

**Torrent Capital Ltd.**  
**Management Discussion and Analysis**  
**Quarter ended September 30, 2022**

*This Management's Discussion and Analysis ("MD&A") of Torrent Capital Ltd. ("Torrent" or the "Company") is dated November 17, 2022, and provides an analysis of the financial operating results for the quarters ended September 30, 2022 and September 30, 2021. This MD&A should be read in conjunction with the unaudited condensed interim financial statements and accompanying notes for the period ended September 30, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim condensed financial statements. This MD&A should also be read in conjunction with the audited annual financial statements and accompanying notes of Torrent Capital Ltd. for the year ended December 31, 2021, which have been prepared in accordance with IFRS for annual financial statements. All amounts are in Canadian dollars unless otherwise specified. The MD&A, financial statements and other information, including news releases and other disclosure items are available on the company's website at [www.torrentcapital.ca](http://www.torrentcapital.ca) and on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com) under the Company's profile. The common shares of the Company are traded on the TSX Venture Exchange under the symbol "TORR".*

*Except for the historical statements contained herein, this MD&A presents "forward-looking statements" within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, future developments; use of funds; and the business and operations of the Issuer. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "proposed", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", "projections" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".*

*Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of Torrent to be materially different from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and competitive, risks relating to investment decisions; investee company outlook and performance of the investments; the Company's ability to realize sufficient proceeds from the disposition of investments; market fluctuations; fluctuations in prices of commodities underlying its interests and equity investments; foreign exchange fluctuations; political and economic conditions in countries in which the interests of the Company's portfolio investments are located; delay or failure to receive the Board of Directors, shareholder or regulatory approvals; and the results of continued development, as well as those factors disclosed in Torrent's publicly filed documents. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Although the Management and Officers of Torrent believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Torrent does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.*

## **Company Overview**

Torrent Capital Ltd. ("Torrent", or the "Company") is a publicly traded Investment Issuer listed under the symbol TORR on the TSX Venture Exchange ("TSXV"). Torrent invests primarily in the securities of public and private companies with the objective of increasing shareholder return.

Torrent invests in companies that are deemed to be trading at a discount to their intrinsic value or in early-stage businesses offering a potential high return on investment. On behalf of its shareholders, Torrent allocates its capital towards a multitude of sectors and businesses at various stages of development. The Company typically maintains a concentrated portfolio of public securities and may invest in private placements, event driven opportunities, special situations, and private companies with a clear liquidity window. Torrent may also provide advisory services to select companies in conjunction with its investment mandate. Advisory services are focused on those businesses that may benefit from Torrent's extensive corporate finance and capital markets experience.

### **Investment Objective and Strategy**

Torrent's Investment Objective and Strategy ("Investment Policy") is to grow the Company's capital by generating gains from capital appreciation, interest earned, dividend income and fees. The Company will make investments, on an either public or private basis, at a stage where there exists potential to maximize returns and manage risks by relying on the business expertise of the Company's management team (the "Management") and Board of Directors (the "Board").

The nature and timing of the Company's investments will depend, in part, on available capital and on the investment opportunities identified and available to the Company. Subject to the availability of capital, the Company intends to maintain a diversified portfolio of investments. The composition of its Investment Portfolio will vary over time depending on its assessment of several factors including the performance of financial markets and credit risk.

The following are the guidelines for Torrent's investment strategy:

- The Company will invest in the securities of both public and private companies and may take part in private or public offerings for predetermined royalties, equity positions, debt, convertible or preferred securities.
- Investment arrangements may include a combination of securities including, but not limited to, equity, debt, warrants, preferred shares, bridge financing, collateral, royalty arrangements or other securities as deemed appropriate by Management and in compliance with the Company's Investment Policy. In certain cases, the Company expects to enter into oversight arrangements as a condition of the investment. Oversight may range from Board of Directors appointments or advisory or management consulting engagements with the target companies.
- The Company may reserve the right to acquire all or part of businesses or assets of a target company that Management believes will enhance the value for shareholders.
- The Company will be industry agnostic in terms of investment sectors. The Company's investments will not be required to follow a percentage of industry diversification. The Company's Management and Board will make use of expertise within the Company and invest in industry sectors that Management believes can provide superior returns for shareholders.
- The Company may make investments in extra-ordinary activities, or activities not in the normal course of business, which may include but not be limited to mergers, acquisitions, corporate restructurings, spin-offs, take-overs, bankruptcies or liquidations, leveraged buyouts or start-ups. The Company may elect to invest in such event-driven opportunities, provide financing or purchase securities in exchange for fees, interest, or equity positions.
- Torrent's investment time horizon may vary from investment to investment and contain a mix of short, medium and longer-term investments. The Company reserves the right to increase or decrease its position in any investment at any time. As a matter of practice, the Company does not report on its investment activity or position changes between quarterly results.

- It is the Company’s policy to reduce its position in an investment over time to ensure that no single investment represents a disproportionate share of Torrent’s Investment Portfolio.
- Depending upon market conditions, the Company may fully invest its available capital, apart from working capital requirements. Any funds not invested may be expected to be invested in the near term.
- All investments will be made in compliance with applicable laws in relevant jurisdictions and in compliance with any associated exchange policy.

The Company’s Management and the Board may authorize investments outside the guidelines described above if they consider the investment is to the benefit of the Company and its shareholders.

## **Investment Portfolio**

The Company initiated and maintains positions in WildBrain Ltd. (TSX: WILD), kneat.com, inc. (TSXV: KSI), The Game Day (Private - “TGD”), ElectroVaya Inc. (TSX: EFL), AnalytixInsight Inc. (TSXV: ALY), Cleantech and Resources Investment Portfolios and a joint venture with the Port of Argentina to develop its port infrastructure and related business opportunities, as well as, investments in a number of other public and private companies.

Where a Director or Officer identifies themselves to be in a conflict of interest, they recuse themselves from any and all of the Company’s discussions and decisions relating to a potential targeted investment. The Company also participates from time to time in investments associated with the venture capital firm Numus Financial Inc. and its wholly owned subsidiary Numus Capital Corp., an Exempt Market Dealer, (together the “Numus Group”). If the Company invests in these associated ventures, there may be financing fees payable to Numus Capital Corp. The Numus Group is owned by the CEO, a Torrent Director and a third independent party.

### ***WildBrain Ltd., (“WILD”)***

WILD is a leading children’s content and brands company, recognized globally for its high-profile programs including Peanuts, Teletubbies and Strawberry Shortcake. WILD is one of the world’s largest producers of children’s shows and owns the world’s largest independent library of children’s content with 13,000 half hour programs. The company’s shows are seen in more than 150 countries on over 500 telecasters and streaming platforms. Through its subsidiary, WildBrain Spark, WILD operates one of the largest networks of children’s channels on YouTube, with over 150 million subscribers. WILD licences its assets for consumer products and location-based entertainment as well as licencing the assets of clients and third-party content partners. Its television group owns and operates four family entertainment channels that are among the most viewed in the family entertainment segment.

WILD had been a serial underperformer since topping out in 2015 after making untimely and expensive acquisitions that resulted in a sizeable debt overhang, weak revenue growth, significant share dilution and asset impairment charges. The company had been stuck in a “show me” vacuum as the market waited to see substantial traction in earnings, a moderating debt profile and attractive deals to monetize its assets. In prior periods this resulted in an underperforming share price despite the high-profile content war taking place as large companies like Amazon, Apple and Netflix compete aggressively for streaming material such as that produced by WILD.

Since that time, the revamped management team has restored confidence in the market by executing on key initiatives, generating strong free cash flow, and reducing its debt burden. The company has made numerous changes at the management and board level and has rebranded itself from DHX Media to WildBrain to capitalize on its rapidly growing Subscription Video on Demand (“SVOD”) WildBrain Spark division. WILD has moved its focus to a distribution model centered on online streaming instead of the more traditional television distribution model. WILD has announced content and distribution deals with

Apple, Comcast, Netflix, and CBS All Access. The partnership with SEGA to produce a Sonic the Hedgehog series for Netflix further illustrates the company's creative pipeline and bolsters earnings visibility as WILD will share in production, distribution, and licencing revenues. All these transactions highlight the quality of WILD's catalog, the growth potential of its streaming business and illustrate that the company is making good on its promise to realize the full value of its assets.

