Financial Statements of

PENDER PRIVATE INVESTMENTS INC.

And Independent Auditors' Report thereon

Year ended December 31, 2021

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Pender Private Investments Inc. are the responsibility of management. They have been prepared in accordance with International Financial Reporting Standards. PenderFund Capital Management Ltd. (the "Manager") has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

The Board of Directors is responsible for ensuring the Manager fulfils its responsibility. The Audit Committee meets with the Manager and the external auditors to review both the financial statements and the findings of the audit prior to the submission of the financial statements to the Board of Directors. The external auditors have unrestricted access to the Audit Committee. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

These financial statements have been approved by the Board of Directors and have been audited by KPMG LLP, Chartered Professional Accountants, on behalf of the shareholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

"David Barr"

David Barr
Chief Executive Officer
PenderFund Capital Management Ltd.

"Gina Jones"

Gina Jones
Chief Financial Officer
PenderFund Capital Management Ltd.

April 7, 2022

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Pender Private Investments Inc.

Opinion

We have audited the financial statements of Pender Private Investments Inc. (the "Company"), which comprise:

- the statements of financial position as at December 31, 2021 and December 31, 2020
- the statements of comprehensive income for the years then ended
- the statements of changes in equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 7, 2022

PENDER PRIVATE INVESTMENTS INC.

Statements of Financial Position

As at December 31, 2021 and 2020

	Notes	2021	2020
Assets			
Cash		$ 4,355,991	$ 2,446,381
Accounts receivable		-	281,326
Divestment proceeds receivable		1,036,356	-
Accrued interest receivable		-	465
Venture investments	2, 4, 8	186,988,686	59,512,871
Total Assets		192,381,033	62,241,043
Liabilities			
Due to related parties	4	34,966,619	96,819
Deferred income tax liability	4	623,937	-
Current income taxes payable	9	368,851	-
Other accounts payable and accrued liabilities		157,495	502,537
Dividends payable		68,382	17,280
Share redemptions payable		53,183	-
Accrued contingent incentive participation dividend		-	322,849
Total Liabilities		36,238,467	939,485
Shareholders' Equity			
Class A shares:			
Contributed capital		254,358,116	254,358,116
Retained earnings		(98,215,550)	(193,056,558)
Total Shareholders' Equity		$ 156,142,566	$ 61,301,558
Number of shares outstanding per series	5		
Venture Series - Balanced Shares (series 1)		-	4,013,041
Venture Series - Legacy Shares (formerly Balanced Shares (series 2))		7,131,477	12,421,473
Venture Series - Exit Venture Shares		166,946	-
Commercialization Series - 05 Commercialization Shares (series 2)		1,002,555	1,002,555
Total shareholders' equity per share			
Venture Series - Balanced Shares (series 1)		$ -	$ 4.14
Venture Series - Legacy Shares (formerly Balanced Shares (series 2))		21.83	3.49
Venture Series - Exit Venture Shares		-	-
Commercialization Series - 05 Commercialization Shares (series 2)		0.48	1.38

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors:

"Maria Pacella" Director *"Robert Napoli"* Director

PENDER PRIVATE INVESTMENTS INC.

Statements of Comprehensive Income

Years ended December 31, 2021 and 2020

	Notes	2021	2020
Revenue:			
Investment income			
Interest - venture investments		$ -	$ 23,745
Interest - bonds, deposits and other investments		1,258	47,968
Foreign exchange loss		(90,636)	-
Net realized gain (loss) from the sale of			
Venture investments		48,447,681	(1,995,677)
Net change in unrealized appreciation of investments			
Venture investments		152,529,706	1,490,054
Net change in conditional incentive participation dividend		-	174,599
Total revenue		200,888,009	(259,311)
Operating expenses:			
Management and administration fees	4	2,434,904	1,037,066
Professional fees		800,961	327,107
Custody and recordkeeping fees		147,194	440,506
Operating expenses		103,450	296,340
Directors' fees		12,519	34,996
Independent review committee costs		6,000	12,751
Other expenses		2,569	1,215
Service fees		-	19,801
Total operating expenses		3,507,597	2,169,782
Less: Fees waived by the Manager	4	(1,475,098)	-
Net operating income (loss)		198,855,510	(2,429,093)
Other Items:			
Legacy performance fee expense	4	37,285,112	-
Net income (loss) before income taxes		$ 161,570,398	$ (2,429,093)
Income taxes:			
Current	9	368,851	-
Deferred	9	623,937	-
Net income (loss)		$ 160,577,610	$ (2,429,093)
Net income (loss) per share			
Venture Series - Balanced Shares (series 1)		$ (0.01)	$ (0.19)
Venture Series - Legacy Shares (formerly Balanced Shares (series 2))		11.85	(0.17)
Venture Series - Exit Venture Shares		-	-
Commercialization Series - 05 Commercialization Shares (series 2)		(0.26)	0.45
Weighted average shares outstanding per series during the period			
Venture Series - Balanced Shares (series 1)		1,627,205	4,013,041
Venture Series - Legacy Shares (formerly Balanced Shares (series 2))		13,571,662	12,421,473
Venture Series - Exit Venture Shares		14,321,134	-
Commercialization Series - 05 Commercialization Shares (series 2)		1,002,555	1,071,061

The accompanying notes are an integral part of these financial statements.

PENDER PRIVATE INVESTMENTS INC.

