

**PINETREE CAPITAL LTD.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

April 10, 2024

# PINETREE CAPITAL LTD.

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 30, 2024

**NOTICE IS HEREBY GIVEN** that an annual meeting of shareholders (the “Meeting”) of Pinetree Capital Ltd. (“Pinetree”, the “Corporation”, or the “Company”) will be held on May 30, 2024, at 10 AM EST (Toronto time) virtually via live audio webcast, available online using the TSX meeting platform at <https://virtual-meetings.tsxtrust.com/1633> for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2023 and the report of the auditors thereon (see “Financial Statements” in the Management Information Circular, the “Circular”);
2. to elect directors (see “Election of Directors” in the Circular);
3. to appoint MNP LLP as auditors of the Corporation, and to authorize the directors to fix their remuneration (see “Appointment of Auditors” in the Circular);
4. to transact such further or other business as may properly come before the Meeting or any adjournment thereof.

The Meeting will be conducted in a virtual only format via live audio webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information shareholders will need to attend the Meeting online is provided in the Circular.

Only shareholders of record at the close of business on April 10, 2024 (the “Record Date”) will be entitled to vote at the Meeting. Each shareholder is entitled to one vote for each common share of the Corporation (“Common Share”) held on the Record Date.

### Notice and Access

The Corporation is using the “notice and access” procedure adopted by the Canadian Securities Administrators for the delivery of the Circular and related meeting materials (the “Meeting Materials”). Under the notice and access procedure, you are still entitled to receive a form of proxy (or voting instruction form) enabling you to vote at the Meeting. However, instead of receiving paper copies of the Meeting Materials, you are receiving a notice of meeting which contains information about how to access the Meeting Materials electronically. The principal benefit of the notice and access procedure is that it reduces costs and the environmental impact of producing and distributing paper copies of documents in large quantities. Shareholders who have consented to electronic delivery of materials may receive a notice of meeting in an electronic format.

The Circular and form of proxy (or voting instruction form) for the Common Shares provide additional information concerning the matters to be dealt with at the Meeting. **You should access and review all information contained in the Circular before voting.**

### Websites Where Meeting Materials are Posted

The Meeting Materials can be viewed online on the Corporation’s website, [www.pinetreecapital.com](http://www.pinetreecapital.com), on TSX Trust Company’s website, <https://docs.tsxtrust.com/2018>, and under the Corporation’s System for Electronic Document Analysis and Retrieval (“SEDAR+”) profile at [www.sedarplus.com](http://www.sedarplus.com).

### Non-Registered and Registered Shareholders

If you would like a paper copy of the Meeting Materials, you should first determine whether you are a non-registered shareholder or a registered shareholder.

- You are a non-registered shareholder (also known as a beneficial shareholder) if you own Common Shares indirectly and your Common Shares are registered in the name of a bank, trust company, broker or other intermediary. For example, you are a non-registered shareholder if your Common Shares are held in a brokerage account of any type.
- You are a registered shareholder if you hold a paper share certificate or a direct registration system (DRS) statement and your name appears directly on the share certificate(s) or DRS statement.

### **How to Obtain Paper Copies of the Meeting Materials**

All shareholders may request paper copies of the Meeting Materials be mailed to them at no cost for up to one year from the date that the Circular was filed on SEDAR+.

A request may be made by calling TSX Trust Company at 1-866-600-5869.

Requests must be received by May 21, 2024 if you would like to receive the Meeting Materials in advance of the voting deadline and date of the Meeting.

### **Voting**

Non-registered shareholders should exercise their right to vote by completing a voting instruction form in accordance with the directions on the form. Voting instruction forms will be provided by your intermediary.

Non-registered shareholders must submit their voting instructions at least one business day in advance of the proxy deposit date noted on your voting instruction form. If a non-registered shareholder wishes to vote at the Meeting (or have another person vote at the Meeting on the shareholder's behalf), the shareholder must complete the voting instruction form in accordance with the directions provided.

Registered shareholders should exercise their right to vote by completing the form of proxy in accordance with the directions in the form. TSX Trust Company must receive completed proxies no later than 10:00 am (Toronto time) on May 27, 2024 or, if the Meeting is adjourned or postponed, on the day that is two business days before the date of the adjourned or postponed meeting.

**DATED** the 10<sup>th</sup> day of April, 2024

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "Damien Leonard"

Damien Leonard  
Chairman

## TABLE OF CONTENTS

SOLICITATION OF PROXIES .....	4
NOTICE-AND-ACCESS .....	4
VOTING BY REGISTERED SHAREHOLDERS .....	4
VOTING BY NON-REGISTERED HOLDERS .....	5
PRESENTATION OF SECURITY INFORMATION.....	5
VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF .....	6
PARTICULARS OF MATTERS TO BE ACTED UPON .....	7
EXECUTIVE COMPENSATION.....	11
DIRECTORS AND OFFICERS INDEMNIFICATION .....	11
INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS.....	14
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	14
CORPORATE GOVERNANCE .....	14
ADDITIONAL INFORMATION .....	18
DIRECTORS' APPROVAL.....	19
APPENDIX A.....	20

## PINETREE CAPITAL LTD.

### MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 30, 2024

#### SOLICITATION OF PROXIES

**THIS MANAGEMENT INFORMATION CIRCULAR (“CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF PINETREE CAPITAL LTD. (WHICH IS REFERRED TO IN THIS CIRCULAR AS THE “CORPORATION”, “PINETREE”, “WE”, “US” AND WORDS OF SIMILAR MEANING) OF PROXIES TO BE USED AT THE ANNUAL MEETING OF SHAREHOLDERS OF THE CORPORATION (THE “MEETING”) TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE NOTICE OF MEETING.** While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by our regular employees at nominal cost. The cost of solicitation by management will be borne directly by us. None of our directors have advised management in writing that they intend to oppose any action intended to be taken by management at the Meeting.

#### NOTICE-AND-ACCESS

This Circular and associated materials for the Meeting (collectively, the “Meeting Materials”) are being sent to both registered and non-registered holders of our common shares using Notice-and-Access, the delivery procedures that allow us to send shareholders paper copies of a notice of meeting and form of proxy or voting information form, as applicable, while providing shareholders access to electronic copies of the Meeting Materials or to paper copies of the Meeting Materials if they so request within the prescribed time periods. For more information, please refer to the notice of meeting delivered to you.

#### VOTING BY REGISTERED SHAREHOLDERS

Shareholders who hold common shares registered directly in their name may vote at the Meeting virtually by following the steps listed below:

1. Type <https://virtual-meetings.tsxtrust.com/1633> in into your browser at least 15 minutes before the Meeting starts. Do not use Internet Explorer.
2. Click on “I have a control number”.
3. Enter your 12-digit control number (on your proxy form).
4. Enter the password: pinetree2024 (case sensitive).
5. When the ballot is opened, click on the “Voting” icon. To vote, simply select your voting direction from the options shown on screen and click Submit. A confirmation message will appear to show your vote has been received.

If you are a registered shareholder and you want to appoint someone else (other than the Management nominees) to vote online at the Meeting, you must first submit your proxy indicating who you are appointing. You or your appointee must then register with TSX Trust Company in advance of the Meeting by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>. If you are a non-registered shareholder and want to vote online at the Meeting, you must appoint yourself as proxyholder and register with TSX Trust Company in advance of the Meeting by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.

The persons named in the form of proxy provided are Pinetree officers and/or directors. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO** either by inserting such person’s name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing such proxy in accordance with the above instructions.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the proxy executed by the shareholder:
  - (a) with TSX Trust Company at any time up to the close of business on the last business day preceding the Meeting, or any adjournment thereof, at which the proxy is to be used; or
  - (b) with the Chairperson of the Meeting at the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or
3. in any other manner permitted by applicable law.

Common shares represented by properly executed proxies **WILL BE VOTED OR WITHHELD FROM VOTING IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR AND IF THE SHAREHOLDER SPECIFIES A CHOICE WITH RESPECT TO ANY MATTERS TO BE ACTED UPON, THE SHARES WILL BE VOTED ACCORDINGLY.** Where there is no choice specified, shares represented by properly executed proxies in favour of persons designated in the printed portion of the form of proxy **WILL BE VOTED FOR EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS CIRCULAR.** The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, or other matters which may properly come before the Meeting. At the time of printing this Circular, the management of Pinetree knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxyholder.

If you are a non-registered holder of our common shares (i.e., you hold common shares through a broker or other intermediary that are not registered in your name), you should refer to the section below entitled "Voting by Non-Registered Holders" for information on how to vote your common shares at the Meeting.

### **VOTING BY NON-REGISTERED HOLDERS**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because the common shares that they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they hold the shares. A person is not a registered shareholder in respect of our common shares which are held either: (a) in the name of an intermediary that the non-registered shareholder deals with in respect of the common shares (an intermediary includes, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans); or (b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the intermediary is a participant.

A non-registered shareholder entitled to vote at the Meeting may vote at the Meeting virtually by following the steps listed below:

1. Appoint yourself as proxyholder by writing your name in the space provided on the form of proxy or VIF.
2. Sign and send it to your intermediary, following the voting deadline and submission instructions on the VIF.
3. Get a control number by contacting TSX Trust Company by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here

<https://tsxtrust.com/resource/en/75>. Request for control numbers must be made prior to 10:00 a.m. (Toronto time) on May 27, 2024.

4. Type in <https://virtual-meetings.tsxtrust.com/1633> into your browser at least 15 minutes before the Meeting starts. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please do not do a Google Search. Do not use Internet Explorer.
5. Click on “I have a control number”.
6. Enter the control number provided by [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com)
7. Enter the password: pinetree2024 (case sensitive).
8. When the ballot is opened, click on the “Voting” icon. To vote, simply select your voting direction from the options shown on screen and click Submit. A confirmation message will appear to show your vote has been received.

If you have any questions or require further information with regard to voting your Shares, please contact TSX Trust Company toll-free in North America at 1-866-600-5869 or by email at [tsxtis@tmx.com](mailto:tsxtis@tmx.com).

## PRESENTATION OF INFORMATION

Unless otherwise indicated, all references to dollar amounts herein are to Canadian dollars. All information contained herein is as of April 10, 2024 unless otherwise noted.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Our authorized capital consists of an unlimited number of common shares, of which 9,387,000 common shares were issued and outstanding as at April 10, 2024. Only shareholders of record at the close of business on April 10, 2024 (the “Record Date”) will be entitled to vote at the Meeting. Each shareholder is entitled to one vote for each common share held as at the close of business on the Record Date.

To the knowledge of our directors and executive officers, as of April 10, 2024, no person or company beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of our outstanding common shares, other than L6 Holdings Inc. (“L6”). L6 is a family holding company owned indirectly by Damien Leonard, Pinetree’s President, and certain of his siblings. L6 beneficially owns 3,320,076 common shares, representing approximately 35.4% of the issued and outstanding common shares of the Corporation.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Financial Statements

Our consolidated financial statements for the fiscal year ended December 31, 2023, together with the auditor’s report thereon, will be placed before the shareholders at the Meeting.

### 2. Election of Directors

#### Nominees For Election

At the Meeting, management of Pinetree proposes to nominate the persons listed in the table below for election as directors of the Corporation (the “Nominees”). Each director will hold office until the election of his successor at the next annual meeting of our shareholders, or any adjournment thereof, or until his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario). **The persons named in the form of proxy or voting instruction form, as the case may be, intend to vote FOR the election of each of the Nominees.**

Management does not contemplate that any of the Nominees will be unable to serve as a director. If, however, a Nominee is so unavailable, the persons named in the form of proxy or voting instruction form, as the case may be, will vote FOR another nominee in management's discretion, unless the shareholder has specified in the shareholder's form of proxy or voting instruction form, as the case may be, that the shareholder's shares are to be withheld from voting in the election of the Nominee.

Name, Province and Country of Residence	Principal Occupation <sup>(1)</sup>	Director Since	Number of Common Shares Owned, Controlled or Directed	Percentage of Total Outstanding Common Shares
Damien Leonard, Chairman Ontario, Canada	President, Pinetree	2017	3,320,076 <sup>(2)</sup>	35.4 %
Peter Tolnai <sup>(3)(6)</sup> Western Australia, Australia	Corporate Director	2016	747,578	8.0 %
Craig Miller <sup>(4)(6)</sup> Ontario, Canada	President of Ithaka Partners Ltd., a company providing advisory and management services to companies in the food and hospitality sectors	2016	2,000	0.02 %
Howard Riback <sup>(5)(6)</sup> British Columbia, Canada	Director of Private Equity, Sectoral Asset Management Inc., a private corporation which manages public portfolios and private equity funds	2016	0	0.0%

<sup>(1)</sup> The information has been provided by the Nominee

<sup>(2)</sup> Held indirectly via L6 Holdings Inc., a family holding company owned by Damien Leonard and certain of his siblings.

