(3,155)	(40,396)
	150,528	21,576
Distributions, interest income, dividends and fees (B)		
- CEP Funds	22,885	10,370
- Investee companies	4,936	4,509
- Treasury funds	4,630	10,424
- Acquisition entities and other	4,043	59,804
	36,494	85,107
Carried interest from Clairvest Equity Partners III and IV (C)	(9,299)	22,615
Total expenses (D)	60,934	50,014
Income before income taxes (A+B+C-D)	116,789	79,284
Income tax expense	11,950	9,786
Net income and comprehensive income	104,839	69,498
Net income and comprehensive income per share - basic and fully diluted	6.96	4.60

The Company fair values its acquisition entities which hold Clairvest's 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 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 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 years ended March 31, 2021 and 2020. The net investment gain or loss is inclusive of the impact on the foreign exchange hedging activities related to these investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2021

June 22, 2021

Net investment gain (loss), by industry concentration

Year ended March 31, 2021 (\$000's)	Net realized gains (losses)	Net unrealized gains (losses)	Foreign exchange gain (loss)⁽¹⁾	Total
Dental services	—	—	68	68
Equipment rental	850	(1,965)	65	(1,050)
Financial services	2,456	(1,226)	—	1,230
Gaming	37	24,193	(941)	23,289
Information Technology	—	5,486	(48)	5,438
Marketing services	81	87,613	(528)	87,166
Renewable energy	—	6,315	(184)	6,131
Residential services	17,421	6,509	—	23,930
Specialty aviation and defence services	116	(36,020)	—	(35,904)
Waste management	(4)	9,421	(2)	9,415
Other investments	—	(39)	(154)	(193)
Net investment gain (loss) on investee companies	20,957	100,287	(1,724)	119,520

⁽¹⁾ Inclusive of foreign exchange hedging activities

Year ended March 31, 2020 (\$000's)	Net realized gains (losses)	Net unrealized gains (losses)	Foreign exchange gain (loss)⁽¹⁾	Total
Dental services	—	—	(26)	(26)
Equipment rental	—	(6,974)	(564)	(7,538)
Financial services	—	2,871	—	2,871
Gaming	6,812	9,419	(9,639)	6,592
Information Technology	—	1,223	(41)	1,182
Marketing services	—	(2,987)	(12)	(2,999)
Renewable energy	—	—	(106)	(106)
Specialty aviation and defence services	551	23,279	—	23,830
Waste management	30,837	2,579	(412)	33,004
Other investments	—	1,628	(26)	1,602
Net investment gain (loss) on investee companies	38,200	31,038	(10,826)	58,412

⁽¹⁾ Inclusive of foreign exchange hedging activities

During fiscal 2021, the net impact of foreign exchange on the investee companies included a gain of \$1.6 million (2020 – loss of \$5.9 million) on the Chilean Pesos denominated investment, a loss of \$0.6 million (2020 – \$3.2 million) on U.S. Dollar denominated investments, a loss of \$3.2 million (2020 – \$1.5 million) on the Indian Rupee denominated investment, and a gain of \$0.4 million (2020 – loss of \$0.2 million) on the British Pound denominated investment.

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 years ended March 31:

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2021

June 22, 2021

Distributions, Interest, Dividends, and Fees from Investee Companies

Year ended March 31, (\$000's)	2021			2020		
	Earned directly by Clairvest	Earned through acquisition entities	Total	Earned directly by Clairvest	Earned through acquisition entities	Total
Distributions and interest income						
Dental services	—	776	776	—	—	—
Financial services	2,320	—	2,320	2,108	—	2,108
Gaming	163	1,269	1,432	30	3,112	3,142
Marketing Services	—	—	—	—	3,276	3,276
Renewable energy	—	625	625	—	570	570
Specialty aviation and defence services	—	47	47	—	1,012	1,012
Waste management	—	—	—	—	655	655
Other investments	—	92	92	—	148	148
	2,483	2,809	5,292	2,138	8,773	10,911
Dividend Income						
Financial services	—	—	—	898	—	898
Gaming	—	6	6	—	6,400	6,400
	—	6	6	898	6,400	7,298
Advisory and Other Fees	2,453	—	2,453	1,473	—	1,473
Distributions, interest, dividends and fees from investee companies	4,936	2,815	7,751	4,509	15,173	19,682

The Company and its acquisition entities also receive distributions, fees and interest from the CEP Funds as described in the Transaction with Related Parties section of the MD&A. The following table summarizes the distributions, fees and interest earned from the CEP Funds for the years ended March 31:

Distributions, Fees and Interest from the CEP Funds

Year ended March 31, (\$000's)	2021			2020		
	Earned directly by Clairvest	Earned through acquisition entities	Total	Earned directly by Clairvest	Earned through acquisition entities	Total
Priority distributions	9,602	—	9,602	7,591	—	7,591
Management fees	12,065	—	12,065	2,025	—	2,025
Interest on loans advanced	1,218	46	1,264	754	14	768
Distributions, fees and interest from the CEP Funds	22,885	46	22,931	10,370	14	10,384

Carried interest from Clairvest Equity Partners III and IV during fiscal 2021 and 2020 was a loss of \$9.3 million and an income of \$22.6 million, respectively. Carried interest from Clairvest Equity Partners V and VI during fiscal 2021 and 2020 was \$73.9 million and \$28.9 million, respectively. During fiscal 2021 and 2020, the Company received \$0.8 million and \$34.7 million in carried interest from Clairvest Equity Partners III and IV and none from Clairvest Equity Partners V and VI.

Included in distributions and interest income for the year ended March 31, 2021 and 2020 was interest earned from treasury funds of \$4.6 million and \$10.1 million, respectively. Acquisition entities of Clairvest earned interest from its

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2021

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treasury funds totalling \$1.5 million and \$1.5 million respectively during fiscal 2021 and 2020. Income from treasury funds during fiscal 2021 were impacted due to a decrease in interest rates since March 2020.

Total expenses for the year were \$60.9 million, compared with \$50.0 million for the year ended March 31, 2020. The following table summarizes expenses incurred by the Company for the years ended March 31:

Total Expenses, excluding Income Taxes

Year ended March 31, (\$000's)	2021	2020
Employee compensation and benefits	17,152	22,056
Share-based compensation expenses	41,573	4,161
Administration and other expenses	5,721	5,338
Finance and foreign exchange expenses	3,935	489
Management participation from Clairvest Equity Partners III and IV	(7,447)	17,970
Total expenses, excluding income taxes	60,934	50,014

Share-based compensation expense fluctuates as a result of changes in book value per share and the trading price of the Company's publicly traded common shares. The following table summarizes share-based compensation expenses incurred by the Company for the year ended March 31:

Total Share-Based Compensations Expenses

Year ended March 31, (\$000's)	2021	2020
Non-voting options expense (recovery)	23,699	(985)
Book value appreciation rights expense	3,548	7,411
Deferred share units and appreciation deferred share units expense (recovery)	10,337	(1,618)
Employee deferred shares units expense (recovery)	3,989	(647)
Total share-based compensation expense	41,573	4,161

Management participation is further described in *note 7* to the consolidated financial statements.

The Company recorded \$12.0 million in income tax expenses, and its acquisition entities recorded \$4.7 million in income tax expenses during fiscal 2021, compared with \$9.8 million in income taxes expenses incurred by the Company and \$4.3 million in income tax expense recovered by the acquisition entity during the prior fiscal year. Income tax expense incurred or recovered by the Company's acquisition entities are reflected in net investment gain.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2021

June 22, 2021

SUMMARY OF QUARTERLY RESULTS

(\$000's except per share information)	Gross revenue	Net income (loss)	Net income (loss) per common share*	Net income (loss) per common share fully diluted*
March 31, 2021	44,840	14,784	0.98	0.98
December 31, 2020	71,416	49,937	3.32	3.32
September 30, 2020	(16,480)	(24,234)	(1.61)	(1.61)
June 30, 2020	77,947	64,352	4.27	4.27
March 31, 2020	(38,036)	(24,937)	(1.65)	(1.65)
December 31, 2019	110,770	73,046	4.83	4.83
September 30, 2019	28,283	15,511	1.03	1.03
June 30, 2019	28,281	5,878	0.39	0.39

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

Significant variations arise in the quarterly results due to net investment gains, net carried interest and management participation which are revalued on a quarterly basis when conditions warrant an adjustment to the fair value of the corporate investments and due to realizations, and share-based compensation due to changes in book value per share and the trading price of the Company's publicly traded common shares.

FOURTH QUARTER RESULTS

Net income for the fourth quarter of fiscal 2021 was \$14.8 million compared with a net loss of \$24.9 million for the fourth quarter of fiscal 2020.

Revenue for the fourth quarter of fiscal 2021 comprised \$38.9 million in net investment gain, \$8.2 million in distributions, interest, dividends and fees, and a \$2.2 million reduction in net carried interest from Clairvest Equity Partners III and IV. This compares with \$98.9 million in net investment loss, \$60.7 million in distributions, interest, dividends and fees and \$0.1 million in net carried interest for the fourth quarter of fiscal 2020.