Statements of Changes in Equity

Years ended December 31, 2021 and 2020

Class A shares	2021	2020
Balance, beginning of period	$ 61,301,558	$ 72,199,736
Net income (loss)	160,577,610	(2,429,093)
Capital transactions - share redemption payment	(65,026,367)	(2,969,085)
Capital transactions - dividend payment	(710,235)	(5,500,000)
Balance, end of period	$ 156,142,566	$ 61,301,558

The accompanying notes are an integral part of these financial statements.

PENDER PRIVATE INVESTMENTS INC.

Statements of Cash Flows

Years ended December 31, 2021 and 2020

	2021	2020
Cash provided by (used in):		
Operating:		
Net income (loss)	$ 160,577,610	$ (2,429,093)
Adjustments for:		
Interest - venture investments	-	(23,745)
Interest - bonds, deposits and other investments	(1,258)	(47,968)
Foreign exchange loss	90,636	-
Net realized (gain)l loss from the sale of venture investments	(48,447,681)	1,995,677
Net change in unrealized appreciation of venture investments	(152,529,706)	(1,490,054)
Divestment proceeds receivable	-	(174,599)
Accounts receivable	281,326	(83,750)
Due from related parties	-	-
Accrued service fees payable	-	(15,959)
Due to related parties	34,869,800	-
Deferred income tax liability	623,937	-
Current income taxes payable	368,851	-
Other accounts payable and accrued liabilities	(345,042)	3,983
	(4,511,527)	(2,265,508)
Proceeds on disposal of investments		
Venture investments	72,374,580	2,277,798
Interest received	1,723	90,842
	67,864,776	103,132
Financing:		
Payment of conditional incentive participation dividend	(322,849)	-
Payment of dividends	(659,133)	(5,500,000)
Payments of redemption of shares	(64,973,184)	(2,969,085)
	(65,955,166)	(8,469,085)
Net increase (decrease) in cash during the period	1,909,610	(8,365,953)
Cash, beginning of year	2,446,381	10,812,334
Cash, end of year	$ 4,355,991	$ 2,446,381

The accompanying notes are an integral part of these financial statements.

PENDER PRIVATE INVESTMENTS INC.
Schedule of Investment Portfolio

Year ended December 31, 2021

VENTURE INVESTMENTS	Exercise price	Expiry date	Issue Currency	Number of shares/units	Cost	Fair value
Publicly listed companies: (113.5%)						
Common shares: (113.5%)						
BuildDirect.com Technologies Inc.				127,514	$ 4,587,002	$ 216,773
Copperleaf Technologies Inc.				7,406,124	1,934,284	176,636,057
Natera Inc.				2,478	353,949	292,735
					6,875,235	177,145,565
Private unlisted companies: (6.3%)						
Common shares:						
1150818 B.C. Ltd.				33,746,116	4,425,949	
Bootup Labs (VCC) Inc.				20,000	200,000	
DWSI Holdings Inc.				53,709	501,326	
General Fusion Inc.				300,000	150,000	
Highline, Canada AcceleratorCo Inc.				26,690	-	
Methylation Sciences Inc.				1,500,000	1,500,731	
Preferred shares (various series):						
4300092 Canada Inc.				5,029,938	6,257,428	
Cooledge Lighting Inc.				2,110,661	1,816,694	
DWSI Holdings Inc.				562,740	3,180,835	
Envysion Holdings Inc.				3,890	405,367	
General Fusion Inc.				7,328,449	5,047,420	
Highline, Canada AcceleratorCo Inc.				26,690	81,446	
Methylation Sciences Inc.				1,436,498	1,268,029	
Switch Materials Inc.				2,749,185	3,868,312	
Warrants:						
Arborgen Inc.	0.001	6/19/2032	USD	1	-	
Switch Materials Inc.	1.20	12/20/2022	CAD	300,000		
					28,703,537	9,843,121
Less: transaction costs included in cost of investments					-	
Total Venture Investments (119.8%)					$ 35,578,772	$ 186,988,686
Cash (2.8%)						4,355,991
Other assets less liabilities (-22.6%)						(35,202,111)
Total Shareholders' Equity (100.0%)						$ 156,142,566

The accompanying notes are an integral part of these financial statements.

1. Incorporation and nature of operations:

Pender Private Investments Inc. (the "Company"), formerly Working Opportunity Fund (EVCC) Inc., was incorporated under the laws of British Columbia on November 5, 1991 and became registered as an employee venture capital corporation ("EVCC") under the Employee *Investment Act* (*British Columbia)* (the "Act"), which entitled subscribers of the Company's Class A shares to obtain a British Columbia tax credit and required the Company to comply with the Act and the employee venture capital plan (the "Plan") filed with the Administrator of the Act. The Act defined the investments which the Company was able to make and the regulations under the Act and the Plan defined the period over which venture investments had to be made. As required under the Act, the Company had a labour sponsor, Working Enterprises Ltd. The Company was also a prescribed labour sponsored venture capital corporation under the *Income Tax Act (Canada),* which entitled subscribers for the Company's Class A shares to obtain Federal tax credits. Until May 28, 2021, the Company's objective was to achieve long-term capital appreciation for shareholders.

Effective May 28, 2021 (the "Effective Date"), Pender Growth Fund Inc. ("PTF") acquired 100% of the Company's issued and outstanding Commercialization Series shares and 97% of its Venture Series shares from shareholders of the Company (the "WOF Transaction") under a plan of arrangement pursuant to the definitive agreement (the "Arrangement Agreement") announced on April 7, 2021. In conjunction with the WOF Transaction, the Company changed its name to Pender Private Investments Inc., resigned as an EVCC, made an election to be a public corporation under the Income Tax Act, and transitioned from the Canadian securities regulatory regime for investment companies to the Canadian securities regulatory regime for reporting issuers who are not investment companies. Please see Note 4 for additional details.