<sup>(3)</sup> Chair of the Corporate Governance, Nominating and Compensation ("CGNC") Committee

<sup>(4)</sup> Lead Independent Director

<sup>(5)</sup> Chair of Audit Committee

<sup>(6)</sup> Member of Audit Committee and CGNC Committee

### Majority Voting Policy

The board of directors has adopted a majority voting policy which requires that any nominee for election as a director in an uncontested election, who receives a greater number of votes "withheld" from his or her election than votes "for" such election, promptly tender his or her resignation to the board, to be effective upon the board's acceptance. The board will promptly, and in any event within 90 days of the final voting results, accept the tendered resignation unless it determines that there are extraordinary circumstances relating to the composition of the board or the voting results that should delay the acceptance of the resignation or justify rejecting it. Subject to any corporate law restrictions, the board may leave a resulting vacancy unfilled until the next annual meeting of shareholders, fill the resulting vacancy through the appointment of a new director, or call a special meeting of shareholders to consider another nominee for election to fill the vacancy.

### **3. Appointment of Auditor**

The auditor of the Corporation is MNP LLP, located at 1 Adelaide St E, Suite 1900, Toronto, ON, M5C 2V9. MNP LLP was initially appointed as auditor of the Corporation effective January 5, 2016.

Following its evaluation of MNP LLP's performance, the Audit Committee recommended to the board that MNP LLP be reappointed as the auditor of the Corporation for 2024 and the board accepted such recommendation. Shareholders are being asked to approve the reappointment of MNP LLP as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor.

*The board recommends that you vote for the re-appointment of MNP LLP as our auditor.*

The management representatives designated in the form of proxy (or voting instruction form) will vote for or withhold from voting the common shares in respect of which they are appointed by proxy in respect of the reappointment of MNP LLP as auditor of the Corporation to hold office until the Corporation's next annual meeting of shareholders and

the authorization of the directors to fix the remuneration to be paid to the auditor in accordance with the instructions of the shareholder as indicated on the proxy (or voting instruction form, as applicable). **In the absence of such instructions, such common shares will be voted FOR the reappointment of MNP LLP as auditor of the Corporation and the authorization of the directors to fix the remuneration to be paid to the auditor.**

## EXECUTIVE COMPENSATION

Disclosed elsewhere in this section of the Circular are details concerning the compensation paid to the Corporation's "Named Executive Officers" for the three most recently completed financial years. The Named Executive Officers were determined in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"). The Named Executive Officers during 2023 were: Damien Leonard, President, Shezad Okhai, Chief Investment Officer, and John Bouffard, Chief Financial Officer.

### Compensation Discussion and Analysis

The objective of the Pinetree's compensation program is to attract and retain executives required for the success of the Corporation and to reward executives who create long-term value for our shareholders in their various roles. The Corporate Governance, Nominating and Compensation ("CGNC") Committee is responsible for making recommendations to the Board of Directors of the Corporation with respect to the establishment of a compensation plan for the Corporation's Named Executive Officers (as defined above). Executive officers were involved in the process, making recommendations to the CGNC Committee for its consideration.

The Corporation's executive compensation program consists of base salary and annual incentive compensation, paid in cash, which varies by position. The Corporation did not engage a compensation consultant to advise on executive or director compensation matters.

#### Salaries

The Company's executive compensation philosophy recognizes the importance of attracting and retaining talented employees, and works with executive officers to achieve fair and competitive compensation agreements. Mr. Okhai's employment agreement provided for an annual salary of \$213,600 in 2023, with \$133,500 paid during the year due to his departure from the Company on August 15, 2023. Mr. Bouffard's employment agreement provided for an annual salary of \$85,440 in 2023, increasing to \$100,000 in 2024.

The Company believes in the importance of aligning the interests of our shareholders and management, primarily through share ownership, but does not believe in diluting shareholders by issuing equity as a form of compensation. As such, management and directors are strongly encouraged to acquire shares in the open market and to materially participate in any Company offerings. Insiders currently own approximately 43.5% of the outstanding shares of Pinetree representing strong alignment with shareholders.

The Named Executive Officers are not entitled to any contractual payments or benefits upon their termination of employment or a change of control of the Company.

#### Annual Incentive Bonus

During 2021, a Performance Bonus was implemented for NEO's tasked with making investments. The objective is to reward employees who have a direct impact on growing Book Value ("BV", otherwise known as equity) of the Company and to attract high quality executives. The Performance Bonus is equal to 10% of the annual increase in BV above a 7% hurdle, calculated each year as follows:

- BV is equal to the reported equity on the balance sheet of the Company's Annual Financial Statements
- Hurdle = BV of prior fiscal year x 1.07
- Performance Above Hurdle = BV at the end of the fiscal year for which the Performance Bonus is being calculated minus Hurdle
- Performance Bonus = 10% x Performance Above Hurdle

Beginning January 1, 2022, the above will be subject to a “high-water mark” such that if the BV of the year for which the Performance Bonus is being calculated is less than the highest annual reported BV in prior years, then no Performance Bonus will be awarded, subject to the Minimum Bonus exception below. The current high-water mark is \$45,372,000.

Mr. Okhai’s compensation agreement guarantees a Minimum Bonus such that total compensation (salary + annual bonus) will not equal less than:

- \$300,000 in 2022
- \$350,000 in 2023

During 2023, the Minimum Bonus was paid to achieve a total compensation of \$216,712, which is the total guaranteed compensation of \$350,000 prorated to Mr. Okhai’s departure date of August 15, 2023.

Beginning January 1, 2022, Mr. Bouffard’s compensation agreement provided for a bonus of 50% of the amount of Pinetree common shares purchased during the year, to a maximum gross purchase amount of \$20,000 annually. During 2023, Mr. Bouffard purchased 5,300 shares at cost of \$20,017, resulting in full attainment of his \$10,000 bonus.

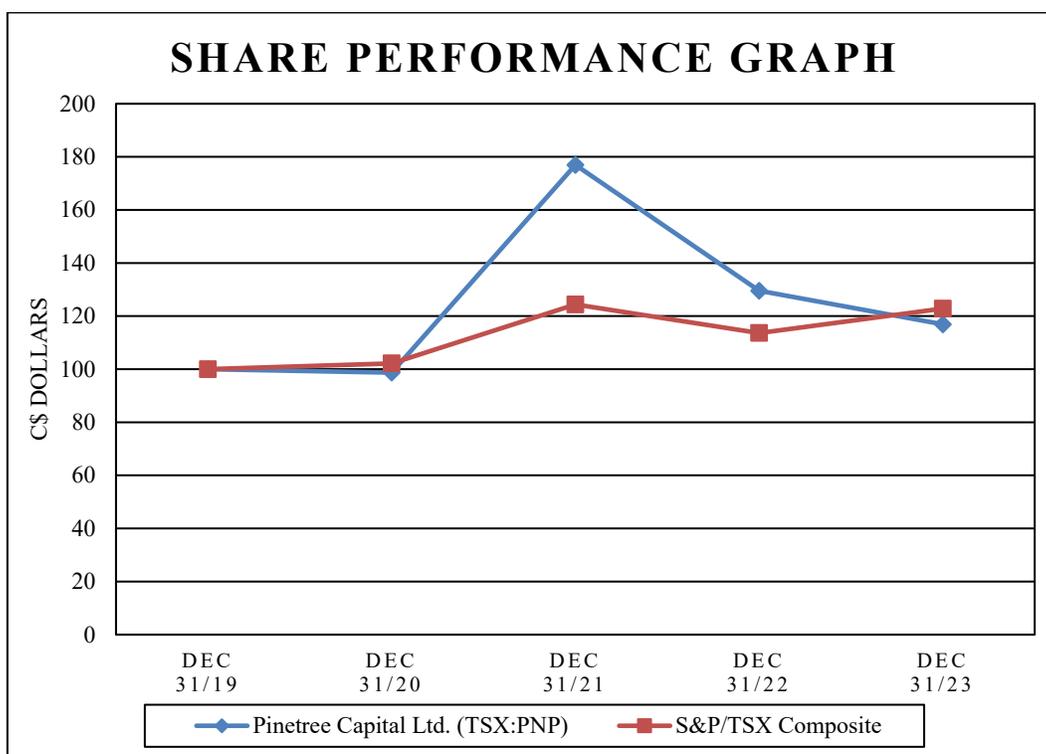
### Compensation Risk

The board has periodically considered our compensation practices to determine whether they are likely to encourage executive officers to expose the Corporation to inappropriate or excessive risks. The design of the Corporation’s executive compensation program is intended to discourage excessive or inappropriate risk taking. Salary and bonuses for our executive officers were also reviewed and approved by the board, which acts as a control on the quantum of these compensation components in view of their discretionary nature.

### Performance Graph

The following table and graph compare the cumulative total shareholder return on our common shares with the cumulative total return of the S&P/TSX Composite Index for our five most recently completed financial years. The graph and table illustrate what a \$100 investment in our common shares made on December 31, 2019, compared to a \$100 investment in the index made on the same date, would be worth on December 31<sup>st</sup> of each of the following five years:

	<b>Dec 31/19</b>	<b>Dec 31/20</b>	<b>Dec 31/21</b>	<b>Dec 31/22</b>	<b>Dec 31/23</b>
Pinetree Capital Ltd. (TSX:PNP)	\$ 100	\$ 99	\$ 177	\$ 130	\$ 117
S&P/TSX Composite	\$ 100	\$ 102	\$ 124	\$ 114	\$ 135



No specific part of Pinetree's executive compensation structure was directly tied to our share price.

#### Summary Compensation Table

The following table indicates the total compensation paid by the Corporation, for its fiscal years ended December 31, 2023, 2022 and 2021, to our Named Executive Officers.

Name	Fiscal Year	Annual Compensation					Total Compensation (\$)
		Salary (\$)	Annual Incentive Plans		Other Annual Compensation (\$)		
			Option-based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(2)</sup> (\$)			
Damien Leonard <sup>(3)</sup> President & Director	2023	-	-	-	-	-	
	2022	-	-	-	-	-	
	2021	-	-	-	-	-	
Shezad Okhai <sup>(4)</sup> CIO	2023	133,500	-	83,212	-	216,712	
	2022	200,000	-	100,000	-	300,000	
	2021	106,250	-	70,411	-	176,661	
John Bouffard CFO	2023	85,440	-	17,920	-	103,360	
	2022	80,000	-	16,051	-	96,051	
	2021	65,000	-	10,000	-	75,000	

<sup>(1)</sup> The Company does not issue options.

<sup>(2)</sup> Non-equity incentive plan compensation reflects annual Performance Bonuses, Minimum Bonuses, Incentive Bonuses and discretionary cash bonuses paid to the Named Executive Officers in respect of the applicable year.

<sup>(3)</sup> Mr. Leonard voluntarily waived his entitlement to receive a salary or a bonus in 2021, 2022 and 2023.

<sup>(4)</sup> Mr. Okhai left the company on August 15, 2023

## Director Compensation

Non-management directors were paid \$10,000 per annum, plus \$5,000 for the Chair of the Audit Committee, the Chair of the CGNC Committee, and the Lead Independent Director. Board fees were increased to a flat rate of \$20,000 beginning in 2023.

The following is a list of non-management directors whom were employed by the Company in the year ended December 31, 2023:

<b>Name</b>	<b>Total Fees Earned (\$)</b>	<b>All other compensation (\$)</b>	<b>Total compensation (\$)</b>
Ian Howat	10,000	n/a	10,000
Craig Miller	20,000	n/a	20,000
Howard Riback	20,000	n/a	20,000
Peter Tolnai	20,000	n/a	20,000

<sup>(1)</sup> The Company does not provide any incentive-based awards to its directors.

## Restrictions on Trading Pinetree Securities

All of the Corporation's directors and officers are subject to an Insider Trading Policy and a Personal Trading Policy which prohibits them from actively trading in the Corporation's securities and in the publicly-traded securities of the entities in which the Corporation has an investment. The Insider Trading Policy and Personal Trading Policy set out guidelines for appropriate timing and procedures for market purchases and sales. The Corporation's directors and Named Executives are not permitted to purchase financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive of director.

## DIRECTORS AND OFFICERS INDEMNIFICATION

We maintain liability insurance for our directors and officers. For the year ended December 31, 2023, the policy provided coverage of up to \$5 million with a deductible of \$250,000. The annual insurance premium was \$67,000 (plus applicable taxes), no portion of which was payable by the individual directors and officers.

## INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS

No "informed person" (as defined in NI 51-102), proposed director of the Corporation or associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, none of the current or former executive officers or directors of the Corporation or any of its subsidiaries are indebted to the Corporation or any of its subsidiaries.

## CORPORATE GOVERNANCE

The Canadian securities regulatory authorities have issued corporate governance guidelines (the "Corporate Governance Guidelines") for all reporting issuers in Canada (other than investment funds), together with certain related disclosure requirements. The Corporate Governance Guidelines are recommended as "best practices" for issuers to follow. We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value and, accordingly, we have adopted certain corporate governance practices which

are reflective of the recommended guidelines. A summary of certain aspects of our approach to corporate governance is provided below.

## Board of Directors

### *Independence*

NI 52-110 sets out the standard for determining whether a director is “independent” for the purposes of the Corporate Governance Guidelines and disclosure requirements of the Canadian securities regulatory authorities. In accordance with NI 52-110, a director is “independent” if he or she has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the board of directors, be reasonably expected to interfere with the exercise of the director’s independent judgment. NI 52-110 also sets out certain circumstances where a director will automatically be considered to have a material relationship with the Corporation.