The net investment gain of \$38.9 million for the fourth quarter of fiscal 2021 resulted from \$32.2 million in net unrealized gain from Clairvest's investee companies inclusive of foreign exchange hedging activities, increase in net carried interest of \$5.5 million from Clairvest Equity Partners V and VI and \$1.2 million in net unrealized gain from Clairvest's acquisition entities. This compared with \$36.7 million in net unrealized loss from Clairvest's investee companies, decrease in net carried interest of \$5.6 million from Clairvest Equity Partners V and VI and \$56.6 million in net unrealized loss from Clairvest's acquisition entities for the fourth quarter of fiscal 2020. During the fourth quarter of fiscal 2020, Clairvest received distributions totalling \$52.6 million from CEP IV Co-Invest primarily as a result of the realization of County Waste. Accordingly, Clairvest's fair value in CEP IV Co-Invest decreased in the fourth quarter of fiscal 2020.

Distributions, interest, dividends and fees for the fourth quarter of fiscal 2021 included income on treasury funds of \$1.0 million, general partner distributions and interest earned from the CEP Funds of \$2.3 million, distributions and interest earned from investee companies of \$0.3 million and \$0.7 million in distributions from acquisition entities. This compared with income on treasury funds of \$2.3 million, general partner distributions and interest earned from the CEP Funds of \$2.2 million, distributions and interest earned from investee companies of \$0.7 million and \$53.5 million in distributions from acquisition entities for the same quarter last year.

Carried interest from Clairvest Equity Partners III and IV was a loss of \$2.2 million for the fourth quarter of fiscal 2021 comprised entirely of a reduction in unrealized carried interest. Carried interest of \$0.1 million for the fourth quarter of fiscal 2020 comprised \$32.0 million in realized carried interest and a corresponding reduction of \$31.9 million in unrealized carried interest, both resulting from the realization of County Waste of Virginia as described above. Carried interest from Clairvest Equity Partners III and IV is further described in *note 7* to the consolidated financial statements.

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Expenses for the fourth quarter of fiscal 2021 included an expense of \$25.7 million in management and director compensation expenses, an expense recovery of \$1.8 million in management participation from Clairvest Equity Partners III and IV, an expense of \$1.7 million in administrative and other expenses, an expense of \$2.1 million in finance and foreign exchange expenses and a \$2.4 million income tax expense. This compares with an expense recovery of \$8.6 million in management and director compensation expenses, an expense recovery of \$0.1 million in management participation from Clairvest Equity Partners III and IV, an expense recovery of \$1.1 million in administrative and other expenses, an expense recovery of \$0.3 million in finance and foreign exchange expenses, and an expense recovery of \$3.0 million in income tax expense for the fourth quarter of fiscal 2020. The share price of a Clairvest common share increased by \$13.75 per share during the fourth quarter of fiscal 2021, compared to a decrease of \$9.30 per share during the fourth quarter of fiscal 2020.

Management participation is further described in *note 7* to the consolidated financial statements.

EQUITY AND SHARE INFORMATION

As at March 31, 2021, Clairvest had 15,058,401 common shares issued and outstanding.

During fiscal 2021, Clairvest purchased and cancelled 16,900 common shares under the Company's normal course issuer bids. No shares were purchased and cancelled subsequent to year end up to June 22, 2021. As at June 22, 2021, Clairvest had 15,058,401 common shares issued and outstanding.

No Series 1 or Series 2 Shares had been issued as at March 31, 2021 and June 22, 2021.

Options granted under the stock option plan (the "Non-Voting Option Plan") are exercisable for Series 2 Shares, which are non-voting and have a two times preference over the common 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 March 31, 2020, 518,758 options were outstanding and 193,695 options had vested. During fiscal 2021, 77,650 new options were issued, 128,713 options had vested and 74,498 options were exercised for \$4.3 million such that 521,910 options were outstanding and 247,910 options had vested as at March 31, 2021.

The EDSU Plan 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 is 200,000 which represented approximately 1.3% of the outstanding number of common shares as at March 31, 2021 and June 22, 2021. As at March 31, 2021 and June 22, 2021, 156,486 EDSUs had been issued based on the terms and conditions of the EDSU Plan, and none of which had been redeemed.

Clairvest paid an ordinary dividend of \$0.10 per share on the common shares in each of fiscal 2021, fiscal 2020 and fiscal 2019. During fiscal 2021, and 2020 and 2019, Clairvest also paid a special dividend of \$5.4555, \$0.4144 and \$0.3401 per share respectively.