Torrent believes that WILD's strategic shift towards a 360° approach to its intellectual property ("IP") catalogue has moved the business towards a higher margin, higher free cash flow model and should continue to impress the market with improved revenue and profitability as it makes additional deals to monetize its deep content catalogue. The company trades at a discount to both the inherent value of its assets and its peer group, despite its much-improved business prospects. WILD should perform strongly when the current broad market sell-off abates. The company continues to strike attractive content deals, the Spark division has seen renewed growth and its debt profile has improved after posting consecutive quarters of enhanced profitability.

#### ***kneat.com, inc. ("KSI")***

KSI offers its Kneat Gx software platform ("Kneat Gx") for modeling data intensive processes for regulated industries with a focus on the Life Sciences industry (i.e., biotechnology, pharmaceutical and medical device manufacturing). Kneat Gx enables companies with complex value chains to become efficient and compliant through a digital validation process. This offers many advantages over the traditional approach, which has been manual, inefficient, and paper-based. KSI possesses a quality management system and is certified to ISO 9001:2015. In addition, it adheres to all applicable Life Sciences regulations such as all current cGMPs, GAMP5, International Conference on Harmonization ICH Q8, Q9 and Q10, EU Annex 11, FDA CFR Title 21 Part 11 governing Electronic Records and Electronic Signatures. Adhering to these regulations and guidelines is a mandatory requirement to supply this highly regulated market.

There are few competing products for the Kneat Gx software platform and sizeable barriers to entry for those looking to compete with the company. Kneat Gx has been in development for ten years and built by a team with deep domain knowledge. The founders of KSI had worked for well-known Life Science companies in project engineering, software development and research & development. This was the genesis for the Kneat Gx platform, as they recognized the inefficiencies inherent in paper-based validation lifecycle management. In addition, Kneat's target market is dominated by multinational, pharmaceutical, biotech, medical device manufacturers and consumer packaged goods companies. The sales cycle with these organizations is long and involved given the complexity, social responsibility, and business critical nature of their reporting and manufacturing processes.

Since the initial completed and tested platform rolled out in 2014, Kneat Gx has been licenced by some of the world's leading Life Sciences companies and KSI appears to be entering a rapid growth phase. KSI's client base is now comprised of many of the Tier 1 biotech and pharmaceutical companies. In a short period of time, KSI has over 62 contracted customers and its pipeline continues to accelerate. Within its customer base, Kneat counts 8 of the top 10, and the majority of the top 20, largest pharmaceutical companies in the World. KSI is unable to mention their clients by name, however, analysts have speculated that the roster includes the likes of Pfizer, GSK and Johnson & Johnson, among others. For a small market cap software company to be supporting names of this calibre, especially given the business-critical element of the Kneat Gx platform, would be a huge vote of confidence for KSI and its software platform.

KSI has an enterprise value of \$212 million which is modest in relation to its experienced management team, a growing Tier 1 customer base, limited debt, strong cash position, rapid stage of growth and industry leading technology. Torrent believes that the company's value proposition is rigid during various economic cycles given the business-critical nature of its IP and the fact that it is exposed to well-run multi-national companies in the Healthcare Sector.

### ***The Game Day (“TGD” - Private)***

TGD is a digital sports media company for the next generation of betting and fantasy fans. It was founded in May 2020 by an award-winning creative and social media team. Founders of the company and its board have had many successful exits with prior start-ups. Senior management has extensive experience with tenure at Apple, Overtime, Vice Media, The Athletic, Catena and Whistle.

TGD works with leading sports influencers, athletes, and talent to provide the latest news, entertainment, real-time updates, and resources for its highly engaged audience. It offers both odds and expert picks as well as direct access to the major affiliated sportsbooks.

The platform’s original content and social distribution network are designed to make the betting experience more accessible and entertaining while informing potential sports bettors as they make wager decisions. TGD’s network and its content can be found on Instagram, Facebook, YouTube, Twitter, TikTok, as well as across its Creator’s Program.

TGD betting platform is focused on the NFL, NBA, MLB and NCAA. The company also recently launched its offering aimed at the online casino and betting space. TGD’s three primary business segments are affiliate, sponsorship, and syndication

- The affiliate business integrates its content with sports, casino, and daily fantasy sports to reach a highly engaged audience. By working with TGD, these entities enjoy reduced client acquisition costs, which can be \$500-\$1,000 per player, in a very competitive market. TGD receives a fee for introducing players to these companies ranging from \$250-\$350 for each first-time player.
- The sponsorship segment integrates product offerings into its content from business-to-consumer online operators across multiple mediums. This is an impression-based model, with TGD being paid a set fee plus upside via the number of impressions.
- The syndication business is the licencing of original content and formats to established and emerging digital media outlets and SVOD/FAST services. TGD receives a licensing fee and profit share revenue.

In a short period of time, TGD has built one of the largest digital sports & sports betting audiences in North American registering over 300 million social media impressions a month across all platforms. Torrent expects continued growth for TGD across various key performance indicators and believes that revenues could grow significantly in the near term. This growth will be driven by momentum in existing revenue growth and engagement, an increasing number of US States legalizing sports betting and higher affiliate and sponsorship fees for TGD given its enhanced credibility and scale.

### ***Electrovaya Inc. (“EFL”)***

EFL was founded in 1996 as a research and development company focused on lithium-ion battery technologies and manufacturing processes. In 2000, EFL listed on the Toronto Stock Exchange and over the years has delivered projects for specialized applications in the aerospace, automotive and personal electronics segments.

In its early years, EFL developed key IP related to fundamental cell technologies through to battery systems technologies. More recently, EFL has focused on battery solutions for heavy duty applications that require superior cycle life and performance. It has developed unique, ultra-long cycle life battery systems, specially designed for materials handling electric vehicles (“MHEVs”). The company is also a supplier of specialized battery modules and systems to large Original Equipment Manufacturers.

EFL is currently focused on manufacturing lithium-ion batteries and systems for MHEVs and other electric transportation applications. Its main business is the sale of lithium-ion batteries to power MHEVs including forklifts and automated guided vehicles. Additionally, EFL sells related accessories and systems to support the use of electromotive power products in electric trucks, electric buses and other transportation applications.

EFL has a 62,000 square foot battery design and manufacturing facility in Mississauga, Ontario. To date, EFL has developed 42 battery models for the e-forklift market. The company has received purchase orders from multiple Fortune 1000 companies including Walmart, Mondelez, and The Raymond Corporation, a Toyota Industries subsidiary (“Raymond”). EFL batteries are powering e-forklifts in over 80 locations, primarily in the USA, Canada and Mexico distributing its products into both the replacement market and the new vehicle market. It also develops and markets batteries and modules for energy storage and green electro-mobility vehicles and won a contract with Sustainable Development Technology Canada to assist in developing a high voltage battery for electric buses. The e-bus market is supported by strong industry tailwinds as major metropolitan centers, such as Los Angeles, New York, Toronto, and Vancouver, commit to transitioning their entire bus fleets to electric.

EFL is a compelling investment opportunity given that annual demand for lithium-ion batteries is growing at a record pace. It has robust IP and established relationships with top-tier clients which gives it a substantial competitive advantage. EFL’s OEM partner, Raymond, has done extensive research indicating that the company’s lithium-ion batteries are the best on the market for cycle life, safety, and value. Torrent sees embedded optionality from the company’s development of a solid-state battery in its Electrovaya Labs Division. The company’s solid state battery has been in development for years and has the potential to be a disruptive technology in various EV segments.

### ***AnalytixInsight (“ALY”)***

AnalytixInsight is a fintech company that creates and distributes financial content utilizing artificial intelligence (AI), machine learning (ML) and big data analytics. In addition, the company develops business critical financial marketplaces on behalf of its enterprise clients as they digitally transform their operations to compete within the fintech revolution. The company’s fintech solutions are used by The Wall Street Journal, Morningstar, Refinitiv, and Intesa Sanpaolo to name a few. ALY is currently comprised of three operating divisions: Capital Cube, MarketWall and Euclides technologies.