As of December 31, 2023, the board is comprised of 4 directors, 3 of whom are independent. The Corporation’s independent directors are Peter Tolnai, Craig Miller and Howard Riback. The Chairman of the board, Damien Leonard is not independent as a result of being an executive officer of the Corporation. The board has appointed Craig Miller as Lead Independent Director. The independent directors hold regularly scheduled meetings without members of management in attendance. During the year ended December 31, 2023, the board held 4 *in camera* meeting without members of management in attendance. In addition, open and candid discussion among the independent directors is facilitated by the small size of the board and significant weight is attributed to the views and opinions of the independent directors. All independent directors are encouraged by the Chair of the Board to have open and candid discussions with the Chair and other members of the Board.

### *Attendance*

During the year ended December 31, 2023, there were 4 meetings of the board of directors, 4 meetings of the Audit Committee and 1 meeting of the CGNC Committee. The attendance record of each existing director at these meetings is set out below:

<b>Director</b>	<b>Board</b>	<b>Audit Committee</b>	<b>CGNC Committee</b>
Ian Howat	2	2	0
Craig Miller	4	4	1
Howard Riback	4	4	1
Peter Tolnai	4	4	1
Damien Leonard	4	N/A	N/A

## Board Mandate

The board of directors is responsible for the stewardship of the Corporation and for supervising the management of our business and affairs. The board reviews, discusses and approves various matters relating to our strategic direction, business and operations and its organizational structure, with a view to our best interests.

While management is responsible for the day-to-day conduct of our business, in carrying out its supervisory responsibilities, the board of directors (or the committees of the board, as the case may be) has numerous responsibilities, including: (a) adopting a strategic planning process and approving a strategic plan; (b) identifying our principal business risks and ensuring the implementation of appropriate systems to manage these risks; (c) ensuring appropriate succession planning in place, including appointing, training and monitoring senior management; (d) developing a communications policy for the Corporation; (e) developing policies and procedures to ensure the integrity of our internal control and management information systems; (f) ensuring appropriate standards of corporate conduct, including adopting a code of business conduct and ethics, and monitoring compliance with and waivers from the code; (g) ensuring implementation of appropriate environmental stewardship and health and safety management systems; (h) reviewing and approving compensation of senior management; (i) adopting corporate governance guidelines or principles applicable to the Corporation; (j) reviewing annually the contribution of the board as a whole, the committees of the board and each of the directors; and (k) adopting a process for shareholders and other interested parties to communicate directly with the board of directors or its independent directors.

The board of directors has implemented and approved various policies, including the adoption of our Insider Trading Policy and Code of Business Conduct and Ethics.

### **Position Descriptions**

Although written position descriptions have not been adopted, the Chairman of the board and of each committee are aware of the roles and responsibilities of each such position and are aided with reference to the Charter of each committee, as applicable. These roles and responsibilities include: chairing meetings; planning and organizing board/committee activities; providing leadership to enhance effectiveness; ensuring responsibilities are well understood by board/committee members and management, and that the boundaries between board and management responsibilities are clearly understood and respected; ensuring that adequate resources are available, including timely and relevant information, to allow the board/committee to meet its responsibilities; and reporting to the full board on decisions or recommendations made by a committee.

In addition, although a written position description has not been adopted, the Lead Independent Director provides leadership to the board and particularly to the independent directors, ensures that the board operates independently of management and that directors have an independent leadership contact, and chairs in camera meetings without members of management or non-independent directors in attendance following each board meeting and on other occasions, as required or desirable.

A position description for the President has not been developed; however, the President is charged with spearheading those functions that have been delegated by the board to management. The board assists in the delineation of the role and responsibilities of the President through its regular meetings.

### **Orientation and Continuing Education**

Each new director brings a different skill set and professional background, and with this information, the board of directors is able to determine what orientation to the nature and operations of our business will be necessary and relevant to each new director. Continuing education for directors is provided as such need arises and open discussion is encouraged at all meetings, a format that fosters learning by the directors.

Management provides ongoing updates about our business activities and investments to directors on a routine basis that is sufficient to ensure that directors have the knowledge about our business to meet their obligations as directors.

### **Ethical Business Conduct**

We have implemented a Code of Business Conduct and Ethics (the "Code") to be followed by our employees, officers and directors and those of our subsidiaries. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoidance of conflicts of interest and compliance with applicable governmental laws, rules and regulations. A copy of the Code is available electronically under our issuer profile at [www.sedarplus.com](http://www.sedarplus.com) and a summary of certain of its provisions is provided below.

We are committed to sound environmental management. The Code confirms our intention to conduct ourselves in partnership with the environment and community at large as a responsible and caring business entity, and our commitment to managing all phases of our business in a manner that minimizes any adverse effects of our operations on the environment and the communities in which we do business.

The Code provides that our employees, officers and directors are required to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and the interests of the Corporation.

We are committed to providing a healthy and safe workplace in compliance with applicable laws, rules and regulations. The Code affirms our commitment to foster a work environment in which all individuals are treated with respect and dignity. We are an equal opportunity employer and do not discriminate against employees, officers, directors or potential employees, officers or directors on the basis of race, color, religion, sex, national origin, age or disability or any other category protected by applicable law.

All of our employees, officers and directors are expected to comply with the Code and any waiver from any part of the Code requires the approval of our President, in the case of an employee, or of the board of directors, in the case of an officer or director.

The Code also provides a process by which actual or potential violations of its provisions are to be reported (on a confidential basis) to the chairman of the Audit Committee and confirms that there will not be any reprisals against an individual who does so in good faith.

### **Corporate Governance, Nominating and Compensation Committee**

The Corporate Governance, Nominating and Compensation Committee is composed of three directors – Craig Miller, Peter Tolnai and Howard Riback – each of whom is independent. Peter Tolnai is the Chair and has extensive experience as a director, chair or board observer of several private and public companies. Each member has, to the satisfaction of the board, sufficient skills and experience which are relevant and will contribute to the carrying out of the mandate of the committee. Each brings to the committee an understanding of financial and risk management matters relating to the Corporation specifically, as well as those matters in the context of other issuers, which enable the committee, as a whole, to make decisions concerning our compensation policies and practices.

The purpose of the Corporate Governance, Nominating and Compensation Committee is to assist the board of directors in fulfilling its responsibilities relating to the nomination of directors to the board, enhancement of the Corporation's governance and compensation of the Corporation's directors and officers. The following is a summary of its key representatives:

- The Corporate Governance, Nominating and Compensation Committee participates in the director nomination process by identifying new candidates for nominations who, by virtue of their skills, diversity of background and experience, areas of expertise, industry knowledge, geographic location and industry contacts are beneficial to the Corporation. If desirable, the board may also retain search firms to assist it in identifying candidates. The Corporate Governance, Nominating and Compensation Committee also establishes the procedures and approve appropriate orientation and education programs for new directors, such that they fully understand the role of the board and its committees, the contribution that individual directors are expected to make and the nature and operation of the Corporation's business.
- The Corporate Governance, Nominating and Compensation Committee enhances the Corporation's governance policies by developing and recommending to the board corporate governance guidelines, periodically reviewing and reassessing the adequacy of such guidelines and recommending any proposed changes for the board's approval. It leads an annual review of the board, including an assessment of the composition and effectiveness of the board and the contribution and effectiveness of individual directors and report its assessment to the board following the end of each fiscal year. In addition, it will recommend to the board a position description for the Chairman of the board.
- The Corporate Governance, Nominating and Compensation Committee reviews and considers the compensation policies with respect to senior management and submits recommendations thereof to the board. The Corporate Governance, Nominating and Compensation Committee establishes annual corporate goals and objectives against which to review and assess the senior management's performance. In addition, it conducts periodic reviews of the status of the Corporation's equity compensation plans, if any, and submits recommendations to the board with respect to any new equity-based compensation plan or other incentive plan or any amendments to existing plans.
- The Corporate Governance, Nominating and Compensation Committee is responsible for regularly reviewing directors' performance in order to determine whether they are functioning effectively. The Corporate Governance, Nominating and Compensation Committee may perform such reviews through the completion of an analytical board and committee effectiveness questionnaire by each director, data analysis and a review of preliminary findings by the committee and reporting to and discussion among the directors.

The Audit Committee is comprised of three board members – Craig Miller, Howard Riback and Peter Tolnai. Howard Riback is the Chair. The Corporation has determined that each of the committee members is independent and financially literate for the purposes of NI 52-110. Each of the Audit Committee members has an understanding of the

accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. The relevant education and experience of each member of the Audit Committee is as follows:

- Peter Tolnai holds an M.B.A from Harvard Business School. He has 40 years of experience in financial analysis and review of financial statements as an investor in public and private equities, with a focus on management controls.
- Craig Miller holds an M.B.A. from Harvard Business School. He has extensive experience in financial analysis and review of financial statements in his previous roles as a consultant at McKinsey & Company and Vice President of Corporate Development at Pineridge Group.
- Howard Riback is a Chartered Professional Accountant with over 35 years of accounting and financial experience. He was the CFO of Ventures West Capital Ltd. from 1991 to 2013. As CFO, Howard Riback was responsible for the financial and legal due diligence of all of Ventures West Capital Ltd.'s investments and for the financial reporting of its managed investment funds.

The responsibilities of the Audit Committee include: (i) reviewing the Company's procedures for internal control with the Company's auditors and CFO; (ii) reviewing and approving the engagements of the auditors; (iii) reviewing annual and quarterly financial statements and management's discussion and analysis thereon; (iv) reviewing and recommending to the board for acceptance, prior to their public release, all material financial information required to be gathered and disclosed to the public by the Corporation; (v) assessing the Company's financial and accounting personnel; (vi) assessing the Corporation's accounting policies; (vii) reviewing the Corporation's risk management procedures; (viii) reviewing any significant transactions outside the Corporation's ordinary course of business, including related-party transactions, and any legal matters that may significantly affect the Corporation's financial statements; (ix) overseeing the work and confirming the independence of the external auditors; and (x) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

#### **Term Limits and Other Mechanisms for Board Renewal**

We have not adopted term limits for our directors or other formal mechanisms for board renewal. Our board is of the view that the Corporation is best served where a balance exists between directors with the in-depth knowledge and institutional memory that comes from serving over longer periods of time and newer directors who bring different experiences and new perspectives. In our view, term limits ignore this balance.

#### **Representation of Women on the Board and in Executive Officer Positions**

We have not adopted a written policy relating to the identification and nomination of female directors. The board, however, supports the principles of diversity and recognizes the importance of diverse backgrounds, skills and experience and gender diversity when considering potential candidates who have the core skills and qualities to serve as directors. The board appreciates that the existing imbalance in respect of female representation on corporate boards is due primarily to a lack of opportunity, rather than qualifications, and intends to approach the process of identifying future candidates for board positions with a view to expanding its own diversity.

We have not adopted a target regarding the number of women on our board or in executive officer positions. We recognize the importance and value of gender diversity but believe, at this time, the Corporation is best served by making thoughtful and informed executive and board recruitment decisions that further diversity principles rather than applying a mathematical approach to any selection criteria. There are currently no women on our board (0 of 4 directors), which represents 0% of the board, and no women hold an executive officer positions (0 of 2 executive officer positions), which represents 0% of the Corporation's executive officer positions.

## **ADDITIONAL INFORMATION**

Additional information concerning the Corporation is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Financial information concerning the Corporation is provided in our audited comparative financial statements and management's discussion and analysis thereon for the financial year ended December 31, 2023. Certain information pertaining to our audit committee and our external auditors is also provided in the section entitled "Audit Committee Information" of our annual information form for the financial year ended December 31, 2023, which is also available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

Shareholders wishing to obtain a copy of our financial statements and management's discussion and analysis may contact us at: Pinetree Capital Ltd., 49 Leuty Ave, Toronto, ON, M4E 2R2 or 416-941-9600 x 200.

## **DIRECTORS' APPROVAL**

The contents and sending of this Circular to each director of the Corporation, each shareholder of the Corporation entitled to notice of the Meeting and the auditor of the Corporation have been approved by the directors of the Corporation.

**DATED** the 10<sup>th</sup> day of April, 2023

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "Damien Leonard"

Damien Leonard  
Chairman



**PINETREE CAPITAL LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(EXPRESSED IN CANADIAN DOLLARS)**

---

To the Shareholders of Pinetree Capital Ltd.:

## Opinion

We have audited the consolidated financial statements of Pinetree Capital Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of Unlisted Investment and Accuracy of Net Change in Unrealized Gains (Losses) on Investments

#### Key Audit Matter Description

The valuation of unlisted investments requires significant judgement and estimates by management and is therefore considered a key audit matter due to the subjective nature of certain assumptions inherent in each valuation.

The investment portfolio at the year-end includes unlisted investment valued at \$1,000,000, which accounted for approximately 2% of the total portfolio.

Any input inaccuracies or unreasonable basis used in the valuation judgements could result in a material misstatement of the consolidated financial statements.

Please refer to Notes 3.2, 4 and 9 in the consolidated financial statements for details.