Subsequent to year-end, Clairvest declared an annual ordinary dividend of \$0.10 per share, and a special dividend of \$0.4696 per share. The dividends will be payable to common shareholders of record as of July 2, 2021. The dividend will be paid on July 23, 2021. Both dividends are eligible dividends for Canadian income tax purposes.

CRITICAL ACCOUNTING ESTIMATES

For a discussion of all significant accounting policies, refer to *note 2* to the consolidated financial statements.

Fair value of financial instruments

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 is likely to 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 public 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 transaction 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, 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 and VI 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.

Impact on COVID-19 on Significant Estimates

As at March 31, 2021, there remains uncertainty on the longer-term impacts of the COVID-19 pandemic and the recovery. Accordingly, there exists a wide range of possible outcomes regarding the full scope of economic impact of COVID-19. As a

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result, the fair value estimates of the Company's corporate investments as at March 31, 2021 required significant judgment given the uncertainty regarding the long-term impact of COVID-19 and the ultimate impact of COVID-19 on the Company's investee companies are unknown. If the pandemic's duration, spread, or related advisories and restrictions are significantly longer than the Company's estimate, or the impact on the equity markets, credit markets, or the economy in general is significantly worse than the Company's estimate, the fair value of its corporate investments may be materially adversely affected resulting in a material adverse impact to the Company's financial results.

TRANSACTIONS WITH RELATED PARTIES

Clairvest is entitled to other various entitlements from its acquisition entities as described in *note 10* to the condensed consolidated financial statements.

As at March 31, 2021, Clairvest had accounts receivable from its investee companies totalling \$2.5 million, from CEP III totalling \$45 thousand, from CEP IV totalling \$61 thousand, from CEP IV-A totalling \$78 thousand, from CEP V totalling \$0.1 million, from CEP V India totalling \$2.3 million, from CEP V-A totalling \$0.2 million, from CEP VI totalling \$8.7 million, from CEP VI-A totalling \$11.2 million and CEP VI-B totalling \$7.1 million. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS held receivables from CEP III totalling \$11 thousand and from CEP V-A totalling \$6 thousand.

In addition, the Company advances loans to its acquisition entities, the CEP Funds and short-term loans to investee companies. During fiscal 2021, the Company advanced net loans of \$66.2 million, such that \$86.3 million in loans remained outstanding as at March 31, 2021. \$82.6 million of these loans have been repaid as at June 22, 2021. Further details are described in *note 10(e)* to the consolidated financial statements.

As at March 31, 2021, Clairvest had advanced share purchase loans to certain employees of Clairvest totalling \$2.8 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 of \$5.3 million. None of these loans were made to key management. Interest of \$49 thousand was earned on these loans during the year.

Key management at Clairvest includes the Chief Executive Officer ("CEO"), the Vice Chairman, the President and its directors. The CEO and the President are entitled to annual discretionary cash bonuses of up to 175% of their individual annual salary based on individual performance. The Vice Chairman is entitled to annual discretionary cash bonuses of up to 100% of annual salary based on individual performance. There is also an annual objective cash bonus which is based on Clairvest's Incentive Bonus Program, the stock option plans, the BVAR Plan and the EDSU Plan. Total aggregate cash compensation paid under these plans to the CEO, the Vice Chairman, and the President during fiscal 2021 were \$13.2 million. As at March 31, 2021, the total amounts payable to the CEO, the Vice Chairman, and the President under the aforementioned plans was \$15.8 million. During fiscal 2021, \$2.6 million in compensation was paid to a director under the DSU and the ADSU plan. As at March 31, 2021, the total amounts payable to the directors of Clairvest under the DSU, ADSU and Non-Voting Option plans was \$25.6 million.

During fiscal 2021, Clairvest earned \$2.5 million in distributions and interest income and \$2.5 million in advisory and other fees from its investee companies. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS earned \$2.8 million in distributions and interest income and \$6 thousand in dividend income.

Clairvest and a related party of Clairvest, through a limited partnership, owns 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 had been included in fixed assets and the liability in accounts payable and accrued liabilities.

OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

Clairvest has committed a total of \$55.5 million in various Wellington Financial funds, all of which was unfunded as at March 31, 2021. As a result of the sale of Wellington Financial to CIBC in January 2018, these Wellington Financial funds are in the process of being wound up and may no longer invest in new investments.