The Company's objective (the "Divestment Objective") as it relates to the Company's investments in the Portfolio Companies at the Effective Date, is to seek an orderly realization of value to achieve returns for the shareholders through the divestment of series investments.

Under International Financial Reporting Standards ("IFRS"), the Company continues to be treated as an investment entity for accounting purposes.

The Company has been managed by PenderFund Capital Management Ltd. (the "Manager") since March 1, 2019.

The Company's registered office is located at 1830 - 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2.

2. Basis of preparation:

(a) Statement of compliance:

The annual financial statements of the Company are prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards ("IAS") Board.

The Company qualifies as an investment entity under IFRS 10, *Consolidated Financial Statements*.

These financial statements were authorized for issue by the Company's Board of Directors on April 7, 2022.

2. Basis of preparation (continued):

(b) Basis of measurement:

These financial statements have been prepared on a historical cost basis except for investments, which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, the Company's functional currency.

(d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

Total shareholders' equity which is calculated using IFRS for financial reporting purposes may be different from the reported net asset value ("NAV") per share. Prior to the Effective Date of the WOF Transaction, net asset value per share was reported weekly, this "Pricing NAV" referred to the total pricing net asset value of all Class A shares, or if referred to in relation to one or more particular series of shares, then the total Pricing NAV of those shares only. "Pricing NAV per Share" meant the price for purchasing, redeeming or switching shares of the Company, as and if applicable, calculated in accordance with the formulae set out in the Company's governing documents. We also calculated management fees, performance returns and the management and trading expense ratios based on Pricing NAV.

The Company may hold financial instruments that are not quoted in an active market. The determination of the fair value of these investments is the area with the Manager's most significant accounting judgements and estimates in preparing these financial statements.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(i) Recognition and measurement (continued):

Financial assets and liabilities are offset and the net amount is presented in the Statements of Financial Position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and/or interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is both to hold assets to collect contractual cash flows and to potentially sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and/or interest on the principal amount outstanding.

All financial assets not classified as and measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably elect to measure financial assets, that otherwise meet the requirements to be measured at amortized cost or at FVOCI, at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets are not reclassified subsequent to their initial recognition. Should the Company change its business model for managing financial assets, all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

The Company has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at FVTPL, such as derivatives liabilities. The Company may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(ii) Fair value through profit or loss:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the Statements of Comprehensive Income in the period in which they occur. The Company's venture investments are classified as FVTPL.

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(ii) Fair value through profit or loss (continued):

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Company uses the last traded market price for both financial assets and financial liabilities. In circumstances where there is no closing price, the average of the closing bid and the closing ask price on the valuation date is used. The Company's policy is to recognize transfers into and out of the fair value hierarchy levels described in note 8(a) as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other methods commonly used by market participants and which make the maximum use of observable inputs. Where the value of a financial asset or liability is not readily available or where the Manager is of the opinion that the value available is inaccurate or unreliable, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, measurement is at amortized cost using the effective interest method, less any impairment losses. The Company classifies cash, accounts receivable, divestment proceeds receivable, accrued interest receivable, venture investments, current income tax payable, other accounts payable and accrued liabilities, dividends payable, share redemptions payable, accrued incentive participation dividend and balances due to related parties as amortized costs.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(b) Investments in associates and subsidiaries:

The Company meets the criteria required to be considered an "investment entity" under IFRS 10, *Consolidated Financial Statements* and, as such, in the cases where the Company has control or significant influence over a Company in its investment portfolio, the Company values such investments as financial assets at FVTPL.

3. Significant accounting policies (continued):

(c) Shares:

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Where an issued financial instrument is considered a compound financial instrument, it is bifurcated into liability and equity components based on the respective value of each component.

The common shares, which are classified as equity, are measured at the residual shareholders' equity value. Dividend payments to Class A shareholders are recognized in the Statements of Changes in Equity.

(d) Per share amounts:

Total shareholders' equity per share is calculated based on the number of shares outstanding at the end of the period. Net income (loss) per share is calculated by dividing the net income (loss) by weighted average number of shares outstanding during the period.

(e) Foreign exchange:

These financial statements of the Company are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the Statements of Comprehensive Income.

(f) Income recognition:

Interest income shown on the Statements of Comprehensive Income is recognized on an accrual basis. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

(g) Income taxes:

Current tax expense is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statements of Comprehensive Income as certain items of income or expense are never taxable or deductible or are taxable or deductible in a different period than the reporting period. The current tax liability is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences or for carry forward of unused tax losses, to the extent that it is probable that the deductions or tax losses can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax asset will be recovered.

3. Significant accounting policies (continued):

(g) Income taxes (continued):

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on tax rates and legislation that have been enacted or substantively enacted at the reporting date. Where applicable, current and deferred taxes relating to items recognized directly in equity are also recognized in equity.

4. Related party transactions:

(a) Management fees, performance fees and contingent incentive participation dividend:

In accordance with the original management agreement (the “Original Management Agreement”) dated March 1, 2019 and in effect through to May 28, 2021, the Effective Date of the new management agreement under the WOF Transaction described in Note 4, the Manager provided management services to the Company and in exchange for these management services, the Company paid a management fee. Under the Original Management Agreement, the management fee was equal to 1.50% of the Pricing NAV (as described in Note 2(d)) of all the series of shares of the Company. The Company paid operating expenses set out in an annual budget approved by the Company’s Board and any expenditure by the Company of more than $10,000 that was not included in the annual budget was subject to the approval of the Company’s Board. The management fee was calculated and paid monthly.