## Audit Response

We responded to this matter by performing audit procedures in relation to the valuation of unlisted investments and the accuracy of the net change in unrealized gains (losses) on investments. Our audit work in relation to this included, but was not restricted to, the following:

- Sent third party confirmations to management of unlisted investments to corroborate valuation assumptions made by the Company's management, including third party financing raised during the year.
- Utilized our own internal valuation experts to evaluate the appropriateness of the valuation methods used.
- We utilized financial statements of the investee companies and other publicly available information as an input to a generally accepted valuation technique to corroborate fair value determined by management.
- Performed recalculations of the unrealized and realized gains/losses for selected investments and compared it to source documents.
- Assessed the appropriateness of the disclosures relating to the assumptions used in the valuation of unlisted investments in the notes to the consolidated financial statements

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's 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. We have nothing to report in this regard.

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

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

In preparing the consolidated 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.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 consolidated 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zhi Huang.

Toronto, Ontario  
February 29, 2024

*MNP* LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**PINETREE CAPITAL LTD.**  
**Consolidated Statements of Financial Position**  
**As at December 31, 2023 and 2022**  
(In thousands of Canadian dollars)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents <i>(note 5)</i>	\$ 2,168	\$ 6,045
Investments at fair value <i>(note 4)</i>	43,448	33,905
Prepays and other receivables	133	112
<b>Total assets</b>	<b>\$ 45,749</b>	<b>\$ 40,062</b>

**Liabilities and Equity**

**Liabilities**

Accounts payable and accrued liabilities <i>(note 5)</i>	\$ 377	\$ 443
<b>Total liabilities</b>	<b>377</b>	<b>443</b>

**Equity**

Share capital <i>(note 8(a))</i>	342,289	342,289
Contributed surplus	108,177	108,177
Deficit	(405,094)	(410,847)
<b>Total equity</b>	<b>45,372</b>	<b>39,619</b>
<b>Total liabilities and equity</b>	<b>\$ 45,749</b>	<b>\$ 40,062</b>

**Nature of business *(note 1)***

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

"Damien Leonard" Director

"Howard Riback" Director

---

**PINETREE CAPITAL LTD.****Consolidated Statements of Net Income****Years Ended December 31, 2023 and 2022****(In thousands of Canadian dollars, except for securities and per share amounts)**

---

	<u>2023</u>	<u>2022</u>
Net investment gains <i>(note 9)</i>	\$ 6,055	\$ 1,884
Other income <i>(note 9)</i>	594	405
	<u>6,649</u>	<u>2,289</u>
<b>Expenses</b>		
Operating, general and administrative <i>(note 10)</i>	852	928
Foreign exchange loss	13	191
Finance expenses <i>(note 11)</i>	16	16
	<u>881</u>	<u>1,135</u>
<b>Income before income taxes</b>	<b>5,768</b>	<b>1,154</b>
<b>Income tax expense (recovery) <i>(note 6)</i></b>	<b>15</b>	<b>(26)</b>
	<u>5,753</u>	<u>1,180</u>
<b>Net income</b>	<b>\$ 5,753</b>	<b>\$ 1,180</b>
<b>Earnings per common share</b>		
Basic and diluted	<u>\$ 0.61</u>	<u>\$ 0.13</u>
<b>Weighted average number of shares outstanding</b>		
Basic and diluted	<b>9,387,000</b>	<b>9,387,000</b>

See accompanying notes to the consolidated financial statements.

**PINETREE CAPITAL LTD.**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**  
(In thousands of Canadian dollars)

	<u>2023</u>	<u>2022</u>
<b>Cash flows used in operating activities</b>		
Net income for the year	\$ 5,753	\$ 1,180
Items not affecting cash:		
Net investment gains	<u>(6,055)</u>	<u>(1,884)</u>
	(302)	(704)
Adjustments for:		
Proceeds on disposal of investments	6,452	26,818
Purchase of investments	<u>(9,940)</u>	<u>(29,981)</u>
Increase in prepaids and other receivables	(21)	(58)
Increase (decrease) in accounts payable and accrued liabilities	<u>(66)</u>	<u>31</u>
<b>Net cash used in operating activities</b>	<u>(3,877)</u>	<u>(3,894)</u>
<b>Net decrease in cash and cash equivalents during the year</b>	(3,877)	(3,894)
<b>Cash and cash equivalents, beginning of year</b>	<u>6,045</u>	<u>9,939</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,168</u>	<u>\$ 6,045</u>

See accompanying notes to the consolidated financial statements.



---

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

---

### 1. Nature of business

Pinetree Capital Ltd. (“Pinetree” or the “Company”) is a value-oriented investment company focused on enterprise software and technology. Pinetree was incorporated in 1962 under the laws of the Province of Ontario and its shares are publicly traded on the Toronto Stock Exchange (the “TSX”) under the symbol “PNP”. The Company is domiciled in the Province of Ontario, Canada and its registered office address is at 49 Leuty Ave, Toronto, ON, M4E 2R2.

These consolidated financial statements were approved by the Company’s Board of Directors on February 29, 2024.

### 2. Basis of preparation

#### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Material accounting estimates, judgments and assumptions used or exercised by management in the preparation of these consolidated financial statements are presented below.

#### (b) Basis of consolidation

These consolidated financial statements include the accounts of Pinetree and its wholly-owned subsidiaries: Pinetree (Barbados) Inc., Pinetree (Israel) Inc., Pinetree Capital Investment Corp. (“PCIC”) and Emerald Capital Corp., as well as Pinetree Resource Partnership (“PRP”) and Pinetree Income Partnership (“PIP”), each a general partnership of which Pinetree indirectly owns a 100% interest. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Of the subsidiaries, only PCIC and PIP are active.

The Company controls an investee if the Company has:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Company’s potential voting rights.

The Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in income from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company’s reporting period using consistent accounting policies. All inter-company account balances and transactions have been

---

**Pinetree Capital Ltd.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(In thousands of Canadian dollars except for securities and per share amounts)**

---

**2. Basis of preparation (continued)**

eliminated upon consolidation.

(c) Critical accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Fair value of investment in securities not quoted in an active market or private company investments:

Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position 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, but where observable market data are not available, judgment is required to establish fair values. Refer to Note 3(b)(iv) for further details.

(ii) Income taxes:

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(d) New accounting standards adopted:

During the year ended December 31, 2023, the Company adopted the following accounting policy changes, which did not have an effect on the consolidated financial statements:

- (i) The Company adopted amendments to IAS 1, "Presentation of Financial Statements". The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- (ii) The Company adopted amendments to IAS 12, "Income Taxes". The amendment requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

---

**Pinetree Capital Ltd.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2023 and 2022**  
**(In thousands of Canadian dollars except for securities and per share amounts)**

---

**3. Material accounting policies**

The material accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented.

(a) Foreign currency:

(i) Functional currency:

These consolidated financial statements are presented in Canadian dollars, which is the parent's functional currency.

(ii) Transactions and balances:

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences are recorded in the consolidated statements of income.

(b) Financial instruments :

(i) Classification:

All investments are classified upon initial recognition at fair value through profit or loss, with changes in fair value reported in profit (loss).

Class C preferred shares are classified as a liability due to the redemption rights of the shareholders and accordingly are designated at fair value through profit or loss with changes in fair value reported in expenses in the consolidated statements of income (Note 5(a)).

(ii) Recognition, derecognition and measurement:

Purchases and sales of investments are recognized on the settlement date.

Investments at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statements of income. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9, Financial Instruments ("IFRS 9").

Subsequent to initial recognition, all investments are remeasured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statements of net income within net change in unrealized gains or losses on investments in the period in which they arise.

The fair value of Class C preferred share liabilities is determined by reference to the trading price of Pinetree's shares (Note 5 (a)).

---

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

---

### 3. Material accounting policies (continued)

#### (iii) Reclassification of investments:

The Company would only reclassify a financial asset when the Company changes the way it manages the financial asset. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

#### (iv) Determination of fair values:

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below which follow IFRS 13 and the International Private Equity and Venture Capital Guidelines. The valuations in the consolidated financial statements reflect such estimates.

The Company is also required to disclose details of its investments (and other financial assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements) within three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith (Note 4).

#### 1. Publicly-traded investments:

a. Securities which are traded in an active market, such as on a recognized securities exchange, and for which no sales restrictions apply, are presented at fair value based on unadjusted quoted prices at the consolidated statement of financial position dates. These are included in Level 1 in Note 4 (a).

#### 2. Private company investments:

All privately-held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below. These are included in Level 3 in Note 4(a).

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the performance of comparable publicly-traded companies.

The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in performance of comparable publicly-traded companies generally indicates that the fair value of the investment has not materially changed. The fair value of a privately-held investment may be adjusted if:

a. there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company.

---

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

---

### 3. Material accounting policies (continued)

- b. there have been significant corporate or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
- c. the investee company is placed into receivership or bankruptcy;
- d. based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- e. release by the investee company of positive/negative results; or
- f. important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustments to the fair value of a privately-held investment are based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that could be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

### 3. Investments in associates:

Investments in associates are those entities in respect of which the Company has or is deemed to have significant influence, but not control, over the financial and operating policies. Investments in associates are held as part of the Company's investment portfolio and carried in the consolidated statements of financial position at fair value even though the Company may have significant influence over the companies. There are no investments in associates as at December 31, 2023 and 2022.

This treatment is permitted by IAS 28, Investment in Associates, which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IFRS 9, with changes in fair value recognized in the consolidated statements of income within net change in unrealized gains or losses on investments.

The following table is a summary of the accounting treatment for the Company's financial instruments:

Classification	IFRS 9
Cash	FVTPL
Investments at fair value	FVTPL
Other receivables	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

### (c) Financial assets other than investments at fair value:

Financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets classified as subsequently measured at amortized cost, directly attributable transaction costs.

Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate

---

## **Pinetree Capital Ltd.**

### **Notes to Consolidated Financial Statements**

**Years Ended December 31, 2023 and 2022**

**(In thousands of Canadian dollars except for securities and per share amounts)**

---

#### **3. Material accounting policies (continued)**

method less cumulative repayments and adjustments for expected credit losses. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected credit loss.

##### **(d) Cash and cash equivalents:**

Cash and cash equivalents consist of cash on hand, cash held with brokers and short-term investments with remaining maturities of less than three months.

##### **(e) Revenue recognition:**

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statements of net income, as part of net investment gains (losses). Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statements of net income as incurred.

Dividend income, interest income and other income are recorded on an accrual basis.

##### **(f) Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

##### **(g) Income taxes:**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in consolidated statements of net income except to the extent that it relates to items recognized directly in equity or other income.

###### **(i) Current income tax:**

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years. Current tax assets and liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity.

###### **(ii) Deferred tax:**

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in consolidated statements of net income or in equity depending on the item to which the adjustment relates.

---

## **Pinetree Capital Ltd.**

### **Notes to Consolidated Financial Statements**

**Years Ended December 31, 2023 and 2022**

**(In thousands of Canadian dollars except for securities and per share amounts)**

---

#### **3. Material accounting policies (continued)**

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered. The Company does not record deferred tax assets to the extent that it considers deductible temporary differences, the carry-forward of unused tax credits and unused tax losses cannot be utilized.

##### **(h) Earnings (loss) per common share:**

Basic earnings (loss) per common share is determined by dividing earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per common share is calculated in accordance with the treasury stock method and based on the weighted average number of common shares.

##### **(i) Cost of private placement financing:**

Incremental costs incurred in respect of raising capital through private placements or rights offerings are charged against equity proceeds raised.

##### **(j) Shares repurchased:**

Shares repurchased in respect of share transactions are based on the average trading price of the common shares on the Toronto Stock Exchange during the 20 consecutive trading days preceding the date of the share transaction. No gain or loss is recognized in profit or loss on the purchase or cancellation of the Company's own equity instruments. During the years ended December 31 2023 and 2022, no common shares were repurchased.

##### **(k) Financial liabilities:**

Financial liabilities are presented at amortized cost except for financial derivatives and certain financial liabilities that from inception were designated at fair value through profit or loss. All financial liabilities are recognized initially at fair value net of directly attributable transaction costs except for those designated at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of net income. Other financial liabilities, such as accounts payable, and excluding the Class C preferred shares, are subsequently recognized at amortized cost using the effective interest method with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

##### **(l) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting used by management and the Company's Board of Directors. The Company has a single reportable geographic segment, Canada.

##### **(m) Leases**

The Company determines whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A lease liability is recognized at the commencement of the lease term at the present value of the lease payments. Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, the exercise price of purchase

---

## **Pinetree Capital Ltd.**

### **Notes to Consolidated Financial Statements**

**Years Ended December 31, 2023 and 2022**

**(In thousands of Canadian dollars except for securities and per share amounts)**

---

#### **3. Material accounting policies (continued)**

options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any lease incentives receivable. Payments are discounted using the implicit rate within the lease, when readily available, or the Company's incremental borrowing rate when the rate implicit is not known.

The lease liability is measured at amortized cost using the effective interest rate method. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, extension, or termination option that is within the Company's control. The Company recognizes the amount of any remeasurement of a lease liability as an adjustment to the right-of-use-asset. If the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company shall recognize any remaining amount of the remeasurement in the statement of net income.

Upon recognition of a lease liability at the lease commencement date, a corresponding right of-use asset is recognized at the amount equal to the lease liability. Depreciation is recognized on the right-of-use asset on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. Leases with terms of less than twelve months and leases for which the underlying asset is of low value are recognized as an expense in the Consolidated Financial Statements on a straight-line basis over the lease term.