- Capital Cube is the financial engine that powers ALY’s data and analytics capabilities. Utilizing AI/ML to scrub data pulled from the cloud, the company performs over 100 billion daily computations to take raw and unstructured data and convert it into useable financial content. The company currently has a strategic partnership with Refinitiv and its content is used by Intesa Sanpaolo, MarketWatch, the Wall Street Journal and Samsung Electronics, among others.
- MarketWall is ALY’s fintech subsidiary in the form of a joint venture with Intesa Sanpaolo. MarketWall facilitates the digital transformation of legacy financial services companies by creating and maintaining comprehensive cloud-based platforms that integrate data, people, services, and processes across organizations.
- MarketWall created and maintains InvestoPro, Intesa Sanpaolo’s cloud-hosted discount brokerage platform which is a web-based trading platform supported by multi-device technology with new age features and content. Intesa Sanpaolo is currently migrating its clients in 22 European countries to the platform after receiving regulatory approval in 2021. Furthermore, InvestoPro is currently preloaded on all Samsung’s personal devices and smart TVs in Europe.
- MarketWall GEMINA is a white label, cloud-hosted trading platform accessible on multiple devices, which combines software, data, and research. Morningstar Inc. recently launched

Morningstar Global Market, which is powered by MarketWall GEMINA. Morningstar Global Market will be a first attempt to offer a dashboard product to compete with Bloomberg and Refinitiv Eikon.

- Euclides designs and implements workforce optimization solutions for large global enterprises in the Field Service Management (FSM) industry. Backed by advanced software, cloud, and AI technologies, Euclides' FSM platform maximizes efficiency, increases revenue, reduces costs, and improves customer satisfaction for clients representing 100,000+ workforce personnel. Euclides is an IFS channel partner and has a wide range of FSM clients including Whirlpool, Alliant Energy, ADT Inc., and American Water Works, among others.

ALY has a \$38 million market cap which is low for a fintech company that has strategic partnerships with several industry leading financial services companies that feature much higher market capitalizations. After years of developing its products and securing key partnerships, ALY is entering a phase of growth which should see the company enjoy a re-rating in the market.

### ***Cleantech Investment Portfolio (five public companies, excluding EFL)***

The ongoing challenge of climate change and sustainability is driving a secular transition towards renewable energy and considerable investment in the development of clean technology. What is often referred to as the “Green Wave” is being driven by aggressive government stimulus programs and mandates to move the World’s largest economies towards net carbon neutrality. Furthermore, there has been a shift in consumer attitudes in favor of those companies promoting cleantech principals. Sentiment towards cleantech companies has been bolstered by improving economics for key technologies and exciting innovation at the company level.

Investment flows into the cleantech space continue at a steady pace as illustrated in Bloomberg’s “Energy Transition and Investment Trends 2022” report. The report is Bloomberg’s accounting of global investment in low-carbon energy transition and global climate-tech. The report includes a wide range of sectors, including renewables, energy storage, electric vehicles, hydrogen, nuclear, sustainable materials, and carbon capture. In 2021, global investment in energy transition totaled US\$755 billion, up from US\$595 billion in 2020 and just US\$264 billion in 2011. The report indicated that to get on track for global net zero policy initiatives, energy transition investment needs to total US\$2 trillion annually between 2022 and 2025, which is close to three times the amount allocated to the sector last year.

This influx of investment capital will drive significant innovation in the cleantech sector, leading to new and exciting technologies. More importantly, increased investment will reduce the cost of capital and fund advancements in productivity, which will drive down the costs of existing technologies and enhance adoption. These forces create fertile ground for early-stage investment opportunities offering risk capital the potential for sizeable returns.

Torrent has been capitalizing on the increasing investment flows into the cleantech space by sourcing promising opportunities in various segments of the green economy. We are focused on those companies that have sound business plans, proven IP, and realistic economic assumptions. Avoiding those names that pitch unproven technology and have little chance of becoming economically viable. Torrent has made investments in the following cleantech subsectors: electric vehicles, lithium battery manufacturers, lithium producers, hydrogen, solar, green natural gas, off-grid energy and agricultural technology.

The cleantech sector has sold off in sympathy with the broad market year to date, however, the Inflation Reduction Act of 2022 (“IRA”) indicates that the long-term prospects for the cleantech sector remain bright. The IRA is a landmark tax, climate, and healthcare bill to the tune of US\$437 billion. The bill was heavily tilted towards addressing climate change, with the Democrats calling it the largest ever investment by the US Government towards the effort. The bill allows roughly US\$374 billion in spending towards climate and renewable energy projects, with notable accommodations for solar and electric vehicles. Apart from the obvious benefit of investment dollars flowing into the sector, the bill has served to restore confidence in

market that global policy makers remain committed to fighting climate change, regardless of current economic malaise.

### ***Resource Investment Portfolio (nine public companies)***

Global policy makers responded to the COVID-19 pandemic with unprecedented monetary and fiscal stimulus in an effort keep the global economy afloat. This wave of stimulus coincided with historically low interest rates, very strong consumer demand, a tectonic shift towards cleantech technologies (away from cheap energy) and a stretched global supply chain – all contributing to solid commodity demand and inflationary pressures. This strength has been supercharged by the conflict in Ukraine and continued geopolitical uncertainties associated with the global supply chain.

Commodity prices should remain elevated which makes resource stocks attractive. Inflation is pushing levels not seen in a generation, real rates remain in negative territory, and elevated energy and agricultural commodity prices will need to be tackled before price pressures abate. Additionally, with mounting geopolitical risks, uncertainty surrounding the global economy and a shaky equity market, select resource stocks become relatively attractive given their properties as a safe haven investment.

We remain positive towards those commodities exposed to the electrification of the global economy and the burgeoning demand for electric vehicles. These companies include rare earth and lithium explorers and developers that should enjoy exponential demand growth as key components in a multitude of cleantech applications. This segment of the market should also benefit from the ongoing push by G7 politicians to diversify strategic metal supplies away from China, given that country's stranglehold on supply and prices.

In addition, we have been adding energy services exposure given the need to bolster North American energy security considering the Russia-Ukrainian conflict. There will be tremendous political pressure to increase crude oil and natural gas production in the West to put a lid on consumer prices. Furthermore, there will be a renewed focus on alternative energy sources like uranium and LNG as the West aims to bolster its energy security considering mounting geopolitical risks.

### **Joint Venture – Argentia Capital Inc.**

Torrent and the Port of Argentia Inc. have established a joint venture company, Argentia Capital Inc. (“ACI”) to develop the Port of Argentia (the “Port”) infrastructure and related business opportunities. The new joint venture company will be focused on the construction of port infrastructure, the provision of services and equity ownership in businesses that support aquaculture, renewable energy, and the oil and gas sectors, as well as other port developments.

The Port, located in Placentia Bay, Newfoundland, is in the middle of a transformation to become a hub for innovation across multiple sustainable industries. Over the next five years, the Port is expected to host new investment from renewable energy companies establishing facilities to produce wind energy, hydrogen, and ammonia, as well as staging for offshore wind farm construction projects throughout North America. Other promising areas for growth include subsea pipe fabrication, container service expansion, aquaculture support services and facilities for critical mineral processing.

Torrent's joint venture to develop the Port will provide significant growth and value creation for shareholders, the local communities and the wider region of Newfoundland and Labrador. The Port is currently the host site for North America's first and only monopile marshalling yard for U.S. offshore wind projects, the location for proposed Pattern Energy's Placentia Bay Hydrogen Hub and the construction site for the West White Rose Wellhead Platform. These multi-year projects have the potential to drive long-term value for ACI from multiple revenue streams.

The ACI Board of Directors is comprised of Businessperson and former Premier of Newfoundland and Labrador Dwight Ball, the Port CEO Scott Penney, Torrent Director Carl Sheppard and Torrent President & CEO Wade Dawe.

### Unrealized gain/(loss) on Marketable Securities

Acquisitions of investments in marketable securities are initially recognized at fair value plus transaction costs. After initial recognition, all investments are measured at fair market value. The determination of fair market value for publicly traded securities is based on the trading price at the end of the reporting period as quoted on a recognized securities exchange. For private companies that are not traded on a recognized exchange, no market value is readily available. In this case, private company shares may be valued based on the pricing of a recent arms-length third party financing. Gains and losses arising from changes in the fair market value of the investments are presented in the statements of income (loss) and comprehensive income (loss) as a net change in unrealized gains or losses on investments.