In accordance with the new Management Agreement dated May 28, 2021 (“Management Agreement”), the management fee was amended to be an all-in management and operating fee of 2.50%. This fee will be accrued but it will only be paid when there are divestment proceeds available. In exchange for the fee, operating expenses are paid by the Manager. The only expenses expected to be paid by the Company are the management fee, fees of the directors and applicable taxes. Other than expenses related to divestment of a series’ venture portfolio, expenses of the Company will be allocated to the Legacy Shares (formerly referred to as Balanced Shares (series 2)) and the Commercialization Shares, prorata on the value of their respective assets or, in the case of fees of the directors, equally between them. The Manager may, in its sole discretion, reduce or waive management fees and reimburse the Company for any expenses. In the year ended December 31, 2021, the Manager waived management fees of $1,475,098 (December 31, 2020 - Nil).

As at December 31, 2020, the Company had accrued a contingent incentive participation dividend, in accordance with a management agreement with a former manager. During the year ended December 31, 2021, the Company paid that former manager total consideration of $497,548 comprising cash in the amount of $322,849 and the transfer of certain securities in the portfolio as well as other non-monetary consideration. Having satisfied the liability in full, the Company redeemed and cancelled the IPA Shares (as defined in Note 5 below) that had given rise to the accrual. Please see further details in Note 5.

The Management Agreement provides that on a reorganization of assets, once shareholders have received an amount equal to the per series value of the Company as at the date of the reorganization, the Manager will be entitled to a performance or success fee on the same terms and conditions as calculated under the Company’s previously issued incentive participation shares. This performance fee is calculated as 20% of the net divestment proceeds in excess of Effective Date NAV of Legacy Shares,

4. Related party transactions (continued):

(a) Management fees, performance fees and contingent incentive participation dividend (continued):

after net divestment proceeds equal to the Effective Date NAV have been disbursed to Legacy Shareholders. Accordingly, performance fees of $37,285,112 were accrued as at December 31, 2021 (December 31, 2020 - Nil), of which $2,146,262 is the performance fee incurred for net divestment proceeds received for the divestment of two portfolio investments. This amount was paid to the Manager during the year. The remaining $35,138,850 is the performance fee relating to valuation adjustments in the period, which is accrued but not payable until a divestment occurs.

For the year ended December 31, 2021, the Company accrued management fees of $2,434,904 (December 31, 2020 - $1,037,066). The Manager agreed to waive $1,475,098 (December 31, 2020 - Nil) of the management fees, reducing the net management fee expense to $959,806 (December 31, 2020 - $1,037,066). As at December 31, 2021, the Company had a net balance due to related parties of $34,966,619 (December 31, 2020 - $96,819), all of which is due to the Manager, comprising $35,138,850 (December 31, 2020 - Nil) in respect of accrued performance fees payable, offset by $172,231 due from the Manager in respect of management fees waived by the Manager net of operating expenses paid by the Manager on behalf of the Company (December 31, 2020 - $96,819 due to the Manager for management fees and operating expenses paid by the Manager on behalf of the Company).

(b) Shareholdings:

As at December 31, 2021, the Manager, directors and officers of the Company held, directly or indirectly, less than 1% (December 31, 2020 – less than 1%) of the Company's Shares. Pender Growth Fund Inc., a public company managed by the Manager, holds 97% of the Company's shares as a result of the May 28, 2021, transaction described in Note 4 (c) below.

The aggregate investment by the Company's directors and officers in all investee companies did not exceed 0.01% of the issued and outstanding shares of any investee company.

(c) WOF Transaction:

On May 28, 2021, the Company completed the WOF Transaction pursuant to the April 7, 2021 Arrangement Agreement with PTF, for the acquisition the Company's issued and outstanding shares under a plan of arrangement.

The Company and PTF are both managed by the same Manager. Given the actual and perceived conflict, in addition to requiring approval of the WOF Transaction by the Company's board and IRC, and PTF's board, the special committee of the Company's former board of directors engaged an independent qualified person who provided a fairness opinion that the WOF Transaction was fair from a financial point of view to the Company's shareholders.

On the Effective Date of the WOF Transaction, PTF acquired 100% of the Company's Commercialization Series shares for a total cash purchase price of $508,096 which was paid on closing as well as 97% of the Company's Venture Series shares, for a total cash purchase price of $25,316,232, 50% of which was paid on closing with the remaining 50% paid on November 25, 2021.

4. Related party transactions (continued):

(c) WOF Transaction (continued):

The total purchase price for the Commercialization Series shares was calculated as 75% of the subscription receipt financing price of BuildDirect.com Technologies Inc., the Commercialization Series' investee company.

The Venture Series shares were also acquired at a discount to their fair value and in this case the price was calculated as 43.5% of the net asset value per Venture Series share on the day prior to the date of the Arrangement Agreement, adjusted based upon the per share net assets value of the Venture Series portfolio as at the end of the business day immediately prior to May 28, 2021: the price for Balanced Shares (series 1) was $1.7977 and for Balanced Shares (series 2) was $1.5157. The Balanced Shares (series 2) were renamed as Legacy Shares and each outstanding Balanced Share (series 1) was exchanged for 1.18 Legacy Shares Those who opted to continue to hold their Legacy shares and maintain their pro rata participating position in the Legacy portfolio hold 3% of the total Legacy Shares. The Company distributed all excess cash for each Series, if any, to the shareholders as a dividend just prior to closing.