#### **4. Financial instruments hierarchy and investments at fair value**

##### **(a) Financial hierarchy:**

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

#### 4. Financial instruments hierarchy and investments at fair value (continued)

Investments consist of the following as at December 31, 2023:

Investments	Cost	Level 1 Quoted market price	Level 2 valuation technique - observable market inputs	Level 3 Valuation technique - non- observable market inputs	Total fair value
Equities	\$ 36,837	\$ 37,428	\$ -	\$ 1,000	\$ 38,428
Debentures	2,450	2,570	-	-	2,570
ETF	2,454	2,450	-	-	2,450
Total investments	\$ 41,742	\$ 42,448	\$ -	\$ 1,000	\$ 43,448
Investments denominated in foreign currencies		\$ 28,028	\$ -	\$ -	\$ 28,028
% of investments denominated in foreign currencies		66%	0%	0%	65%

Investments consist of the following as at December 31, 2022:

Investments	Cost	Level 1 Quoted market price	Level 2 valuation technique - observable market inputs	Level 3 Valuation technique - non- observable market inputs	Total fair value
Equities	\$ 37,297	\$ 30,145	\$ -	\$ 1,000	\$ 31,145
Debentures	2,450	2,760	-	-	2,760
Total investments	\$ 39,747	\$ 32,905	\$ -	\$ 1,000	\$ 33,905
Investments denominated in foreign currencies		\$ 23,720	\$ -	\$ -	\$ 23,720
% of investments denominated in foreign currencies		72%	0%	0%	70%

(1) As at December 31, 2023, included in total investments were securities of private companies with a fair value totaling \$1,000 (cost of \$3,890) (2022 – fair value of \$1,000 (cost of \$7,939) measured in accordance with the Company's accounting policy for private company investments).

(2) During the year ended December 31, 2023, there were no transfers from Level 1 to Level 3 (2022 – no transfers). Generally, the transfer from Level 1 to Level 3 consists of an investee being privatized.

(b) Level 3 hierarchy:

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net change in unrealized losses are recognized in the consolidated statements income.

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

#### 4. Financial instruments hierarchy and investments at fair value (continued)

	Opening balance at January 1,	Transfer to Level 3	Proceeds upon disposition	Net realized gains (losses)	Net unrealized gains	Ending balance
2023	\$ 1,000	\$ -	\$ (15)	\$ (1,285)	\$ 1,300	\$ 1,000
2022	1,006	3,919	(5,244)	1,179	141	1,000

Transfers between levels of fair value hierarchy are deemed to have occurred at the date of event. There were no transfers between levels during the year ended December 31, 2023. During the year ended December 31, 2023, the Company received \$15 in return for the shares of a Level 3 investment as part of a restructuring. During the year ended December 31, 2022, a Level 1 investment was privatized by a third party which allowed shareholders to remain invested. This resulted in a transfer to Level 3. This position was subsequently sold which resulted in a realized gain of \$1,179.

Within Level 3, the Company includes private company investments and other investment instruments such as loans to investees and convertible debentures which are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) company-specific information used in modelling, the valuation and share performance of comparable publicly-traded companies, trends in general market conditions, the value at which a recent financing was done by the investee, liquidation analysis and a strategic review.

For the Company's Level 3 investments, the inputs used can be highly judgmental. Significant unobservable inputs that were considered include gross margins, sales & marketing expenses, research & development expenses, administrative expenses, churn, bookings, discount rates, perpetuity growth rates, scenario weightings, valuations of comparable public companies and financings. In aggregate, management estimates that adjustments to these key inputs would result in a +/- 25% (+/- \$250) change to the fair value of these Level 3 investments as a class.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. The significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

#### 5. Financial assets (liabilities) other than investments at fair value

Financial assets and liabilities other than investments at fair value are as follows as at December 31:

	2023	2022
Cash and cash equivalents	\$ 2,168	\$ 6,045
Other receivable	67	50
Accounts payable and accrued liabilities (a)	(377)	(443)
	\$ 1,858	\$ 5,652

The carrying values of cash, cash equivalents and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity for these instruments.

- (a) As at December 31, 2023, accounts payable and accrued liabilities include Class C preferred share liabilities of \$198 (December 31, 2022 - \$203). The Class C preferred shares ("Class C Shares") which are part of the share capital of Pinetree Capital Investment Corp. ("PCIC"), one of the Company's subsidiaries, are non-voting, redeemable and retractable at any time, and entitle the holders thereof to receive cumulative dividends at a rate of 8% per annum. During the year ended December 31, 2023, no dividends were paid

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

#### 5. Financial assets (liabilities) other than investments at fair value (continued)

and the amount accrued as at year end was \$12 (December 31, 2022 - \$32 paid and \$nil accrued). The Class C Shares' redemption and retraction prices are linked to the market price of the Company's common shares subject to a minimum redemption price of \$10 per share. As at December 31, 2023, the redemption price was \$10 per share and the retraction price in effect was \$0.10 per share (December 31, 2022 - \$0.09 per share). During the year ended December 31, 2023, 500 of the Class C shares were retracted by the shareholders and cancelled by PCIC. During the year ended December 31, 2022, 100 of the Class C shares were cancelled by PCIC following their retraction by the holder. As at December 31, 2023, an unlimited number of Class C shares were authorized and 19,800 were issued and outstanding (2022 – unlimited number of authorized and 20,300 issued and outstanding).

#### 6. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 - 26.5%) to the effective tax rate is as follows:

	2023	2022
Income before income taxes	\$ 5,768	\$ 1,180
Expected income tax	1,529	312
Non taxable unrealized accounting gain	(834)	-
Change in tax benefits not recognized	(729)	(221)
Non-deductible expenses and non-taxable income	35	(235)
Withholding tax on dividends received	15	-
Prior period true up	-	149
Income tax recovery from prior years	-	(31)
Income tax expense (recovery)	\$ 15	\$ (26)

The following table summarizes the components of deferred tax:

	2023	2022
Deferred Tax Assets		
Capital losses carried forward	\$ 645	\$ 41
Deferred tax expense		
Investments at fair value	\$ (645)	\$ (41)
Net deferred tax Asset	\$ -	\$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences as at December 31:

	2023	2022
Non-capital losses carried forward	4,651	4,732
Investments at fair value	-	4,206
Share issuance costs	86	107
Unrealized foreign exchange gain	96	-
Capital losses carried forward	344,438	346,733

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

#### 6. Income taxes (continued)

**\$ 349,271    \$ 355,778**

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2025. The Company's Canadian non-capital income tax losses expire as follows:

2036	\$	1,190
2037		1,115
2038		960
2039		36
2040		349
2041		231
2042		482
2043		283
	\$	4,651

#### 7. Related party transactions

All transactions with related parties occurred in the normal course of operations. Included in related party transactions are payments to key management personnel, defined as those persons having authority and responsibility for the planning, directing and controlling the activities of the entity, directly or indirectly. Related party transactions included in the consolidated statement of income were as follows during the years ended December 31:

Type of expense	2023	2022
Salaries and bonus	\$ 319	\$ 398
Director fees (i)	70	56
Office rent (ii)	24	-
	\$ 413	\$ 454

- (i) Non-management directors of the Company are entitled to remuneration for their services at rates approved by the board of directors.
- (ii) The Company entered into a lease agreement with L6 Holdings, an entity jointly controlled by the President of the Company, for the rental of office space. The term of the lease is a periodic tenancy commencing on January 1, 2023 and continuing on a month-to-month basis until the landlord or the tenant terminates the tenancy.

Also included in related party transactions are investments held in the Company's portfolio in which the President of the Company has a seat on the investee's Board of Directors. The fair value of these investments were as follows as at the year ended December 31:

Investee name	2023	2022
Bravura Solutions	\$ 7,046	\$ 5,952
Quorum Information Services	4,960	3,160
	\$ 12,006	\$ 9,112

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

#### 8. Equity

(a) Authorized: unlimited number of common shares, no par value.

As at December 31, 2023, the Company had 9,387,000 (2022 – 9,387,000) common shares issued and outstanding.

(b) Basic and diluted earnings per common share based on net income are as follows for the years ended December 31:

	2023	2022
Net income for the year	\$ 5,753	\$ 1,180
Weighted average number of common shares outstanding – basic and diluted	9,387,000	9,387,000
Earnings per common share based on net income for the year – basic and diluted	\$ 0.61	\$ 0.13

#### 9. Net investment gains

Net investment gains comprise of the following for the years ended December 31:

	2023	2022
Net realized gains (losses) on disposal of investments	\$ (1,505)	\$ 2,224
Net change in unrealized gains (losses) on investments	7,560	(340)
	\$ 6,055	\$ 1,884

For the year ended December 31, 2023, other income comprised of interest income of \$421 and dividend income of \$173 (2022 – interest and dividend income of \$280 and \$125, respectively).

#### 10. Operating, general and administrative expenses

Included in operating, general and administrative expenses for the years ended December 31:

	2023	2022
Professional fees	\$ 116	\$ 113
Office and general	200	236
Transfer agent, filing fees and other info systems	107	101
Salaries and directors' fees	399	441
Transaction costs	30	37
	\$ 852	\$ 928

Included in office and general expenses for the year ended December 31, 2023 is rent expense of \$24 in relation to the Company's commercial occupancy lease, which is an operating lease. (December 31, 2022 - \$22).

#### 11. Finance expense

Finance expense is comprised of PCIC dividend expense for the years ended December 31, 2023 and 2022, as described in Note 5(a).

---

## **Pinetree Capital Ltd.**

### **Notes to Consolidated Financial Statements**

**Years Ended December 31, 2023 and 2022**

**(In thousands of Canadian dollars except for securities and per share amounts)**

---

#### **12. Management of capital**

The Company considers its equity to represent capital which amounts to \$45,372 as at December 31, 2023 (2022 - \$39,619). The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets and liabilities. The Company's objectives when managing capital are:

- (a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining its ability to purchase new investments;

#### **12. Management of capital (continued)**

- (b) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and
- (c) to maintain a flexible capital structure that optimizes the cost of capital at acceptable levels of risk.

The Company is meeting its objective of managing capital through detailed review and performance of due diligence on all potential investments and acquisitions. Management reviews its capital management approach on an on-going basis and believes that this approach, given the size of the Company, is reasonable. There were no changes to the Company's objectives in managing and maintaining capital during the year ended December 31, 2023. The Company is not subject to any capital requirements imposed by a regulator or otherwise.

#### **13. Risk management**

Financial instrument risks:

The investment operations of Pinetree's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets and liabilities currently comprised of financial instruments. The use of financial instruments can expose the Company to the following risks:

- (a) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk as unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, in accordance with IFRS 9, Financial Instruments ("IFRS 9") Pinetree is required to fair value its investments at the end of each reporting period. This process could result in significant changes in fair value of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on Pinetree's consolidated statements of financial position.

There were no changes to the way that the Company manages market risk since December 31, 2022. The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer, although Pinetree's investment activities are currently concentrated primarily in the technology sector. The Company also requires approval from the board of directors for purchases of investments over a certain cost threshold. For the year ended December 31, 2023, a 5% change in the closing trade price of the Company's investments (with all other variables held constant) would have an estimated change on the Company's consolidated statements of net income of \$2,044 (2022 - \$1,645).

- (b) Concentration risk in the Company's investment portfolio

Concentration risk is the risk that any investment or group of investments will have the potential to materially affect

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

### 13. Risk management (continued)

the operating results of the Company. As at December 31, 2023, the Company's top five equity investments, all in the technology sector, had a fair value of \$25,057. These represent 58% of the fair value of the Company's total portfolio and 55% of the Company's total equity. As at December 31, 2022, the Company's top five equity investments, all in the technology sector, had a fair value of \$19,300. These represented 57% of the fair value of the Company's total portfolio and 48% of the Company's total equity.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet financial obligations as they become due, as well as ensuring funds exist to support business strategies and operating growth.

The Company generates cash flow primarily from its financing activities and proceeds from the disposition of its investments in addition to interest and dividend income earned on its investments. Pinetree invests in securities of "small-cap" issuers, which can at times be relatively illiquid. If the Company decides to dispose of securities of a particular issuer it may not be able to do so at the time at favourable prices, or at all. In addition, the amounts at which the Company's private company investments could be disposed of currently may differ from their carrying values since there is no active market to dispose of these investments.

There were no changes to the way that the Company manages liquidity risk since December 31, 2022. The Company's liquidity risk is limited to exposure to accounts payable and accrued liabilities. The following table shows the Company's contractual undiscounted cash flows which are payable under financial liabilities on the consolidated statement of financial position as at December 31, 2023:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 377	\$ 377	\$ -	\$ -	\$ -

The following table shows the Company's contractual undiscounted cash flows which are payable under financial liabilities on the consolidated statement of financial position as at December 31, 2022:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 443	\$ 443	\$ -	\$ -	\$ -

Included in accounts payable and accrued liabilities are Class C preferred share liabilities of \$198 (December 31, 2022 - \$203) which are non-voting, redeemable and retractable at any time, and entitle the holders thereof to receive cumulative dividends at a rate of 8% per annum.