The Company fair values its Investment Portfolio based on the market prices of the shares at the end of each quarter. The current quarter's loss includes an unrealized loss on investments of \$1,227,990 or \$0.05 per share as compared to an unrealized gain on marketable securities of \$1,250,388 or \$0.05 per share in the comparable quarter. The year to date income includes an unrealized loss on investments of \$9,211,885 or \$0.38 per share as compared to an unrealized gain on marketable securities of \$871,811 or \$0.04 per share in the comparable period. The Company's investment activity and fair value of the changes in the unrealized gains and losses as at September 30, 2022, and the market value as at December 31, 2021, are summarized as follows:

	Shares #	Cost of Investment \$	Market Value Sept. 30, 2022 \$	Unrealized Gain / (Loss) Quarter ended Sept. 30, 2022 \$	Unrealized Gain / (Loss) Year to date Sept 30, 2022 \$	Market Value Dec. 31, 2021 \$
WildBrain Ltd.	2,201,000	3,488,367	5,062,300	(352,160) <sup>(a)</sup>	(2,581,489) <sup>(a)</sup>	7,705,600
kneat.com, inc.	1,702,943	1,813,892	4,206,269	(221,383) <sup>(a)</sup>	(2,537,385) <sup>(a)</sup>	6,743,654
The Game Day	11,250	953,550	2,302,200	-	-	2,302,200
Electrovaya Inc.	2,127,000	2,393,240	2,084,460	379,672	105,450	1,961,742
AnalytixInsight Inc.	2,485,000	1,596,273	820,050	(4,037)	(1,100,820)	1,736,400
Cleantech Investment Portfolio		1,451,772	510,460	(161,194)	(828,728)	2,707,200
Resource Investment Portfolio		2,448,341	1,823,011	(607,531)	(1,672,559)	1,939,459
Other securities		2,986,194	2,334,119	(261,357)	(596,354)	3,592,665
		<b>17,131,629</b>	<b>19,142,869</b>	<b>(1,227,990)</b>	<b>(9,211,885)</b>	<b>28,688,920</b>

(a) This results from the reversal of unrealized gains in prior periods.

***Torrent Capital's Net Asset Value ("NAV") decreased from \$20.4 million (\$0.82 per share) to \$19.2 million (\$0.77 per share) during the third quarter of 2022, representing a decrease of 5.4%.***

The Investment Portfolio remained under pressure during the third quarter as it fell in sympathy with the small cap equity market. The NAV of the fund fell 5.4% during the third quarter, whereas the S&P/TSX Small Cap Index fell 2.2% and the S&P SmallCap 600 Index dropped 13.9%.

Most assets, excluding select commodity investments, have been hit hard in 2022. This is highlighted by a recent Bank of America study indicating that the classic 60/40 portfolio, one with 60% in stocks and 40% in bonds, has posted the worst returns in a century. Furthermore, the "25/25/25/25" portfolio, one that holds an equal weighting of cash, commodities, stocks, and bonds, has had the worst returns since 2008. Equity related investments have borne the brunt of the sell off, with the S&P 500 falling 24.8% year to date and the Nasdaq Index down 32.4%.

Investor sentiment in the equity market has been doused by soaring inflation, rising interest rates, war in Europe and the global energy crunch. This has led to a significant drop in valuations as investors flock to cash to preserve capital. At the time of writing, the shakeout continues, as indicated by a steep sell off in many companies considered to be market leaders, with Amazon, Netflix, FedEx, Tesla, and Meta, all dropping significantly in 2022.

The number one issue facing the stock market at the present time is the generational spike in inflation and the implication it has on interest rates and the far-reaching impact it has on numerous sectors and industries. What makes this cycle unique is that inflation has been subdued for decades, meaning that investors have not been exposed to its wealth destroying effects and the strain it poses on businesses and consumers alike. At present, the market is attempting to validate the likelihood and timing of a protracted recession considering rising interest rates against a highly levered system. Ergo, all eyes are on the US Federal Reserve, wondering when it will pause or halt its rate increases. The bulls believe that the Fed is due to pause given that asset values have already corrected in a sizable manner. The bears on the other hand, believe inflation is out of control, so the Fed has to raise rates aggressively in an effort to flush out all of the excesses in the system.

Considering these pressures, we do not see the foundation for a healthy stock market yet, but we have witnessed some positive signs for the small cap equity market. We have been encouraged by the fact that small cap stocks have held up over the past three months as the aforementioned market leaders have corrected at a shocking rate. This, along with a multitude of sentiment and technical indicators deep in negative territory, suggests to us that the market has discounted a lot of negative headline news.

While the magnitude of the current selloff in small cap stocks has been significant, it is arguably similar in relation to prior corrections as measured by the S&P SmallCap 600 Index. This cycle, the Index has fallen 30.2% peak-to-trough, compared to 37.4% during the technology crash of the late 90's, 53.8% during the 2008 credit crisis and 43.8% as the COVID Pandemic played out in 2020. While the seriousness of those events may seem modest in hindsight, honest market participants will remember the depth of those periods as being incredibly bleak and uncertain with many parallels to the present. These corrections were ultimately followed by a substantial market recovery and Torrent expects these markets to recovery in a similar fashion.

Lastly, many small cap stocks are trading through values witnessed during the Pandemic lows of March 2020, even though they may have created a significant degree of value since that time. Many have either captured market share, de-risked their technology, improved their products and services, scaled their offerings and/or have greatly improved balance sheets. This value creation has been largely ignored by the market, resulting in discounted valuations. For example, many growth-related investments in our market trade at EV/Revenue multiples of 2.0x, when they typically trade at an average north of 5.0x.

Torrent has focused on adding to some of our core positions during market weakness and establishing positions in companies that are well-run, have significant insider ownership, are well capitalized, and continue to execute on what we deem as novel and rigid business models. We continue to see additional opportunities in various segments of the market, including: fintech, software as a service, cloud solutions, cyber security, energy metals, digital media, sports media, energy infrastructure, battery metals, renewable energy and battery technology, to name a few.

***WildBrain Ltd. ("WILD") – Unrealized loss on investment of \$352,160 in the current quarter and an unrealized loss of \$2,581,489 year to date, reversing previously recorded unrealized gains. Realized gain on investment of \$73,875 year to date.***

WILD's stock price was down 6.9% during the third quarter and has fallen 33.4% year to date. This compares to the Bloomberg Entertainment Streaming Peer Group which fell 12.9% and 47.9%, respectively.

Streaming and entertainment companies have been under considerable pressure in 2022, driven by broad market weakness, multiple contraction and increased competition for content which has driven up costs and crimped margins. Many high-profile names in the sector have seen sharp share price declines year to date, with Netflix, Disney and Lions Gate, falling 60.9%, 39.7% and 55.4%, respectively. WILD management continues to execute on key initiatives and the company's operating performance remains relatively strong, despite current market malaise.

WILD recently reported FQ1 2023 results, which were relatively upbeat in light of the weak global economy. Revenue came in at \$126.7 million, which was up 12% year over year ("YoY"). The company's Content Production and Distribution segment propped up growth during the quarter, with revenues rising 40% YoY to \$52.8 million. Consumer Products revenue increased 7% to \$52.1 million. WildBrain Spark revenue decreased 25% YoY to \$11.6 million. Meanwhile, adjusted EBITDA was \$19.9 million, consistent YoY. WILD reaffirmed its expectations for Fiscal 2023 for revenue of approximately \$550 million and adjusted EBITDA of approximately \$100 million.

WILD continues to execute on its 360° approach to its IP catalogue by activating content and growing key brands. The company signed a multi-year deal to produce *Caillou* content with steaming platform Peacock and a global agreement with Netflix for a refreshed version of *Teletubbies*. These partnerships are on the back of other attractive distribution deals with Hulu, BBC, and Amazon as well as a robust production pipeline for Sonic Prime and Peanuts content.

WILD currently trades at 2.0x EV/FY2023 Revenue and 11.0x 2023 EBITDA, which is in line with its peer group, despite what we view as superior operating performance and prospects. Torrent sees upside in the form of lucrative streaming deals with premier streaming companies, further monetization of the company's IP given its 360° approach to its content, and solid brand rejuvenation to kickstart distribution and consumer product sales for quality content like *Teletubbies* and/or *Strawberry Shortcake*.

***kneat.com, inc. ("KSI") – Unrealized loss on the investment of \$221,383 in the current quarter and an unrealized loss of \$2,537,385 year to date, reversing previously recorded unrealized gains.***

KSI's share price was down 6.8% during the third quarter and has fallen 37.6% year to date. This compares to the Bloomberg Application Software Peer Group which fell 3.2% and 37.4%, respectively.