Under the terms of the WOF Transaction, PTF has an obligation to make certain additional payments to those former Venture Series shareholders from which they acquired shares (the "Exiting Shareholders") in the event of the completion of a divestment of a portfolio investment prior to May 18, 2022 (the "Contingent Payment Obligation"").

The Contingent Payment Obligation is based on a percentage share of the net gains over carrying values of the underlying Venture Series shares' investment portfolio at the Effective Date and arises as follows: (a) if a divestment completes on or before November 18, 2021, Exiting Shareholders will receive their pro rata portion of 60% of the net gain; (b) if a divestment completes on or before February 18, 2022, Exiting Shareholders will receive their pro rata portion of 45% of the net gain; and (c) if a letter of intent, term sheet or binding agreement for a divestment is entered into on or before February 18, 2022 and such divestment is subsequently completed by May 18, 2022, Exiting Shareholders will receive their pro rata portion of 20% of the net gain.

On October 13, 2021, in accordance with the Legacy Share rights, a portion of the Company's Legacy Shares were redeemed. The redemption was triggered by the Company's divestment of two of its portfolio investments. Accordingly, the Company redeemed approximately 58.49% of the Legacy Shares, at a redemption price of approximately $6.4705 per share, with a total value of $65,026,367. After the pro rata redemption 7,131,477 Legacy Shares were outstanding. As a result of this redemption, the Exiting Shareholders became entitled to receive an additional cash payment of $1.2661 per share, or total value of $21,136,513, and this was paid by PTF effective October 13, 2021.

Effective November 25, 2021, PTF paid the remaining 50% of the purchase price to Exiting Shareholders.

4. Related party transactions (continued):

(c) WOF Transaction (continued):

It should be noted that, effective February 18, 2022, no further obligations to make additional payments to Exiting Shareholders will arise because there was no letter of intent, term sheet or binding agreement for a divestment entered into after November 18, 2021 and before February 18, 2022, the final period during which an additional exit payment could have been triggered. The right to any additional cash payment has ceased.

5. Share capital:

(a) Authorized share capital:

Prior to the WOF Transaction, the Company's authorized share capital consisted of an unlimited number of Class A shares without par value, voting, with restrictions on transfer and redemptions, issuable in series. The following series were authorized:

Venture Series

Unlimited number of Balanced Shares (series 1)
Unlimited number of Balanced Shares (series 2)
Unlimited number of Growth Shares (series 1)
Unlimited number of Growth Shares (series 2)
Unlimited number of GIC Shares (series 2)
Unlimited number of Income Shares (series 2)
Unlimited number of Financial Services Shares (series 2)
Unlimited number of Resource Shares (series 2)
Unlimited number of Diversified Shares (series 2)

Commercialization Series

Unlimited number of 05 Commercialization Shares (series 2)
Unlimited number of Commercialization Shares (series 2-2006)
Unlimited number of Commercialization Shares (series 2-2007)
Unlimited number of Commercialization Shares (series 2-2008)
Unlimited number of Commercialization Shares (series 2-2009)
Unlimited number of Commercialization Shares (series 2-2010)
Unlimited number of Commercialization Shares (series 2-2011)
Unlimited number of Commercialization Shares (series 2-2012)
Unlimited number of Commercialization Shares (series 2-2013)
Unlimited number of Commercialization Shares (series 2-2014)

In addition, prior to the WOF Transaction, there were an unlimited number of Class B shares without par value, issuable in series. The previous authorized series of Class B shares were known as "IPA Shares". As noted below, the IPA Shares were redeemed and cancelled prior to the WOF Transaction and no longer form part of the Company's share capital.

5. Share capital (continued):

(a) Authorized share capital (continued):

Under the WOF Transaction the Balanced Shares (series 2) were renamed as Legacy Shares and each outstanding Balanced Share (series 1) was exchanged for 1.18 Legacy Shares. Those shareholders who sold their Venture Series shares (“Exiting Shareholders”) were issued shares from a new class designated as “Exit Venture Shares” without par value, with no maximum number and with special rights and restrictions attached (as described in Note 4). The right to any additional cash payment ceased effective February 18, 2022 and the Exit Venture Shares are expected to be redeemed automatically during 2022.

In connection with the WOF Transaction, all authorized but unissued shares were removed from the Company’s share structure. As a result, the Company’s authorized share capital now consists of an unlimited number of Class A shares without par value, voting, with restrictions on transfer and redemptions, issuable in series and redeemable at the NAV of a series share. The currently authorized series are:

Legacy Shares (no maximum, without par value with special rights and restrictions attached)

Commercialization Shares (Series 2) (no maximum, without par value with special rights and restrictions attached).

In addition, there are an unlimited number of Exit Venture Shares (no maximum, without par value with special rights and restrictions attached).

(b) Class A shares:

Under the WOF Transaction all 4,013,041 Balanced Shares (Series 1) were exchanged at a 1.18 exchange ratio based on NAV, for 4,759,712 Legacy Shares. In accordance with the Legacy Share rights, the divestment of two portfolio investments triggered a required redemption of 10,049,697 Legacy Shares on a pro rata basis at the NAV in effect. Under the WOF Transaction Exiting Shareholders were issued Exit Venture Shares, as described in Note 4 and Note 5(a). During the year ended December 31, 2021, 16,694,554 Exit Venture Shares were issued and upon payment of the remaining 50% of the purchase price, 16,527,609 Exit Venture Shares were redeemed on a pro rata basis at NAV. Please refer to Note 4 for additional details.