## Pinetree Capital Ltd.

### Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

#### 13. Risk management (continued)

The following table shows the Company's source of liquidity by assets as at December 31, 2023:

Assets	Liquidity by period			
	Total	Less than 1 year	1 – 3 years	After 3 years
Cash and cash equivalents	\$ 2,168	\$ 2,168	\$ -	\$ -
Investments, at fair value	43,448	42,448	1,000	-
Prepays and other receivables	133	133	-	-
	<b>\$ 45,749</b>	<b>\$ 44,749</b>	<b>\$ 1,000</b>	<b>\$ -</b>

The following table shows the Company's source of liquidity by assets as at December 31, 2022:

Assets	Liquidity by period			
	Total	Less than 1 year	1 – 3 years	After 3 years
Cash and cash equivalents	\$ 6,045	\$ 6,045	\$ -	\$ -
Investments, at fair value	33,905	32,905	1,000	-
Prepays and other receivables	112	112	-	-
	<b>\$ 40,062</b>	<b>\$ 39,062</b>	<b>\$ 1,000</b>	<b>\$ -</b>

#### (d) Currency risk:

Currency risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its consolidated results of operations from time to time. The Company will often have financial instruments denominated in foreign currencies. A change in the foreign exchange rate of the Canadian dollar versus another currency may increase or decrease the value of its financial instruments.

There were no changes to the way that the Company manages currency risk since December 31, 2022. Although the Company believes that it is exposed to foreign exchange risk, it does not actively hedge its foreign currency exposure as the risk is, to a certain extent, mitigated by the Company's foreign exchange denominated investments. A 1% change in exchange rates impacts net income by the following amounts as at December 31, 2023: U.S. dollar \$94, Australian dollar \$70, Norwegian krone \$34, Polish zloty \$56, GBP \$26 (2022 – U.S. dollar \$80, Euro \$25, GBP \$9, Australian dollar \$63, Norwegian krone \$23, Polish zloty \$40). The following net assets were denominated in foreign currencies as at December 31:

	2023	2022
Net assets denominated in U.S. dollars	\$ 9,373	\$ 7,994
Net assets denominated in Australian dollars	7,046	6,266
Net assets denominated in Polish zloty	5,633	4,032
Net assets denominated in Norwegian krone	3,377	2,325
Net assets denominated in GBP	2,583	905
Net assets denominated in Euros	-	2,497
	<b>\$ 28,012</b>	<b>\$ 24,019</b>

---

# Pinetree Capital Ltd.

## Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(In thousands of Canadian dollars except for securities and per share amounts)

---

### 13. Risk management (continued)

(e) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The fair value of the Company's cash and investments affected by changes in short term interest rates will be minimal. A 1% change in interest rates impacts net income by \$22 (2022 - \$60) based upon balances at December 31, 2023. There were no changes to the way that the Company manages interest rate risk since December 31, 2022. Pinetree does not hedge against any interest rate risk.

(f) Credit risk:

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties owing it money or securities will not perform their underlying obligations and for funds held with banks or brokers for cash. The Company may, from time to time, invest in debt obligations.

As at December 31, 2023 and 2022, the Company did not hold any debt obligations. All funds in cash are held in financial institutions the Company believes it is not exposed to any significant credit risk.

There were no changes to the way the Company manages credit risk during the year ended December 31, 2023. The Company is also exposed in the normal course of business to credit risk from the sale of its investments.

The following is the Company's maximum exposure to credit risk as at December 31:

	2023	2022
Cash and cash equivalents	\$ 2,168	\$ 6,045

### 14. Operating segment information

The management of the Company is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy and the performance is evaluated on an overall basis. The Company has a single reportable geographic segment, Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the year ended December 31, 2023.

### 15. Supplementary disclosure of cash flow information

The following table shows the supplemental cash flow information for the year end December 31:

	2023	2022
Income taxes paid	\$ 15	\$ 4
Dividends paid on Class C preferred shares (finance expenses)	-	32



**PINETREE CAPITAL LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED: DECEMBER 31, 2023**

**DATE OF REPORT: FEBRUARY 29, 2024**

---

This management's discussion and analysis ("MD&A") of the financial condition and results of operation of Pinetree Capital Ltd. ("Pinetree" or the "Company") should be read in conjunction with Pinetree's consolidated financial statements and notes thereto as at and for the year ended December 31, 2023.

Except as otherwise indicated (see "Use of Non-IFRS Financial Measures" elsewhere in this MD&A), all financial data in this MD&A has been prepared, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

All dollar amounts in this MD&A are reported in thousands of Canadian dollars except per share amounts.

Some of the risks, uncertainties and other factors which could cause results to differ materially from those expressed in this MD&A include, but are not limited to: the nature of the Company's investments; the concentration of its investments in certain industries and sectors; the Company's dependence on its management team; risks affecting the Company's investments; Global, political and economic conditions; issuer-specific events that affect a company's market value; and other risks and factors discussed elsewhere in this MD&A under the heading "Risk Factors" and in the Company's current Annual Information Form ("AIF") and other public disclosure documents filed with certain Canadian securities regulatory authorities and available under Pinetree's profile at [www.sedar.com](http://www.sedar.com). These risk factors are unpredictable and outside the Company's control and may affect the future value of the Company's investment portfolio as well as the prices at which investments may be disposed of. Adverse changes in these conditions would negatively impact the Company's ability to remain in compliance with its contractual obligations and generate working capital to fund its ongoing requirements.



## 1. About Pinetree

Pinetree Capital is a value-oriented investment company focused on enterprise software and technology. Pinetree was incorporated in 1962 under the laws of the Province of Ontario and its shares are publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol "PNP". The Company is domiciled in the Province of Ontario, Canada and its registered office address is at 49 Leuty Ave, Toronto, ON, M4E 2R2.

Applying value investing principles, we form a long-term view of intrinsic value by assessing quantitative and qualitative characteristics of potential investees through fundamental analysis, review of public filings, interviewing management, employees, competitors, and customers. Investments are then monitored on a continuous basis and may be sold when their prices reach or exceed management's estimate of intrinsic value.

We invest primarily in equity, as well as debt and convertible securities. The weighting of Pinetree's investments among various industries and geographies changes over time, with a view to maximizing the total value of the portfolio, and without regard to maintaining particular allocations. Investing in a concentrated manner, we typically hold 8 to 12 investments, resulting in equity positions which account for 7% to 12% of the Company's assets. However, individual positions may reach or exceed 20% of assets. Pinetree does not have an investment committee, but Board approval is required to initiate positions representing more than 10% of assets.

Where warranted, we have taken and will consider a more active role by advising the businesses in which we have an ownership stake and/or placing one or more nominees on their boards of directors. In these circumstances, we work with investees to unlock value by providing strategic counsel in areas such as vertical market software operating best practices, capital allocation, capital structure, potential acquisitions and divestitures.

## 2. Overall Performance

Pinetree's objective is to maximize shareholder value. While the following metrics do not present as comprehensive a picture as our audited financial statements, we believe the Company's equity (also referred to as "book value" or "BV") and quarterly expenses, in conjunction with Book Value Per Share ("BVPS") and expenses as a percentage of book value are important in assessing management's success in maximizing shareholder value (see "Use of Non-IFRS Financial Measures" elsewhere in this MD&A).

	Shares Outstanding	Equity \$000's	Book Value per share (BVPS) <sup>1</sup> \$	Quarterly Expenses \$000's	Expenses as a percentage of BV <sup>1</sup> %
Dec-31-23	9,387,000	45,372	4.83	148	0.3
Sep-30-23	9,387,000	41,399	4.41	190	0.5
Jun-30-23	9,387,000	42,111	4.49	260	0.6
Mar-31-23	9,387,000	39,056	4.16	283	0.7
Dec-31-22	9,387,000	39,619	4.22	275	0.7
Sep-30-22	9,387,000	36,550	3.89	293	0.8
Jun-30-22	9,387,000	37,644	4.01	230	0.6
Mar-31-22	9,387,000	35,779	3.81	337	0.9

<sup>1</sup> Refer to "Use of Non-IFRS Financial Measures"

Shares Outstanding and Equity amounts are as at the Quarter End date. Expense amounts are for the Three months ending the Quarter End date

### *Investments and Operating Results*

As at December 31, 2023, Pinetree's equity was \$45,372 which compares to \$39,619 as at December 31, 2022. This resulted in Pinetree's BVPS increasing from \$4.22 as at December 31, 2022 to \$4.83 as at December 31, 2023. The change represents an increase of \$0.61 or 15%.

As at December 31, 2023, the Company held equity investments at fair value totaling \$38,428 which represented 85% of book value. This compares to equity investments at fair value of \$31,145 representing 79% of book value as at December 31, 2022.

### Capital Management and Expenses

Expenses for the twelve months ended December 31, 2023 were \$881 which corresponds to 1.9% of book value as at December 31, 2023. This compares to expenses of \$1,135 for the twelve months ended December 31, 2022 which corresponds to 2.9% of book value as at December 31, 2022. Included in expenses are foreign exchange fluctuations resulting from cash balances held in currencies other than Canadian Dollars.

### Management Changes

On August 15, 2023, Pinetree's Chief Investment Officer, Shezad Okhai, left the Company and accepted a contract position with Bravura Solutions, one of Pinetree's investees, as Chief Commercial Officer.

### 3. Summary of Investment Portfolio

The following information regarding the portfolio is historical as at the dates indicated and may change due to the ongoing investment activities of the Company, in addition to fluctuations in the fair values of investments. The fair value of investments have been measured in accordance with the Company's accounting policy and the amounts at which the Company's investments could be disposed of currently may differ from their carrying values for a variety of reasons discussed in Risk Factors below. Refer to Note 3 of the Notes to the annual financial statements for the year ended December 31, 2023 for additional details about the Company's investments and accounting policy.

The portfolio consists of investments, cash and cash equivalents. The fair value of individual positions as a percentage of portfolio assets is used by management to monitor concentration, exposure and other factors.

In 2016, Pinetree underwent a management and board change. Investments made by the previous management team are shown below as Legacy positions with limited value.

#### Portfolio

As at December 31, 2023, the portfolio consists of the following:

Portfolio assets by investment type	Number of positions	Cost \$000's	Total fair value \$000's	Percentage of portfolio
Public	10	32,947	37,428	82%
Private	1	1,000	1,000	2%
Legacy positions	7	2,890	-	0%
Equity investments	18	36,837	38,428	84%
Debenture	1	2,450	2,570	6%
ETF	1	2,454	2,450	5%
Cash and cash equivalents			2,168	5%
Total portfolio			45,616	100%

As at December 31, 2022, the portfolio consisted of the following:

Portfolio assets by investment type	Number of positions	Cost \$000's	Total fair value \$000's	Percentage of portfolio
Public	11	29,357	30,145	75%
Private	1	1,000	1,000	3%
Legacy positions	9	6,940	-	0%
Equity investments	21	37,297	31,145	78%

Debenture	1	2,450	2,760	7%
Cash and cash equivalents			6,045	15%
<b>Total portfolio</b>			<b>39,950</b>	<b>100%</b>

At December 31, 2023, excluding legacy investments, equity investments represented 84% of the portfolio. The Company held 11 equity investments, 10 public and 1 private. This compares to 12 equity investments representing 78% of portfolio assets as of December 31, 2022.

At December 31, 2023, the Company held 7 legacy investments all of which have been evaluated as having a fair value of zero. This compares to 9 legacy investments at December 31, 2022, all of which were evaluated as having a fair value of zero. At December 31, 2023, cash, cash equivalents, the debenture and the ETF represented 16% of the portfolio. As such, Pinetree is well capitalized and has the ability to make meaningful new equity investments as opportunities present themselves.