The company recently reported third quarter 2022 results, which illustrated accelerating momentum for its Kneat Gx platform. Total revenues year to date increased to \$16.5 million, up 79% YoY. The company's gross profit year to date was \$10.1 million which reflects 107% growth YoY. Total revenue for the quarter of \$5.8 million reflects 54% growth YoY and SaaS revenue of \$4.5 million reflects 71% growth YoY. The company's gross profit for the quarter was \$3.5 million which reflects 74% growth YoY. Annual recurring revenue stands at \$19.1 million, up 60% YoY. The proportion of annual recurring revenue attributable to SaaS licenses was \$18.0 million, up 60% YoY. These third quarter results have been well received by the market.

Kneat recently announced a new fortune 500 healthcare customer, indicating that the company continues to gain momentum in an uncertain macro environment. The underlying customer is headquartered in the US and is "one of the world's largest healthcare providers" with over 40,000 employees. Kneat was accepted as their global enterprise solution under a Master Services Agreement, providing for flexibly around expansions over the starting three-year term and beyond.

This customer adds to a series of new client additions during 2022, including: (1) a top fifteen consumer packaged goods company with over 50,000 employees in over 150 countries and 40 manufacturing sites selected KSI's SaaS Platform; (2) a leading Canadian generics pharmaceutical manufacturer with over 7,000 employees in over 45 countries selected KSI's e-validation platform; (3) another top ten biopharmaceutical

company with over 90,000 employees across 90 countries and over 50 manufacturing sites selected KSI as its enterprise platform and (4) a European national healthcare system with over 110,000 employees across over 15 health boards and bodies selected KSI's e-validation platform. The company has secured a network of top-tier pharmaceutical, biotechnology, and consumer packaged goods companies with large worldwide operations and sound fundamentals.

KSI is well funded to capitalize on its organic growth plans which include scaling across existing clients and on-boarding new customers. The company continues to execute and has strong visibility going forward given its top-tier product and client base. These strong fundamentals, coupled with a recent up-listing to the Toronto Stock Exchange, should lead to a heightened degree of interest from institutional investors.

### ***The Game Day ("TGD" - Private)***

TGD is a digital sports media company that generates revenue from online digital marketing, content syndication and affiliate sales associated with directing players to the online sportsbooks and casinos. Torrent invested in TGD at US\$66.67 per share in early 2021 and the company has raised additional funds at US\$161.1, representing a 141.6% increase.

Management of TGD updated investors during the third quarter noting that the company continues to execute on its business plan. The company posted revenues of \$870 thousand against a forecast of \$960 thousand, 91% of target despite weak economic conditions. Affiliate revenue was strong, although brand sponsorship came in soft due to the slower summer months and limited high profile sporting events. Most significantly, to adapt to the shifting economic landscape, the company refocused the business towards core revenue streams which lead to an operating loss of -18.8% improving from -60.9% in the previous quarter. Management predicts continued margin improvement and anticipates the business becoming cash flow positive for the first time in January 2023. This is no small feat for a company that was started just over 2 years ago.

Management highlighted that the first two months of the quarter are typically slow for new customer acquisition with this picking up at the start of the NFL season in September. Activity is due to ramp up heading into Super Bowl LVII, March Madness 2023, and the college football playoffs. Additionally, the World Cup 2022 in November represents a valuable opportunity as interest in soccer betting has proliferated since the previous event in 2018 which saw total wagers of \$138 billion.

Torrent expects TGD to see continued revenue growth heading into next year and expects improved profitability as the company focuses on core revenue lines. Sales growth will be driven by an increasing number of US states legalizing sports betting, higher affiliate and sponsorship fees, and growth from the company's foray into casino related betting. Furthermore, as TGD continues to scale and enhance its position in the digital sports media market, we envision a ramp in brand sponsorship and syndication revenues. These accelerated revenues are balanced against what Torrent believes is a very efficient cost structure, as illustrated by TGD's goal to reach breakeven status in the first quarter of 2023.

### ***Electrovaya Inc. ("EFL") Unrealized gain on investment of \$379,672 in the current quarter and an unrealized gain of \$105,450 year to date.***

EFL's stock price was up 25.0% during the third quarter, compared to the WilderHill Clean Energy Index, which increased by 5.4%. Year to date, EFL has risen 7.5%, whereas the WilderHill Index has fallen 32.7%.

EFL recently reported Q4 2022 results which underscores our view that the company is a standout in the cleantech sector. Revenues for the quarter were \$12.2 million, an increase of 131% YoY. Revenues for the year was \$25 million, an increase of 68% YoY.

The company recently announced plans to build its first U.S. Gigafactory in New York State for manufacture its high-performance lithium-ion battery products using 100% renewable energy. EFL will set up operations at a 137,000 square foot plant on a 52-acre campus near Jamestown. The Gigafactory should serve to increase EFL's manufacturing capacity to meet growing demand, improve its supply chain security and overall gross margins through added vertical integration, and develop additional market opportunities given the significant U.S. based manufacturing capacity.

The capital cost of the facility is estimated at approximately \$75 million, and it is expected to open in phases starting late 2023. EFL will be eligible for New York State funds, as well as U.S. federal funding from various agencies and programs. In July, the New York Power Authority Board of Trustees approved an allocation of more than 1.5 megawatts of low-cost hydropower to the new factory under the Power Authority's Industrial Economic Development program to meet the increased electric load.

EFL has recently completed a private placement, with existing institutional investors, new institutional investors and insiders for aggregate gross proceeds of approximately \$14.8 million. With this financing EFL has agreed that if its common shares are not listed on the Nasdaq Capital Market ("Nasdaq") by April 30, 2023, the exercise price of the associated warrants will be reduced by 11.3% from \$1.06 to \$0.94 per common share. The proceeds of the financing will be used for working capital to service purchase orders, for general corporate purposes, for Jamestown, New York facility start-up costs, for debt repayment and restructuring.

With an enterprise value of \$137 million, Torrent believes EFL represents a compelling investment opportunity with significant upside when market pressures abate. The company's lithium-ion batteries are best in class with Raymond (Toyota) as an anchor OEM client. Upside optionality comes from the commercialization of EFL's e-bus battery and ongoing progress with its solid-state battery technology within its Electrovaya Labs division. Plans for a new Gigafactory in New York indicates the company expects recent growth trends to continue. Furthermore, news flow associated with the company's expansion plans in the US and its plans to list on Nasdaq should create significant interest from investors south of the border.

***AnalytixInsight ("ALY") – Unrealized loss on investment of \$4,037 in the current quarter and an unrealized loss of \$1,100,820 year to date.***

ALY's stock price was flat during the third quarter and has fallen 58.7% year to date. This compares to the ARK Fintech Innovation ETF which fell 0.7% and 62.3%, respectively.

During the quarter, ALY announced that InvestoPro SIM, the subsidiary of its affiliate MarketWall, has executed a Memorandum of Understanding (the "MOU") with Samsung Electronics Italia S.p.A. to profile the InvestoPro digital trading platform to Samsung users in Italy. Subsequently, ALY plans expanded European distribution in Spain, Germany, France, and the UK.

In conjunction with the MOU, InvestoPro is preparing to launch a new trading platform version specifically designed for Samsung devices with no fixed costs, competitive trading fees, and news reports tailored for Samsung users. Samsung users will have access to a digital trading platform that provides comprehensive coverage of global financial instruments on multiple exchanges, including stocks, bonds, commodities, and ETF's. The InvestoPro app will carry financial news, quotes, and content on global markets and will be available on Samsung televisions and several other Samsung consumer products.

Under the MOU, Samsung will profile InvestoPro as an exclusive financial app on Samsung's Quick Access, the start page of the Samsung Internet Browser. Samsung has millions of monthly active Samsung Internet users who utilize Quick Access, which profiles clickable icons for leading brands to users each time they use their browser and allows users to easily reach partner websites. In addition, Samsung will also recommend InvestoPro to users as an exclusive digital trading app as part of its App Installer. The App

Installer guides users during their first device power on procedure and presents recommended apps in popular, useful, and fun categories. App recommendations can be targeted based on age and gender and can easily be downloaded by tapping the download button.