5. Share capital (continued):

(b) Class A shares (continued):

The table below summarizes the Class A share transactions during the year ended December 31, 2021:

Number of Class A Shares (in 000's)	Outstanding Shares at Beginning of period	Issuance of Shares	Redemption of Shares	Exchange of Shares	Outstanding Shares at End of period
Balanced Shares (series 1)	4,013	-	-	(4,013)	-
Legacy Shares (formerly Balanced Shares (series 2))	12,421	-	(10,050)	4,760	7,131
Exit Venture Shares	-	16,695	(16,528)	-	167
05 Commercialization Shares	1,003	-	-	-	1,003

The table below summarizes the Class A share transactions during the year ended December 31, 2020:

Number of Class A Shares (in 000's)	Outstanding Shares at Beginning of period	Issuance of Shares	Redemption of Shares	Exchange of Shares	Outstanding Shares at End of period
Balanced Shares (series 1)	4,013	-	-	-	4,013
Balanced Shares (series 2)	12,421	-	-	-	12,421
05 Series	1,424	-	(421)	-	1,003

Legacy Shareholders' share rights provide for a share redemption in up to three ways: (1) Legacy Shareholders can receive pro rata redemptions from portfolio divestments, which entitles them to receive 95%-96% of the net divestment proceeds with 4%-5% being held in reserve to fund annual shareholder redemption requests ("Legacy Reserve"). As at December 31, 2021, $3,422,441 of cash was held in the Legacy Reserve. Net divestment proceeds will be distributed by way of pro rata redemption of Legacy Shares at NAV per Legacy Share. Once net divestment proceeds equal to the Effective Date

NAV of the Legacy Shares have been disbursed to Legacy Shareholders, 80% of the net divestment proceeds will be distributed to the holders of Legacy Shares with the remaining 20% of the proceeds paid to the Manager as a performance fee.

(2) Legacy Shareholders also have an annual limited redemption right to request redemption of Legacy Shares at a redemption price equal to 40% of the NAV per Legacy Share as at December 31. PTF does not have this annual redemption right.

(3) In certain circumstances, PTF will have the right to trigger the pro rata "sunset" redemption of some or all of the Legacy Shares at a redemption price equal to 50% of the NAV per Legacy Share as at December 31.

5. Share capital (continued):

(c) Class B shares:

As at December 31, 2020, there were 100 Class B Shares ("IPA Shares") issued and outstanding, all of which were held by a former manager of the Company. Until February 1, 2019, that former manager was entitled to IPA dividends on the IPA Shares, equal to 20% of the realized gains and income from a venture investment owned by or allocated to Balanced Shares (series 2) shares when the following conditions were met:

- The total net realized and unrealized gains and income from the portfolio of venture investments allocated to the particular series of shares since the date on which that series was initially offered exceeded the average 5 year GIC rate plus 2%;
- The return from that venture investment exceeded an annual rate of return on that investment of 12%; and
- The principal invested in that venture investment had been fully recovered.

During the year ended December 31, 2021, the Company settled the accrued contingent incentive participation dividend relating to these IPA Shares with the former manager, as described in Note 4(a) above, and all Class B shares were redeemed and cancelled. The Class B shares no longer form part of the Company's share structure.

6. Capital management:

The Company's Class A Shares represent the capital of the Company. The Company is not subject to any external or internally imposed restrictions on its capital.

As of the May 28, 2021, the Effective Date of the WOF Transaction, the Company has a Divestment Objective, under which it is to seek an orderly realization of value to achieve returns for the holders of Legacy Shares and Commercialization Shares, as the case may be, through the divestment of series investments. The Company and the Manager may enter into additional management agreements to govern any new investment by the Company subsequent to the Effective Date. Prior to the Effective Date, the Company's investment objective for all Series of Class A Shares was to achieve long-term capital appreciation for shareholders.

The Company's objective in managing capital is to manage liquidity by regularly measuring and estimating cash available and cash required, to have sufficient liquid assets on hand for Company expenses, while working toward exit opportunities for its remaining investments.

7. Financial risk management:

The Company may be exposed to various financial risks in the normal course of business associated with its investment objectives and strategies, financial instruments and the markets in which it invests. These risks include credit risk, liquidity risk, and market risk which consists of currency risk, interest rate risk and other price risk.

7. Financial risk management (continued):

The Company maintains positions in a variety of financial instruments in accordance with its investment objectives and strategies. The Company's exposure to financial risk is concentrated in its investment holdings. The Schedule of Investment Portfolio groups securities by sector. The Manager manages the potential impact of these financial risks on the Company's performance by employing and overseeing professional and experienced portfolio advisors who regularly monitor the Company's positions and market events.

On February 24, 2022, Russia launched a large military invasion of Ukraine. This has resulted in a disruption in the supply of energy resources, a refugee crisis in Europe, global protests and the imposition of sanctions on Russia, which in turn triggered a financial crisis in Russia. The Russian president has placed Russia's nuclear forces on high alert, increasing tension between the West and Russia. The invasion has introduced a new source of uncertainty for financial markets.

The COVID-19 global health pandemic that began in 2019 continues today. In early 2020, it resulted in significant volatility and turmoil in World markets. The negative economic impact of measures taken to contain the virus have been mitigated to a certain extent by fiscal and monetary stimulus, measures taken to reopen world economies, and the development and rollout of vaccines. The situation has had an impact on many entities and the markets for the securities that they issue and that impact may continue.

Investment results may be affected by future developments and new information that may emerge resulting from Russia's invasion of Ukraine, COVID-19, its variants and the pandemic, factors which are beyond the Company's control.

The Company will continue to support its portfolio companies, to monitor the impact that global events have on them and to reflect the consequences as appropriate in its accounting and reporting.