The portfolio constituents as of December 31, 2023 are listed in the table below:

Investee Name	Investment Type	Industry	Geography	Cost \$000's	Fair value \$000's	% of Pinetree Portfolio	% Ownership of Investee
Bravura Solutions Ltd	Equity – Public	Financial Services Software	Australia	8,716	7,046	15.4%	2.0%
Sygnity SA	Equity – Public	Vertical Market Software	Poland	1,217	5,633	12.3%	1.8%
Quorum Information	Equity – Public	Dealership software	Canada	5,788	4,960	10.9%	10.9%
SS&C Technologies	Equity – Public	Financial Services Software	United States	3,525	4,041	8.9%	0.0%
OMDA AS (formerly CSAM)	Equity – Public	Healthcare Software	Norway	3,407	3,377	7.4%	3.3%
Topicus	Equity – Public	Vertical Market Software	Netherlands	2,446	3,302	7.2%	0.0%
Sapiens	Equity – Public	Insurance Software	United States	2,365	3,296	7.2%	0.2%
Aptitude Software	Equity – Public	Finance/Accounting Software	United Kingdom	2,590	2,583	5.7%	1.0%
Constellation Software	Debenture - Public	Vertical Market Software	Canada	2,450	2,760	5.6%	N/A
Horizon Cash ETF	ETF	N/A	N/A	2,454	2,450	5.4%	N/A
Conduent	Equity – Public	Business Process Services	United States	2,239	2,052	4.5%	0.2%
TrueContext (formerly Prontoforms)	Equity – Public	Field Services Software	Canada	654	1,138	2.5%	1.2%
Showbie	Equity – Private	Education Software	Canada	1,000	1,000	2.2%	3.9%
Legacy Investments				2,890	0	0.0%	N/A
				<b>41,742</b>	<b>43,448</b>	<b>95%</b>	

The portfolio constituents as of December 31, 2022 are listed in the table below:

Investee Name	Investment Type	Industry	Geography	Cost \$000's	Fair value \$000's	% of Pinetree Portfolio	% Ownership of Investee
Bravura Solutions	Equity - Public	Financial Services Software	Australia	7,333	5,952	14.9%	3.0%
Sygnity	Equity - Public	Vertical Market Software	Poland	1,826	4,032	10.1%	2.6%
SS&C Technologies	Equity - Public	Financial Services Software	United States	3,525	3,526	8.8%	0.0%
Quorum Information	Equity - Public	Dealership Software	Canada	3,628	3,160	7.9%	5.5%
Constellation Software	Debenture - Public	Vertical Market Software	Canada	2,450	2,760	6.9%	N/A
Topicus	Equity - Public	Vertical Market Software	Netherlands	2,446	2,630	6.6%	0.0%
Compugroup Medical	Equity - Public	Healthcare Software	Germany	2,408	2,497	6.3%	0.1%
Conduent	Equity - Public	Business Process Services	United States	2,239	2,331	5.8%	0.2%
CSAM Health Group	Equity - Public	Healthcare Software	Norway	2,174	2,325	5.8%	2.1%
Sapiens	Equity - Public	Insurance Software	United States	2,362	2,153	5.4%	0.2%

Showbie	Equity - Private	Education Software	Canada	1,000	1,000	2.5%	3.9%
Eleco	Equity - Public	Construction/Design Software	United Kingdom	891	905	2.3%	1.0%
Prontoforms	Equity - Public	Field Services Software	Canada	524	635	1.6%	1.0%
Legacy Investments				6,940	0	0.0%	N/A
				39,747	33,905	85%	

### *Investments by Industry*

The following table summarizes the carrying value and cost of Pinetree's equity investments, both public and private, excluding legacy investments, aggregated by industry as at December 31, 2023 and December 31, 2022:

Equity investments by industry (\$000's)	As at December 31, 2023			As at December 31, 2022		
	Cost	Fair value	Difference	Cost	Fair value	Difference
Financial Services Software	12,242	11,087	(1,155)	10,859	9,477	(1,381)
Vertical Market Software	3,664	8,935	5,271	4,272	6,663	2,390
Dealership Software	5,788	4,960	(828)	3,628	3,160	(468)
Insurance Software	2,365	3,296	931	4,582	4,822	240
Healthcare Software	3,407	3,377	(29)	2,362	2,153	(209)
Finance/Accounting Software	2,590	2,583	(7)	-	-	-
Business Process Services	2,239	2,052	(187)	2,239	2,331	92
Field Services Software	654	1,138	484	524	635	111
Education Software	1,000	1,000	-	1,000	1,000	-
Construction and Design Software	-	-	-	891	905	14
<b>Total equity investments</b>	<b>33,947</b>	<b>38,428</b>	<b>4,480</b>	<b>30,357</b>	<b>31,145</b>	<b>789</b>

Equity investments excluding legacy investments are comprised entirely of investments in companies that provide software and technology enabled services to the private and public sectors.

### *Investments by Geography*

The following table summarizes the locations of Pinetree's equity investments, both public and private, according to their headquarters as at December 31, 2023 and December 31, 2022:

Headquarters of investee	As at December 31, 2023		As at December 31, 2022	
	Number of investments	Fair value \$000's	Number of investments	Fair value \$000's
United States	3	9,388	3	8,009
Canada	3	7,098	3	4,795
Australia	1	7,046	1	5,952
Poland	1	5,633	1	4,032
Norway	1	3,377	1	2,325
Netherlands	1	3,302	1	2,630
United Kingdom	1	2,583	1	905
Germany	-	-	1	2,497
<b>Total</b>	<b>11</b>	<b>38,428</b>	<b>12</b>	<b>31,145</b>

At December 31, 2023, 8 of the Company's 11 investees were located outside of Canada. These investments represented 69% of the fair value of the portfolio. This compares to 9 of 12 investees representing 66% of the fair value of the portfolio as at December 31, 2022.

With a significant exposure to investments denominated in currencies other than the Canadian Dollar, the fair market value of Pinetree's portfolio may be subject to fluctuations based on foreign exchange rates. Management does not set restrictions on allocations by geography and does not hedge.

#### *Investments by Size*

The following table summarizes the size of Pinetree's equity investments according to their market capitalizations in Canadian Dollars as at December 31, 2023 and December 31, 2022:

Equity investments by issuer size (market cap)	As at December 31, 2023		As at December 31, 2022	
	Number of positions	Fair value \$000's	Number of positions	Fair value \$000's
Under 350 million	6	24,737	6	17,009
350m to 1 billion	-	-	-	-
Over 1 billion	4	12,960	5	13,136
Private investments (unallocated)	1	1,000	1	1,000
<b>Total</b>	<b>11</b>	<b>38,428</b>	<b>12</b>	<b>31,145</b>

At December 31, 2023, 6 of the Company's 11 equity investments were in investees with market capitalizations of less than \$350 million. These investments represented 54% of the portfolio. This compares to 6 of 12 investments representing 43% of the portfolio as at December 31, 2022. When considering the size of public issuers in which to invest, management does not set restrictions or target allocations for the portfolio, instead focusing on total potential returns and appropriateness of such investments in the context of Pinetree's overall portfolio. Smaller investees may be subject to significant price fluctuations and positions in smaller issuers may be difficult to build or exit due to lack of liquidity.

#### **4. Results of Operations**

Highlights of the consolidated financial statements for the three most recently completed fiscal years are as follows:

<i>(\$ in thousands except per share amounts)</i>	<b>Year ended December 31, 2023</b>	Year ended December 31, 2022	Year ended December 31, 2021
Net investment gains	<b>6,055</b>	1,884	2,024
Dividend income	<b>173</b>	125	162
Interest income	<b>421</b>	280	208
Revenue and other income	<b>6,649</b>	2,289	2,394
Net income	<b>5,753</b>	1,180	1,459
Earnings per share - basic and diluted	<b>0.61</b>	0.13	0.19
Total assets	<b>45,749</b>	40,062	38,851
Total liabilities	<b>377</b>	443	412
Book value per share	<b>4.83</b>	4.22	4.09

Selected quarterly results for the eight most recently completed interim financial periods are as follows:

(\$, in thousands except per share amounts)	Quarter ended (unaudited)							
	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022	Jun 30, 2022	Mar 31, 2022
Revenue and other income	4,096	(520)	3,323	(276)	3,315	(798)	2,095	(2,323)
Net income (loss)	3,973	(712)	3,055	(563)	3,069	(1,094)	1,865	(2,660)
Earnings (loss) per share - basic and diluted	0.42	(0.08)	0.33	(0.06)	0.33	(0.12)	0.20	(0.28)

As seen in the table above, Pinetree's results can fluctuate significantly from quarter to quarter. Under IFRS, realized and unrealized gains and losses on investments are recorded in revenue on the consolidated statements of earnings. Management does not believe that quarterly fluctuations in the stock prices of investee companies necessarily reflects a change in the value of the underlying businesses. The value of the businesses is often more stable than their stock prices. These fluctuations can provide an opportunity to invest more capital in attractively priced investments or realize gains on securities management believes are over-valued.

### Three Months Ended December 31, 2023 and 2022

The following tables summarize the realized and unrealized gains and losses by investment type for the period:

Three months ended December 31, 2023						
Investments	Realized gain	Realized loss	Net realized loss	Unrealized gain	Unrealized loss	Net change in unrealized gain
Public	-	-	-	4,208	(113)	4,095
Private	-	-	-	-	-	-
Debenture	-	-	-	-	(120)	(120)
Legacy	-	(1,285)	(1,285)	1,300	-	1,300
<b>Total</b>	-	(1,285)	(1,285)	5,508	(233)	5,275

Three months ended December 31, 2022						
Investments	Realized gain	Realized loss	Net realized gain (loss)	Unrealized gain	Unrealized loss	Net change in unrealized gain
Public	2,686	(1,097)	1,590	3,286	(1,628)	1,658
Private	-	-	-	-	-	-
Debenture	-	-	-	-	-	-
Legacy	-	(195)	(195)	200	(6)	194
<b>Total</b>	2,686	(1,292)	1,395	3,486	(1,634)	1,852

The net realized loss for the three months ended December 31, 2023 was \$1,285, compared to a net realized gain of \$1,395 for the corresponding period in the previous year. The net realized loss was the result of realizing a loss on a Legacy position after receiving a nominal amount in return for the shares as part of a restructuring. The net realized gain of \$1,395 for the corresponding period in the previous year was the result of a realized gain on public investments of \$2,686 offset by a realized loss of \$1,097.

The majority of the realized gain in public investments in the corresponding prior period came from the sale of the PayGroup and Adapt IT positions which resulted in gains of \$1,495 and \$1,178 respectively.

The net change in unrealized gain for the three months ended December 31, 2023 was \$5,275, compared to a net change in unrealized gain of \$1,852 for the corresponding period in the previous year. The net change in unrealized gain was primarily the result of an unrealized gain of \$1,907 on Sygnity, primarily attributed to a release of strong

preliminary year-end results, the reversal of the unrealized loss on Andora (which has no tangible effect on book value), and \$1,096 on Bravura which was a reversal of a previously unrealized loss due to an improving share price that was not attributed to any specific reason. The remaining change was the result of general market fluctuations.

For the corresponding period in the prior year, the unrealized gain was attributed to the reversal of a previously recognized unrealized loss of \$1,011 on Crealogix. The remainder of the gain came from small increases in the fair value of a number of Pinetree's positions including Conduent (\$386), Quorum (\$320), Sygnity (\$319), SS&C (\$253) and CompuGroup (\$213). These increases were not attributable to any specific factors. The majority of the unrealized loss on public investments was related to the reversal of the previously recognized unrealized gain on PayGroup of \$1,492.

For the three months ended December 31, 2023, other income totalled \$131 (three months ended December 31, 2022 - \$68). Other income is comprised of interest income of \$88 and dividend income of \$43 (three months ended December 31, 2022 – interest income of \$55 and dividend income of 13).

A breakdown of operating, general and administrative expenses for the three-month periods ended December 31 2023 and 2022 is set out below. Details of the change between periods follow the table:

	2023	2022
Professional fees	\$ 24	\$ 32
Office and general	44	46
Transfer agent, filing fees and other info systems	19	33
Salaries and director's fees	42	178
Transaction costs	13	7
	<b>\$ 142</b>	<b>\$ 296</b>

The overall decrease in operating, general and administrative expenses of \$154 was primarily due to the decrease in salary expense due to the departure of the Company's CIO in August 2023.

#### Twelve Months Ended December 31, 2023 and 2022

The following tables summarize the realized gains and losses, as well as unrealized gains and losses by investment type for the year:

Twelve months ended December 31, 2023						
Investments	Realized gain	Realized loss	Net realized gain (loss)	Unrealized gain	Unrealized loss	Change in unrealized gain
Public	2,530	-	2,530	4,923	(1,223)	3,700
Private	-	-	-	-	-	-
Debenture	-	-	-	-	(190)	(190)
Legacy	-	(4,035)	(4,035)	4,050	-	4,050
<b>Total</b>	2,530	(4,035)	(1,505)	8,973	(1,413)	7,560

Twelve months ended December 31, 2022						
Investments	Realized gain	Realized loss	Net realized gain (loss)	Unrealized gain	Unrealized loss	Change in unrealized gain
Public	5,268	(2,536)	2,732	3,240	(4,083)	(843)
Private	-	-	-	-	(2)	(2)
Debenture	162	-	162	-	(170)	(170)
Legacy	-	(670)	(670)	675	-	675
<b>Total</b>	5,430	(3,206)	2,224	3,915	(4,255)	(340)

The net realized loss for the year ended December 31, 2023 was \$1,505, compared to a net realized gain of \$2,224 for the previous year. The net realized loss was the result of a \$4,035 realized loss on three Legacy positions with little value, offset by a \$2,530 realized gain. The net realized gain for the previous year was primarily the result of a \$2,894 net realized gain on public investments and debentures, offset by a \$670 realized loss on the disposition of legacy investments with zero fair market value.

The majority of the realized gains on public investments in the year came from the following:

- Sygnity (provider of vertical market software primarily in Poland): due to valuation and concentration of the portfolio, the position was reduced. Pinetree owned 600,000 shares as of December 31, 2022 with a cost base of \$1,826 and reduced the position by one third. The divested portion resulted in a gain of \$1,668 on a cost basis of \$609 over a 13-month period between May 2022 and June 2023.
- CompuGroup (provider of healthcare related software): Our assessment CompuGroup deteriorated due to uncertainty in future revenue and some questionable acquisitions which, combined with an increasing valuation, resulted in its share price surpassing our decreased estimate of intrinsic value. Pinetree invested \$2,408 and realized a gain of \$713 over a 6-month period between August 2022 to February 2023.
- Eleco (provider of construction and design software): despite a reasonably positive view towards the way the management team at Eleco manages the business operationally, we were concerned about their large cash balance and focus on M&A. We chose to exit into liquidity after a reasonable set of results. Pinetree invested \$891 and realized a gain of \$149 over a 9-month period between July 2022 and April 2023.