Torrent believes that this relationship with Samsung has the potential to be a transformative event for the company. Torrent estimates that Samsung Electronics sells upwards of 180 million devices per year in Europe and the commitment from Samsung to designate and promote InvestoPro as its exclusive financial app bodes well for attracting new users to the platform. Furthermore, we are not aware of a consumer products company of Samsung's scale that has a direct partnership with a digital trading and financial content platform, which makes the relationship novel and speaks volumes about the quality of ALY's product suite. We envision multiple opportunities for ALY to monetize this relationship going forward if the company executes this properly.

ALY has a \$37 million market cap which is modest in relation to its potential revenue profile across its divisions, and the number of strategic partnerships the company has with many top banks and financial services companies. ALY is well capitalized and looking to monetize its suite of products after years of development. Torrent would encourage the company to explore strategic options that may include an expansion into North American markets, or a reorganization of the business that better reflects its value proposition and streamlines its reporting.

***Cleantech Investment Portfolio (five public companies excluding EFL) – Unrealized loss on investments of \$161,194 in the current quarter and an unrealized loss of \$828,728 year to date.***

The performance of Torrent's cleantech holdings were mixed in the third quarter as the cleantech sector has been soft in 2022. The WilderHill Clean Energy rose 5.4% in Q3, while falling 32.7% year to date.

Cleantech related investments have been under pressure this year after being overbought during the stimulus driven COVID-19 rally. Many segments of the stock market benefited from generous government stimulus packages during the Pandemic, but the cleantech sector was a prime recipient of heightened investment flows. Naturally, this fast money found its way into over speculative names and drove the valuations of many companies to unsustainable levels.

The sector received a shot in the arm from the Inflation Reduction Act of 2022 ("IRA") which passed during the quarter. The IRA is a landmark tax, climate, and healthcare bill to the tune of US\$437 billion. The bill was heavily tilted towards addressing climate change, allowing for roughly US\$374 billion in spending towards climate and renewable energy projects, with notable accommodations for solar and electric vehicles. The optimism surrounding the passing of the IRA proved short lived however, with cleantech stocks selling off anew as stiff market pressures proved insurmountable.

Although the selloff in the cleantech space has weighed on our positions, it will ultimately lead to a healthier and more efficient market when conditions normalize. The euphoria of the last run was widespread, meaning that fast capital was chasing ESG related investments regardless of their quality. Moving forward, retail and institutional investors alike will have a higher bar for investment, which we think will enhance innovation in the long run. Under the principal of creative destruction, weaker companies will fail to exist, to the benefit those companies with legitimate technology and a tangible value proposition. Torrent believes that our focus towards cleantech companies with rigid IP, revenue growth, earnings visibility, proven management teams, and the ability to raise institutional capital will benefit from a shift to quality moving forward.

***Resource Investment Portfolio (ten public companies) – Unrealized loss on investment of \$607,531 in the current quarter and an unrealized loss of \$1,672,559 year to date.***

Physical commodities, as measured by the Bloomberg Commodity Index, were down 4.6% during the third quarter and up 12.4% year to date. Resource stocks, as measured by the S&P NA Natural Resources Index, fell 2.3% and rose 13.2% respectively.

Resource stocks have done well in relation to the broad market this year as investors rotate from growth orientated equities to value plays. During times of economic uncertainty, resource stocks, which have tangible assets, near term revenues and low multiples, often outperform growth sectors that have become overbought on excessive optimism. Furthermore, this cycle has been dominated by inflation, driven in large part by elevated energy prices, which has made resource stocks attractive as an inflation hedge.

Our resource portfolio has been hurt by its focus towards small cap stocks. Smaller companies underperform when the risk appetite in the broad market abates. Furthermore, small cap resource stocks are generally earlier stage exploration and development stories, which are overlooked during times of uncertainty to the benefit of the producers that have near term profitability and strong balance sheets. Although tough at present, Torrent believes that this underperformance will prove temporary as elevated commodity prices highlight the need for additional capital investment in exploration and development to boost supply.

The resource portfolio received a boost from our allocations towards energy services companies, which include Ensign Energy Services (“ESI”) and Cathedral Energy Services (“CET”). These companies have enjoyed renewed investor interest as the market recognizes the need to drill for more oil and gas in the short term, after years of weak investment in hydrocarbon production, in order to bolster North American energy security. These stocks had been in a ten-year bear market, causing them to trade a steep discount to the earnings power of their assets. Revenues for both ESI and CET have ramped up significantly and they continue to beat analyst estimates, pointing to ongoing strength.

Our investments in energy metal development companies, small cap gold stocks and uranium plays were a drag on performance. Despite weak short-term performance, Torrent believes these segments of the market will do well in the long term. Energy metals are underpinned by strong secular demand and limited supply, gold stocks should do well once interest rates moderate and the dollar corrects and uranium investments will benefit from renewed interest in nuclear energy as a viable alternative to boost global energy supply.

### Selected Financial Information

The following table sets out selected financial information and highlights for the last eight quarters:

For the quarter ended	Sept. 30, 2022 \$	June 30, 2022 \$	March 31, 2022 \$	Dec. 31, 2021 \$	Sept. 30, 2021 \$	June 30, 2021 \$	March 31, 2021 \$	Dec. 31, 2020 \$
Realized gain (loss) on Investments	66,267	23,171	37,778	(460,752)	581,878	319,135	3,035,176	1,933,377
Unrealized gain (loss) on marketable securities	(1,227,990)	(5,132,780)	(2,851,115)	(1,171,231)	1,250,388	(3,921,467)	3,542,891	2,452,405
Operating expenses	(209,519)	(417,780)	(262,865)	(598,736)	(229,100)	(232,846)	(487,826)	(1,051,658)
Net income (loss) before taxes	(1,371,242)	(5,527,389)	(3,076,202)	(2,230,719)	1,603,166	(3,835,178)	6,090,241	3,334,124
Current income tax (expense)	47,856	190,000	-	260,000	(20,000)	20,000	(320,000)	20,000
Deferred income tax (expense)	170,000	680,000	390,000	180,000	(150,000)	550,000	(550,000)	(380,000)
Net income (loss)	(1,153,386)	(4,657,389)	(2,686,202)	(1,790,719)	1,433,166	(3,265,179)	5,220,241	2,974,124
Net (loss) income per share	(0.05)	(0.19)	(0.11)	(0.07)	0.06	(0.14)	0.22	0.12
Cash	298,829	446,378	264,781	459,132	706,423	125,895	893,906	2,483,562
Investments at fair market value	19,201,174	20,258,336	25,784,798	28,688,920	30,333,115	29,521,695	33,781,615	25,822,129
Total assets	19,801,872	21,364,924	26,443,647	29,479,071	31,130,421	29,747,695	34,731,147	28,347,808
Total current liabilities	172,851	436,305	533,456	496,874	183,269	389,892	1,793,685	1,200,522
Deferred income taxes	380,000	550,000	1,230,000	1,620,000	1,800,000	1,650,000	2,200,000	1,650,000
Shareholders' equity	19,249,021	20,378,869	24,680,191	27,362,197	29,147,152	27,708,004	30,737,147	25,497,286

## Results of Operations for the Quarters ended September 30, 2022 and 2021

The Company reported net loss for the quarter ended September 30, 2022 of \$1,153,386 or \$0.05 per share as compared to a net income of \$1,433,166 or \$0.06 per share in the comparable quarter. The current quarter's results include an unrealized loss on marketable securities of \$1,227,990 or \$0.05 per share as compared to an unrealized gain of \$1,250,388 or \$0.05 per share in the comparable quarter.

During the quarter ended September 30, 2022, the Company recorded reversals of the unrealized gains of \$0.4 million on its investment in WILD and \$0.2 million on its investment in KSI. The Company recorded an unrealized gain \$0.4 million on its investment in EFL. The Company also recorded unrealized losses of \$0.2 million on its Cleantech Portfolio, \$0.6 million on its Resource Portfolio and \$0.3 million on other securities. See the “*Unrealized gain/(loss) on Marketable Securities*” section for additional details on the significant unrealized gains and losses in the Investment Portfolio.

During the quarter ended September 30, 2021, the Company recorded unrealized gains of \$0.8 million on its investment in WILD and \$2.4 million on its investment in KSI. The Company also recorded unrealized losses of \$0.2 million on its investment in EFL, \$0.5 million on its investment in NXH, \$1.2 million on its cleantech portfolio and \$0.2 million on its resource portfolio.