(a) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge a payment obligation of the instrument, causing a financial loss.

Bonds, deposits and other investments may be given a credit rating by credit rating agencies based on how much credit risk they represent; the higher the credit rating, the lower the credit risk. The Company manages this risk by generally investing in instruments issued by governments, financial institutions and issuers with credit ratings at the higher end of the range.

The maximum exposure to credit risk as at December 31, 2021 is $1,036,356 (December 31, 2020 - $281,791).

(b) Liquidity risk:

Liquidity risk is the risk that the Company will have difficulty meeting its financial obligations as they become due. The Company manages liquidity risk by monitoring the factors that draw on liquidity, and seeking asset realizations. Venture investments in private companies are generally illiquid and exit opportunities may not arise when expected or at all.

The Company's financial liabilities, except redeemable shares and amounts payable to the Manager, are due on demand. The Class A shares are not open for redemption. The Legacy Shares are redeemable only as described in Note 5.

7. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Company's income or the fair value of their holdings of financial instruments.

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's venture investment portfolios may contain debt instruments which are convertible into equity and which are generally expected to be converted before a divestment opportunity arises. The interest rate risk from venture debt investments is reduced as their valuation is generally based on the underlying equity securities of the entity into which the debt is convertible or expected to be converted.

Bonds, deposits and other investments are subject to interest rate risk which may affect the value of these instruments. When market interest rates rise, the value of traded interest-bearing instruments held by the Company generally falls due to a decline in demand for lower yielding instruments.

As at December 31, 2021 and 2020 the Company had no exposure to interest rate risk as it did not hold bonds, deposits or other relevant investments.

(ii) Currency risk:

Currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. Historically. the Company managed currency risk associated with its venture portfolios by seeking to minimize the number of venture investments it made in currencies other than Canadian dollars. The Company's exposure to the US dollar as at December 31, 2021 and 2020 was:

December 31, 2021			December 31, 2020		
US dollar exposure	% of shareholders' equity	Impact of a 5% change in the USD/CAD exchange rate on shareholders' equity (+/-)	US dollar exposure	% of shareholders' equity	Impact of a 5% change in the USD/CAD exchange rate on shareholders' equity (+/-)
$ 10,135,855	6.49%	0.32%	$ 35,879,875	58.53%	2.93%

(iii) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than changes caused by interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. The Manager manages other price risk through monitoring publicly traded investments received while managing the Company's Divestment Objective.

8. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses widely recognized valuation models for determining the fair value of common and relatively simple financial instruments, such as debt securities and warrants that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as forward foreign currency contacts. The availability of observable market prices and model inputs reduces the need for management judgment and estimation, and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Company uses recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and may be derived from market prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value.

In determining fair value for these types of instruments the Manager considers: 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; independent valuations of the business; contractual rights relating to the investment; comparable trading and transaction multiples, where applicable; and other pertinent considerations. Adjustments to the carrying value of the investments may also be determined by the Manager when there is pervasive and objective evidence of a decline in the value of the investment, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments since acquisition.

8. Fair value of financial instruments (continued):

(b) Fair value hierarchy – financial instruments measured at fair value:

The table below presents the fair value of financial instruments as at December 31, 2021 and 2020 by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statements of Financial Position.

		December 31, 2021		December 31, 2020
Level 1:				
Publicly listed companies	$	177,145,566	$	-
Level 3:				
Private unlisted companies	$	9,843,120	$	59,512,871
Total	$	186,988,686	$	59,512,871

During the year ended December 30, 2021, BuildDirect.com Technologies Inc. and Copperleaf Technologies Inc. were transferred from level 3 to level 1 of the fair value hierarchy upon becoming publicly traded. In 2020, no companies were transferred from level 3 to level 1 of the fair value hierarchy.

The following table shows a reconciliation of changes for investments measured at fair value using unobservable inputs (Level 3) for the years ended December 31, 2021 and 2020:

		December 30, 2021		December 31, 2020
Opening balance	$	59,512,871	$	62,296,292
Purchases		-		-
Sales and Settlements (proceeds)		(73,855,522)		(2,277,798)
Transfers to (from) level 3 to level 1		(22,034,147)		-
Realized gains (losses)		48,447,681		(1,995,677)
Change in unrealized appreciation (depreciation)		(2,227,763)		1,490,054
Ending balance	$	9,843,120	$	59,512,871

Included in the net change in unrealized appreciation in fair value of investments on the Company's Statements of Comprehensive Income for the year ended December 31, 2021 is a change in unrealized of ($2,227,763) (December 31, 2020 – unrealized $1,490,054) related to Level 3 investments.

8. Fair value of financial instruments (continued):

(c) Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used at December 31, 2021 and 2020 in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

December 31, 2021

Unobservable quantitative input	Fair value measured using the quantitative input	Weighted average input	Reasonably possible shift in input (+/-)	Estimated fair value impact of reasonably possible shift in input (+/-)
Discount factor	$ 193,513	75%	25%	$ 113,000
				(194,000)

December 31, 2020

Unobservable quantitative input	Fair value measured using the quantitative input	Weighted average input	Reasonably possible shift in input (+/-)	Estimated fair value impact of reasonably possible shift in input (+/-)
Comparable trading multiple	$ 48,918,718	3.4	0.5	$ 7,914,000
				(5,606,000)
Discount factor	$ 281,253	82%	18%	$ 281,000
				(281,000)

Significant unobservable inputs are developed as follows:

(i) Enterprise value:

Represents the amount that market participants would pay when purchasing the investee company. The Manager determines this value based on arm's length transactions in shares of entities comparable to the respective company.