Under Clairvest's Bonus Program, a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management annually as applicable (the "Realized Amount"). As at March 31, 2021, the Realized Amount under the Bonus Program was \$0.5 million and had been accrued under accrued compensation expense liability. In accordance with IFRS, Clairvest is also required to record a liability equal to a bonus of 10% of the after-tax cash income and realizations which are applicable, but which have yet to be realized. Accordingly, Clairvest also recorded a \$6.3 million accrued compensation expense liability which would only be payable to management when the corresponding realization events have occurred. The Bonus Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest, CEP IV Co-Invest, CEP V Co-Invest and CEP VI Co-Invest.

In conjunction with the sale of Casino New Brunswick, Clairvest provided a guarantee to fund any valid claims made by the purchaser under the indemnity provisions of the sale for a specified period of time. Any funding pursuant to the guarantee will be allocated 25% to CEP III Co-Invest and 75% to CEP III. During fiscal 2021, the guarantee was extinguished as the indemnity provision expired and no indemnity had been funded to its expiry.

Clairvest had guaranteed up to US\$2.5 million to support a credit facility provided to SunSystem Technology, a subsidiary of NovaSource, by its bank. Clairvest would assume the lender's security position that supports the loans provided by the lender should it be called and intended 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. The guarantee was extinguished during fiscal 2021 with no amount having been called, in conjunction with the closing of the First Solar transaction described in *note 5(d)* to the consolidated financial statements.

As at March 31, 2021, the Company had an accrued liability resulting from future minimum annual lease payments for the use of office space totalling \$3.9 million, of which \$0.6 million is due within one year, \$2.5 million is due after one year but not more than five years and \$0.8 million is due after five years.

In connection with its normal business operations, Clairvest is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, Clairvest does not believe that it will incur any material loss in connection with such actions.

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. 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 are earnings before interest, taxes, depreciation and amortization ("EBITDA") and the earnings multiple which is applied to the 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 take into account 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, including an estimate of the potential impact of COVID-19. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies. 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 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 18* to the consolidated financial statements.

Clairvest may also use information with respect to recent transactions for valuations 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 corporate bonds, debentures or loans is primarily determined using a discounted cash flow model, which uses observable and unobservable inputs such as discount rates that take into account 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 March 31, 2021.

The Company's corporate investment portfolio was diversified across 20 investee companies in 10 industries and 5 countries as at March 31, 2021. The Company has considered current economic events and indicators in the valuation of its investee companies.

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 effect on the Company's treasury funds from fluctuations in interest rates are further described in *note 17* 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.

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, India, Chile and the United Kingdom. The Company has also advanced loans to investee companies and the CEP VI Fund which are denominated in foreign currency. 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 into foreign exchange hedging positions against these foreign denominated currencies. As at March 31, 2021, the Company's foreign exchange exposure with respect to the Chilean Peso and Indian Rupee are unhedged. In addition, there is a timing difference between the balance sheet 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's 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 entities and in turn the Company's carrying value of these

corporate investments, and could impact the carried interest the Company could earn from the CEP Funds. 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's 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 March 31, 2021, 11 of the 20 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 March 31, 2021, Clairvest's exposure to gaming investments represented 22.1% 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 of 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 year ended March 31, 2021, 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 \$332.3 million as at March 31, 2021. 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 March 31, 2021.

As at March 31, 2021, Clairvest had treasury funds, inclusive of those held at acquisition entities, of \$345.3 million and access to \$100.0 million in credit to support its obligations and current and anticipated corporate investments. Clairvest also had access to \$0.8 billion in uncalled committed third-party capital through the CEP Funds as at March 31, 2021 to invest along with 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 their capital call obligations

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 March 31, 2021, Clairvest's Board of Directors and employees owned approximately 76% 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.

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 fiscal 2021 are further described in *note 15* to the consolidated financial statements.

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 March 31, 2021 and concluded that the disclosure controls and procedures were 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 year 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 year ended March 31, 2021. Management has concluded that the design of internal controls over financial reporting were effective and operated as designed as at March 31, 2021 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.

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. Such factors include general and economic business conditions and regulatory risks. 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, management's estimates, or opinions change.

REGULATORY FILINGS

The Company's continuous disclosure materials, including interim filings, annual MD&A and audited consolidated financial statements, Annual Information Form, Notice of Annual Meeting of Shareholders and Proxy Circular are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

USE OF NON-IFRS MEASURES

This MD&A contains references to "book value" and "book value per share" which are non-IFRS financial measures. Book value is calculated as the value of total assets less the value of total liabilities. Book value per share is calculated as book

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2021

June 22, 2021

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.