In the current quarter, the Company realized a net gain on its Investment Portfolio of \$66,267 as compared to net realized gains of \$581,878 in the comparable quarter. The realized gains and losses on the Investment Portfolio are summarized as follows:

	Three months ended Sept. 30, 2022	Three months ended Sept 30, 2021
	\$	\$
E3 Lithium	75,119	185,407
WildBrain	-	241,501
Cerrado Gold	-	167,467
Other – net	(8,852)	(12,497)
	<b>66,267</b>	<b>581,878</b>

During the quarter ended September 30, 2022, the Company incurred consulting fees of \$92,325 (2021 - \$147,789). Total consulting fees charged include CEO fees of \$39,000 (2021 - \$50,000), CFO fees of \$13,375 (2021 - \$28,389), service fees paid to Numus Financial Inc. (“Numus”) of \$24,750 (2021 - \$15,188), \$34,500 (2021 - \$34,500) paid to the Chief Investment Officer and \$28,000 to a Director. During the current quarter, the Company capitalized \$58,305 of these consulting fees to the cost of its investment in the joint venture - Argentia Capital Inc. In the current quarter, the Company incurred Directors’ fees of \$29,625 (2021 - \$35,283) and D&O insurance fees of \$8,250 (2021 - \$7,562). In the quarter ended September 30, 2022, the Company incurred professional fees of \$12,412 (2021 - \$8,895).

In the quarter ended September 30, 2022, the Company incurred stock exchange and maintenance fees of \$9,138 (2021 - \$6,272) and administration costs of \$28,607 (2021 - \$13,979). The Company incurred market subscription service fees of \$11,500 for a Bloomberg terminal and a Fact Set Research subscription in each of the current and comparable quarters. The Company also incurred \$17,000 for digital media services during the current quarter. The Company recorded a foreign exchange gain of \$524 (2021 – loss of \$1,762) on its US currency balances. The Company also incurred rent and related costs of \$5,100 in each of these quarters.

In May 2022, the Company also granted 125,000 stock options, with an exercise price of \$0.95 to Directors and a consultant of the Company. The fair value of the stock options was estimated at the grant date using the Black-Scholes option pricing model. The assumptions used in the option pricing model include a volatility rate of 73%, an expected life of five years based on the contractual term of the options, a risk-free

rate of 2.73% with no expected dividend yield. The options will vest at a rate of 50% on each of the six and twelve-month anniversaries of the grant date. Based on the Black-Scholes model and the assumptions outlined, the estimated fair value of the stock option grants is \$62,769, which is being amortized over the corresponding one-year vesting period. In the current quarter the Company has recorded \$23,538 (2021 - \$5,982).

In the current quarter, the Company recorded recoveries of deferred income taxes of \$170,000 and current income taxes of \$47,856. In the comparable quarter, the Company recorded provisions for current income taxes of \$20,000 and deferred taxes of \$150,000.

### Results of Operations for the nine months ended September 30, 2022, and 2021

For the nine months ended September 30, 2022, the Company reported net loss of \$8,496,977 or \$0.35 per share as compared to net income of \$3,388,228 or \$0.14 per share in the comparable period. The current period's results include an unrealized loss on marketable securities of \$9,211,885 or \$0.38 per share as compared to an unrealized gain of \$871,811 or \$0.04 per share in the comparable period.

During the nine months ended September 30, 2022, the Company recorded reversals of the unrealized gains of \$2.6 million on its investment in WILD and \$2.5 million on its investment in KSI. The Company recorded an unrealized gain of \$0.1 million on its investment in EFL and an unrealized loss of \$1.1 million on its investment in ALY. The Company also recorded unrealized losses of \$0.8 million on its Cleantech Portfolio, \$1.7 million on its Resource Portfolio and \$0.6 million on other securities. See the “*Unrealized gain/(loss) on Marketable Securities*” section for additional details on the significant unrealized gains and losses in the Investment Portfolio.

In the current period, the Company realized a net gain on its Investment Portfolio of \$127,216 as compared to net realized gains of \$3,936,189 in the comparable period. The realized net gains and losses on the Investment Portfolio are summarized as follows:

	Nine months ended Sept. 30, 2022 \$	Nine months ended Sept. 30, 2021 \$
E3 Lithium	244,014	185,407
Resolute Health	219,646	-
Ceylon Graphite Corp.	96,498	-
WildBrain	73,875	534,993
Ensign Energy	51,986	-
Kuya Silver	38,655	281,334
Sona Nanotech Inc.	(45,590)	240,418
Hudson Resources	(49,174)	-
Pond Tech	(111,347)	-
Very Good Food	(191,928)	-
Clear Blue Technologies	(229,897)	-
Braille Energy	-	983,142
Greenlane Renewables Inc.	-	662,341
Mustgrow Biologics	-	257,188
Perimeter Medical Imaging	-	245,913
Cerrado Gold	-	167,467
Electrovaya	-	150,702
kneat.com	-	124,240
Other - net	30,477	103,044
	<b>127,216</b>	<b>3,936,189</b>

During the nine months ended September 30, 2022, the Company incurred consulting fees of \$411,130 (2021 - \$444,988). Total consulting fees charged include CEO fees of \$117,000 (2021 - \$125,000), CFO fees of \$55,688 (2021 - \$72,695), service fees paid to Numus of \$89,550 (2021 - \$89,500), \$103,500 (2021 -

\$103,500) paid to the Chief Investment Officer and \$32,500 to a Director. During the current period, the Company capitalized \$58,305 of these consulting fees to the cost of its investment in the joint venture - Argentia Capital Inc. In the first three quarters of 2022, the Company incurred Directors' fees of \$91,125 (2021 - \$74,831). In December 2021, the Company increased its Board from four to five Directors. The Company also incurred D&O insurance fees of \$24,466 (2021 - \$22,110). Professional fees of \$48,451 were incurred in the first nine months of 2022 as compared to \$54,511 in the first nine months of 2021 when the Company incurred certain due diligence professional fees associated with one of its new ventures.

In the period ended September 30, 2022, the Company incurred stock exchange and maintenance fees of \$24,318 as compared to \$23,253 in the comparable period. These amounts include the cost of the Company's AGM which is held in June of each year. In the current period, the Company incurred administration costs of \$65,029 (2021 - \$49,839). The Company incurred market subscription service fees of \$49,500 for a Bloomberg terminal and a Fact Set Research subscription in each of the current and comparable periods. The Company also incurred \$17,000 for digital media services during the current period. The Company recorded a foreign exchange gain of \$956 (2021 - loss of \$3,302) on its US currency balances. The Company incurred rent and related costs of \$15,300 in each of these periods.

In the nine months ended September 30, 2022, the Company also recorded stock-based compensation of \$167,875 (2021 - \$224,000) representing the cost of 197,500 (2021 - 200,000) restricted share units granted to Directors, Officers and others. The Company is also amortizing the fair value of its stock options over the corresponding vesting period based on the assumptions as outlined above. As a result, stock-based compensation of \$43,426 was recorded in the nine months ended September 30, 2022, as compared to \$37,638 in the comparable period.

In the current period, the Company recorded recoveries of deferred income taxes of \$1,240,000 and current income taxes of \$237,856. In the comparable period, the Company recorded a provision for current income taxes of \$320,000 and deferred taxes of \$150,000.

### Liquidity and Capital Resources

As at:	Sept. 30, 2022 \$	December 31, 2021 \$	December 31, 2020 \$
Cash	298,829	459,132	2,483,562
Investments at fair market value	19,201,174	28,688,920	25,922,129
Total assets	19,801,872	29,479,071	28,347,808
Total current liabilities	172,851	496,874	1,200,522
Deferred income taxes	380,000	1,620,000	1,650,000
Shareholders' Equity	19,249,021	27,372,197	25,497,286

The Company has working capital as at September 30, 2022, of \$19,570,716 (December 31, 2021 - \$28,982,197) and a cash balance of \$298,829 (December 31, 2021 - \$459,132). The Company funds its operations through the proceeds on sale of its investments and equity financings, if necessary.

During the nine months ended September 30, 2022, the Company received proceeds on the sale of investments of \$3.9 million including \$1.8 million on the sale investments in its Cleantech Investment Portfolio and \$0.8 million on the sale of its investment in Resolute Health. The Company also incurred costs of \$3.4 million on the acquisition of investments including \$1.6 million on its acquisition of investments in its Resource Investment Portfolio.