(ii) Revenue multiple:

Revenue multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that the Manager considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its revenue and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and the specific investee company.

9. Income taxes:

On the Effective Date of the WOF Transaction, the Company made an election to be a public corporation under the Income Tax Act.

The Company did not have taxable income after applying available unused capital and non-capital income tax losses carried forward and was not assessed income taxes for the years ended December 31, 2020 and 2019. As at the end of the 2020 tax year, the Company has non-capital losses of approximately $53.8 million available for deduction against future taxable incomes which, if unused, would have expired between 2027 and 2039. The Company also had capital losses, subject to certain restrictions, of approximately $145.5 million available for deduction against future capital gains which had no expiry date. The potential future benefits arising from the Company's net deferred tax assets were not recognized in the financial statements for those periods as their realization was uncertain.

Because the WOF Transaction resulted in a change of control for the Company, the capital losses available for carryforward became unavailable to apply against future losses. However, the negative impact of this is being mitigated by the Company because it is able to elect to increase the cost base of capital property with latent gains on the Effective Date. This increase in the tax cost base of its capital property will trigger capital gains that will be offset by those capital losses available for carryover which would otherwise be extinguished on the close of the WOF Transaction.

The Company's non-capital loss carryforwards become unavailable to apply against capital gains or business investment income after the change in control.

Prior to the Effective Date of the WOF Transaction, the Company qualified as a mutual fund corporation under the provisions of the Income Tax Act (Canada). As such, income taxes payable by the Company on net realized capital gains were fully refundable on a formula basis when shares are redeemed or capital gains dividends were paid or deemed to be paid by the Company to its shareholders. Income taxes payable on net investment income, other than capital gains, and certain dividends received from Canadian corporations, were partially refundable upon the payment or deemed payment of taxable dividends, other than capital gains dividends. The Company recorded the refundable portion of its income taxes as an asset to the extent that such amounts will be recovered through the distribution of a Class A share dividend from net investment income and/or realized capital gains on investments.

9. Income taxes (continued):

The Company's provision for income taxes for the years ended December 31, 2021 and 2020 is summarized as follows:

	2021	2020
Combined federal and provincial statutory income tax rate	27.00%	27.00%
Income tax expense (recovery) calculated at statutory tax rate	$ 43,624,007	$ (655,855)
Adjustments resulting from:		
Non-taxable dividend income	-	-
Non-taxable portion of realized (gains) losses	(6,540,437)	269,416
Non-taxable portion of unrealized (appreciation) depreciation	(20,579,274)	(201,157)
Utilization of capital losses and other items	(15,511,508)	587,596
Income tax expense	$ 992,788	$ -

As at the end of 2021 tax year-end, the Company has $Nil accumulated capital losses (2020 - $145,505,842) and $48,094,657 of non-capital losses (2020 - $53,797,637). The non-capital losses of $48,094,657 are carried forward from the change of control and cannot be applied against capital gains or business investment income.

Capital losses are available to be carried forward indefinitely. Non-capital losses may be carried forward up to 20 years.

For the year ended December 31, 2021, the Company has current tax liability of $368,851 (December 31, 2020 - $Nil) and deferred income tax liability $623,937 (December 31, 2020 - $Nil).

10. Reconciliation of pricing net asset value per share:

Total shareholders' equity which is calculated using IFRS for financial reporting purposes may be different from the monthly reported net asset value per share. Prior to the Effective Date of the WOF Transaction, Pricing NAV was issued weekly and referred to the total pricing net asset value of all Class A shares, or if referred to in relation to one or more particular series of shares, then the total Pricing NAV of those shares only. "Pricing NAV per Share" meant the price for purchasing, redeeming or switching shares of the Company, as and if applicable, calculated in accordance with the formulae set out in the Company's governing documents. Management fees, performance returns and the management and trading expense ratios were also calculated based on Pricing NAV prior to the Effective Date of the WOF Transaction.

10. Reconciliation of pricing net asset value per share (continued):

The following reconciliation of Net Assets and Pricing NAV at December 31, 2020 identifies the differences between the Pricing NAV per share of the Company and the net asset values of the shares disclosed in these financial statements:

Venture Series	December 31, 2020	
	Balanced Series 1	Balanced Series 2
Series Shareholders' Equity per share	$4.14	$3.49
Unamortized balance of share issue commissions, fees and other costs per share	-	-
Portfolio company and expense allocation adjustment	(0.17)	(0.17)
Series Pricing NAV per share	$3.97	$3.32

Commercialization Series	December 31, 2020
Series Shareholders' Equity per share	$1.38
Unamortized balance of share issue commissions, fees and other costs per share	0.01
Portfolio company/expense allocation adjustment/IPA adjustment	(0.13)
Series Pricing NAV per share	$1.26

11. Series dividend policies:

Immediately prior to the WOF Transaction the Company distributed all excess cash for each Series, if any, to the shareholders as a dividend.

Subsequent to the WOF Transaction, the rights and restrictions attached to each Class A share provide holders the right to receive dividends if, as and when the Company's board declares them, with dividends to Legacy shareholders being from funds designated as attributable to the Legacy Shares and dividends to Commercialization shareholders being from funds designated as attributable to the Commercialization Shares.

The rights and restrictions attached to each WOF Exit Venture Shares provide holders the right to receive dividends or other distributions as the Directors in their discretion may declare from time to time specifically in respect of such shares from funds designated as attributable to the WOF Exit Venture Shares.

The dividend policies in effect prior to the Effective Date of the WOF Transaction are as described in the December 31, 2020 annual audited financial statements.