During the year ended December 31, 2021, the Company received proceeds on the sale of investments of \$12.1 million including \$1.0 million of the sale of Good Natured Products shares, \$1.4 million on the sale of WILD shares, \$0.7 million on the sale of EFL shares, \$0.7 million on the sale of E3 Metals shares, \$0.5

million on the sale of Cerrado Gold shares, \$0.5 million on the sale of Perimeter Medical Imaging shares, \$0.4 million on the sale of Kuya Silver shares, \$0.5 million on the sale of Mustgrow Biologic shares, \$1.0 million on the sale of Greenlane Renewable shares and \$1.3 million on sale of Braille Energy shares.

In 2021, the Company incurred investment acquisition costs of \$11.8 million including \$1.7 million for shares of EFL, \$0.9 million for shares of Greenlane Renewable, \$0.6 million for shares of WILD, \$0.8 million for shares of Braille Energy, \$0.9 million for shares of ALY, \$1.0 million for shares of Good Natured Products shares, \$1.0 million for shares of TGD, \$0.6 million for shares of Pond Technology and \$0.6 million on shares of E3 Metals.

The Company has sufficient capital resources to meet its working capital obligations. The Company may raise additional funds, should its Board deem it advisable, to execute its strategic plan including the implementation and expansion of its investment strategy. While Management and the Board have been successful in obtaining funding in the past, there can be no assurance that they will be able to do so in the future. The timing and ability of the Company to raise additional funds will also depend on the liquidity of the financial markets.

### **Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares without par value. As at September 30, 2022 and November 17, 2022, the Company 25,004,167 outstanding common shares. As at September 30, 2022 the Company had 775,000 outstanding stock options. The Company has issued an additional 250,000 options and at November 17, 2022 has 1,025,000 outstanding stock options. Since September 30, 2022, the Company has also issued 25,000 restricted share units which vest in one year.

### **Transactions with Related Parties**

During the nine months ended September 30, 2022, and 2021, the Company entered the following transactions with related parties:

- paid Director fees of \$91,125 (2021 - \$74,831) to Directors or companies controlled by Directors;
- paid fees to President and CEO, Wade Dawe, in the amount of \$117,000 (2021 - \$125,000);
- paid fees to Chief Investment Officer, Scott Gardner, in the amount of \$103,500 (2021 - \$103,500);
- paid fees to CFO, Rob Randall, in the amount of \$55,688 (2021 - \$72,695);
- paid consulting fees to a Director, Carl Sheppard, in the amount of \$60,500 (2021 - nil); and
- paid service fees, rent and other fees of \$99,550 (2021 - \$89,550) to Numus Financial, a company owned by two Directors.

The above noted transactions are in the normal course of business and approved by the Board of Directors in strict adherence to conflict-of-interest laws and regulations.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Critical Accounting Estimates**

The preparation of the financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The impacts of such estimates are pervasive throughout the financial

statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Critical accounting estimates used in the preparation of the financial statements that have the most significant effect on the amounts recognized in the financial statements include the estimates outlined below.

#### *Stock-Based Compensation*

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statements of income and comprehensive income based on estimates of volatility, forfeitures and expected lives of the underlying stock options.

#### *Fair Value of Investment in Securities Not Quoted in an Active Market*

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position, including equities and warrants, cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible; where observable market data is not available; Management's judgment is required to establish fair values.

All the Company's significant accounting policies and estimates are included in note 2 to the Company's audited financial statements for the year ended December 31, 2021.

### **Risk Factors**

The Company's business as an Investment Issuer is subject to several significant risk factors, and an investment in the Company will involve a high degree of risk. Investors should carefully consider each of such risks and all the information in this MD&A before investing in the Company. The risks consist of:

*Risks of Competition* - The Company will face competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit the Company's opportunities to acquire interests in investments that are attractive to the Company. The Company may invest otherwise than following its Investment Policy and strategy to meet its investment objectives. If the Company is required to invest other than following its Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

*Risks of Fluctuations in the Value of the Company and the Common Shares* - The net asset value of the Company and market value of the common shares will fluctuate with changes in the market value of the Company's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of companies whose securities are part of the Company's Investment Portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Company. There can be no assurance that shareholders will realize any gains from their investment in the Company and they may lose their entire investment.

*Due Diligence* - The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all

relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

*Risks of Investment in Illiquid Securities* - There is a possibility that the Company will be unable to dispose of illiquid securities held in its portfolio. If the Company is unable to dispose of some or all its investments at the appropriate time, a return on such investment may not be realized.

*Loss of Investment Risk* - An investment in the Company is speculative and may result in the loss of a substantial portion of an investor's investment. Only potential investors who are experienced in high-risk investments and who can afford to lose a substantial portion of their investment should consider an investment in the Company.

*No Guaranteed Return Risk* - There is no guarantee that an investment in the Company will earn any positive return in the short term or long term.

*Dividends* - To date, the Company has not paid dividends on any of its common shares and the Company is not required to pay any dividends on its Common Shares in the foreseeable future. Any decision to pay dividends will be made based on the Company's earnings, financial requirements and other conditions.

*Currency Risk* - Some of the Company's assets may be invested in foreign securities. Consequently, the Canadian dollar equivalent of the Company's net denominated assets and dividends would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar.

*Commodity Risk* - The Company may invest in sectors that are very sensitive to the fluctuations of commodity prices.

*Foreign Investment Risks* - Foreign investments made by the Company may be subject to political risks, risks associated with changes in foreign exchange rates, foreign exchange control risks and other similar risks.

*Equity Market Risk* - The price of the equity securities in which the Company may invest are influenced by the issuing company's outlook, market activity and regional, national and international economic conditions. When the economy is expanding, the outlook for many companies is equally promising, and the value of their equity securities should rise in agreement. The opposite is also true. Typically, the greater the potential reward, the greater the potential risk. For small companies in the emerging sectors the risk and reward ratio is usually greater. Equity-related securities, which give indirect exposure to the equity value of a company, such as warrants and convertible securities, can also be affected by this equity risk.

*Market Disruption Risks* - War and occupation, terrorism and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual company's or related groups of companies. These risks could also adversely affect securities markets, inflation and other factors relating to the securities that would be held from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the Company and the value of the securities in its Investment Portfolio.

*Private Company Risks* - Investments in private companies cannot be resold without a prospectus, an available prospectus exemption or an appropriate ruling under relevant securities legislation. Even if they can be sold, there may not be a market for such securities. This may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private companies may offer high potential returns but will also be subject to a relatively high degree of risk. The process of valuing investments in private company's will inevitably be based on

inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

*Risk of Dilution from Possible Future Offerings* - The Company may issue additional securities from time-to-time to raise funding for its business and such issuances may be dilutive to Shareholders.

*Financing Risks* - Additional funding may be required to complete future investment and growth opportunities. There is no assurance that any such funds will be available to the Company, on acceptable terms or an acceptable level. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on the Company's ability to grow its Investment Portfolio.

*Dependence upon Key Management* - The Company will depend on the business and technical expertise of its Management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required. The Company may not be able to attract and retain additional qualified personnel and this would have a negative effect on the Company's operations. The Company currently maintains no "key man" life insurance policies on any members of its Management or Directors.

*Covid 19 Pandemic* - In March 2020, the World Health Organization declared the outbreak of the coronavirus, also known as "COVID-19". The pandemic spread across the globe and has impacting worldwide economic activity. Conditions surrounding the coronavirus continue to evolve. Other than increasing volatility in security prices, COVID-19 and the various government responses have had a limited impact on the Company since the beginning of the pandemic.

### **Management's Responsibility for Financial Information**

This MD&A and the accompanying financial statements of Torrent Capital Ltd. are the responsibility of Management and have been approved by the Board of Directors. The financial statements have been prepared by Management in accordance with IFRS. The financial statements include certain amounts and assumptions that are based on Management's best estimates and have been derived with careful judgment. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

### **Disclosure and Internal Financial Control**

Management has established processes, which are in place to provide them sufficient knowledge to support Management representations that they have exercised reasonable diligence that:

- (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and
- (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying Officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying Officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying Officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**Additional Information**

Additional information is available on the Company's website at [www.torrentcapital.ca](http://www.torrentcapital.ca) and under the Company's profile at the SEDAR website, [www.sedar.com](http://www.sedar.com).