The realized gains and losses for the corresponding period in the previous year came from the following:

- PayGroup (provider of human capital management software and payroll services): PayGroup was acquired by Deel in November 2022. Pinetree invested \$1,528 and realized a gain of \$1,985 over an 11 month period between December 2021 and November 2022.
- Adapt IT (provider of vertical market software and IT services in Southern Africa): Pinetree sold its position to the majority shareholder after the business delisted. Pinetree invested \$4,066 and realized a gain of \$1,178 over a 20-month period between April 2021 and December 2022.
- Basware (provider AP automation and procurement software): Basware was acquired by Accel-KKR in June 2022. Pinetree invested \$3,613 and realized a gain of \$917 over a 9-month period between October 2021 and July 2022.
- Tungsten (provider of AP automation software): Tungsten was acquired by Kofax in June 2022. Pinetree invested \$2,222 and realized a gain of \$882 over a 13-month period between February 2021 and March 2022.
- Crealogix (provider of mobile banking software): Pinetree invested \$2,566 and realized a loss of \$1,523 over a 15-month period between July 2021 and October 2022. We exited the position after Crealogix materially underperformed our expectations and we concluded that we were not aligned with management.
- LiveVox (provider of call center software): Pinetree invested \$2,516 and realized a loss of \$932 over a 5-month period between December 2021 and May 2022. We exited the position after re-evaluating our expectations for the business and the industry.

The majority of the \$7,560 unrealized gain on public investments was related to a net unrealized gain of \$3,687 on Public investments, and \$4,050 on Legacy investments. The unrealized gain on Public investments was largely driven by an increase in the fair value of Sygnity which resulted in a gain of \$2,210 as they continue to implement best practices and improve results, and \$1,140 from Sapiens as they continue to execute well. The unrealized gain on Legacy investments was almost entirely the result of the reversal of previously recognized unrealized losses and had little effect of book value.

For the corresponding period in the prior year, the majority of the unrealized gain on public investments was related to an increase in the fair value of Sygnity resulting unrealized gain of \$2,206. This was likely driven by the market's reaction to its new majority shareholder. The bulk of the \$4,083 unrealized loss on public investments was related to the decline in the fair value of Bravura (\$1,382) and Quorum (\$615), and the reversal of a previously recognized unrealized gain on Tungsten (\$629).

For the twelve months ended December 31, 2023, other income totalled \$594 (twelve months ended December 31, 2022 - \$405). Other income is comprised of interest and dividend income of \$421 and \$173, respectively (twelve months ended December 31, 2022 – interest and dividend income of \$280 and \$125, respectively).

A breakdown of operating, general and administrative expenses for the years ended December 31, of 2023 and 2022 is set out below. Details of the changes between periods follow the table:

	2023	2022
Professional fees	\$ 116	\$ 113
Office and general	200	236
Transfer agent, filing fees and other info systems	107	101
Salaries, consulting and directors' fees	399	441
Transaction costs	30	37
	<b>\$ 852</b>	<b>\$ 928</b>

Operating, general and administrative expenses for the twelve months ended December 31, 2023 were \$852 which corresponds to 1.8% of book value as at December 31, 2023. This compares to operating, general and administrative expenses of \$928 for the twelve months ended December 31, 2022 which corresponds to 2.3% of book value as at December 31, 2022. The increase was primarily due to a decrease in salaries as a result of the CIO departure during the year.

## 5. Cash Flow

Net cash used in operating activities was \$3,877 during the year ended December 31, 2023 as compared to \$3,894 during the year ended December 31, 2022. During the year ended December 31, 2023, the Company had proceeds from disposition of investments of \$6,452 compared to \$26,818 during the year ended December 31, 2022. During the year ended December 31, 2023 the Company purchased \$9,940 of investments compared to \$29,981 of investments purchased during the year ended December 31, 2022.

For the year ended December 31, 2023, the Company had a net decrease in cash and cash equivalents of \$3,877 as compared to a decrease of \$3,894 for the year ended December 31, 2022, leaving a cash and cash equivalents balance of \$2,168 as at December 31, 2023, as compared to \$6,045 as at December 31, 2022.

## 6. Liquidity and Capital Resources

<b>Consolidated Statements of Financial Position Highlights</b>	<b>December 31, 2023</b>	December 31, 2022
Cash and cash equivalents	\$ 2,168	\$ 6,045
Investments at fair value	43,448	33,905
Total assets	45,749	40,062
Total liabilities	377	443
Share capital and contributed surplus	450,466	450,466
Deficit	(405,094)	(410,847)
<b>BVPS <sup>(i)</sup></b>	<b>\$ 4.83</b>	<b>\$ 4.22</b>

<sup>(i)</sup> See Use of Non-IFRS Financial Measures elsewhere in this MD&A

The following table shows the Company's contractual undiscounted cash flows which are payable under financial liabilities on the consolidated statement of financial position as at December 31, 2023:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts payable and accrued liabilities <sup>(i)</sup>	\$ 377	\$ 377	\$ -	\$ -	\$ -

<sup>(i)</sup> Included in accounts payable and accrued liabilities are \$198 of class C Shares

The following table shows the Company's contractual undiscounted cash flows which are payable under financial liabilities on the consolidated statement of financial position as at December 31, 2022:

Liabilities and obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts payable and accrued liabilities <sup>(i)</sup>	\$ 443	\$ 443	\$ -	\$ -	\$ -

<sup>(i)</sup> Included in accounts payable and accrued liabilities are \$203 of class C Shares

Pinetree relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of investments, interest and dividend income from investments and capital raising activities such as equity financings. In order for the Company to complete additional portfolio investments it may require additional equity and/or debt capital in the future.

## 7. Liabilities

As at December 31, 2023, the carrying value of total liabilities was \$377 as compared to \$443 as at December 31, 2022, a decrease mainly attributable to a decrease in accruals for the period ended December 31, 2023. The Company continues to have no long-term debt and its cash and investments as at December 31, 2023 would be sufficient to meet the Company's current liabilities.

As at December 31, 2023, accounts payable and accrued liabilities include Class C preferred share liabilities of \$198 (December 31, 2022 - \$203). The Class C preferred shares ("Class C Shares") which are part of the share capital of Pinetree Capital Investment Corp. ("PCIC"), one of the Company's subsidiaries, are non-voting, redeemable and retractable at any time, and entitle the holders thereof to receive cumulative dividends at a rate of 8% per annum. During the year ended December 31, 2023, no dividends were paid and the amount accrued as at year end was \$12 (December 31, 2022 \$32 of dividends paid and \$nil accrued).

The Class C Shares' redemption and retraction prices are linked to the market price of the Company's common shares subject to a minimum redemption price of \$10 per share. As at December 31, 2023, the redemption price was \$10 per share and the retraction price in effect was \$0.10 per share (December 31, 2022 - \$0.09 per share). During the year ended December 31, 2023, 500 of the Class C shares were retracted by the shareholders and cancelled by PCIC. During the year ended December 31, 2022, 100 of the Class C shares were cancelled by PCIC following their retraction by the holder. As at December 31, 2023, an unlimited number of Class C shares were authorized and 19,800 were issued and outstanding (2022 – unlimited number of authorized and 20,300 issued and outstanding).

As at December 31, 2023, also included in accounts payable and accrued liabilities is \$15 for the winding down of its wholly owned inactive subsidiaries in Barbados.

## 8. Commitments

As at December 31, 2023, the Company had material commitments for cash resources of \$377 (December 31, 2022 - \$443), a decrease of \$66. The Company's cash and cash equivalents balance is sufficient to pay these material commitments. As at December 31, 2023, included in accounts payable and accrued liabilities are \$198 of Class C Shares (December 31, 2022 - \$203). The Class C Shares are redeemable and retractable at any time.

## 9. Related parties

All transactions with related parties occurred in the normal course of operations. Included in related party transactions are payments to key management personnel, defined as those persons having authority and responsibility for the planning, directing and controlling the activities of the entity, directly or indirectly. Related party transactions included in the consolidated statement of income were as follows during the years ended December 31:

Type of expense	2023	2022
Salaries and bonus	\$ 319	\$ 398
Director fees (i)	70	56
Office rent (ii)	24	-
	\$ 413	\$ 454

- (i) Non-management directors of the Company are entitled to remuneration for their services at rates approved by the board of directors.
- (ii) The Company entered into a lease agreement with L6 Holdings, an entity jointly controlled by the President of the Company, for the rental of office space. The term of the lease is a periodic tenancy commencing on January 1, 2023 and continuing on a month-to-month basis until the landlord or the tenant terminates the tenancy.

Also included in related party transactions are investments held in the Company's portfolio in which the President of the Company has a seat on the investee's Board of Directors. The fair value of these investments were as follows as at the year ended December 31:

Investee name	2023	2022
Bravura Solutions	\$ 7,046	\$ 5,952
Quorum Information Services	4,960	3,160
	\$ 12,006	\$ 9,112

## 10. Segmented information

The management of the Company is responsible for the Company's entire portfolio and considers the business to have a single operating segment. The management's investment decisions are based on a single, integrated investment strategy and the performance is evaluated on an overall basis.

The Company has a single reportable geographic segment, Canada, and all of the Company's equipment is located in Canada.

The internal reporting provided to management of the Company's assets, liabilities, and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS. There were no changes in the reportable segments during the year ended December 31, 2023.

## 11. Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Pinetree.

## 12. Internal Controls over Financial Reporting

### *Disclosure Controls and Procedures*

The Company is required to review and report on the effectiveness of its disclosure controls and procedures ("DC&P") in accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", ("NI 52-109") issued by the Canadian Securities Administrators. NI 52-109 requires a Certifying Officer, in the case of Pinetree its President and Chief Financial Officer ("CFO"), to certify that they are responsible for establishing and maintaining DC&P for the issuer, that DC&P have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's DC&P, and that their conclusions about the effectiveness of those DC&P at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

The President and CFO have evaluated the design of the Company's DC&P as at December 31, 2023 and have concluded that the DC&P were effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, the Company's DC&P are effective in providing reasonable, not absolute, assurance that the objectives of our disclosure control system have been met.

### *Internal Controls over Financial Reporting*

NI 52-109 also requires the President and CFO to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR") for the issuer, that the ICFR have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its ICFR.

The design and operating effectiveness of the Company's ICFR were evaluated by the President and CFO in accordance with criteria established in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and NI 52-109, as at December 31, 2023. The President and CFO have evaluated the ICFR as at December 31, 2023. The President and CFO have not identified in their review any weaknesses that have materially affected or are reasonably likely to materially affect Pinetree's ICFR. Based on this evaluation, the President and CFO have concluded that the Company's ICFR were effective in providing reasonable assurance that its financial reporting is reliable and its consolidated financial statements were prepared in accordance with IFRS.

There were no changes in the Company's ICFR that occurred during the three months ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

### **13. Management of Capital**

There were no changes in the Company's approach to capital management during the year ended December 31, 2023. The Company's capital includes all components of equity which amounts to \$45,372 as at December 31, 2023 (December 31, 2022 - \$39,619). To date, the Company has not declared any cash dividends on its common shares to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its outstanding liabilities as at December 31, 2023.

### **14. Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares (no par value). At the date of this MD&A, there were 9,387,000 common shares outstanding.

### **15. Risk Factors**

The Company's investing activities are, by their nature, subject to a number of inherent risks, including liquidity, market, interest rate, currency and credit risks associated with financial instruments, and certain other risks that are described in our annual information form for our most recently completed financial year, all of which can have, and have had over recent reporting periods, a significant impact on the Company's financial condition and results of operations. Stock market volatility has resulted in and may continue to result in increased market risk and losses within our investment portfolio.

Some risks are described below. Additional risks not currently known to the Company, or that the Company currently believe to be immaterial, may also affect and negatively impact the Company's business.

(a) Portfolio exposure:

Given the nature of the Company's activities, its results of operations and financial condition are dependent upon the market value of the securities that comprise the Company's portfolio. Market value can be reflective of the actual or anticipated operating results of our portfolio companies and/or the general market conditions that affect the sectors in which Pinetree invests. The Company's investment activities are currently concentrated primarily in the technology industry. There are various factors that could have a negative impact on Pinetree's portfolio companies and thereby have an adverse effect on our business. A portion of Pinetree's investments are in small-cap businesses which the Company believes exhibit potential for growth and sustainable cash flows but which may not ever mature or generate the returns the Company expects or may require a number of years to do so. These companies may never achieve success. This may create an irregular pattern in the Company's revenues (if any). Macro factors such as global political, economic and market conditions could have an adverse effect on one or more sectors to which the Company is exposed, thereby negatively impacting one or more of the portfolio companies concurrently. Company-specific risks could have an adverse effect on one or more of the Company's portfolio companies at any point in time. Company-specific and industry-specific risks which materially adversely affect Pinetree's portfolio investments may have a materially adverse impact on our operating results.

(b) Concentration risk

Concentration risk is the risk that any investment or group of investments will have the potential to materially affect the operating results of the Company. The Company will typically seek to take equity positions between 5% and 10% of assets, and may from time to time take positions that exceed these levels. As at December 31, 2023, the Company's top five equity investments, all in the technology sector, had a fair value of \$25,057. This represents 55% of the Company's total assets. As at December 31, 2022, the Company's top five equity investments, all in the technology sector, had a fair value of \$19,300. These represented 48% of the Company's total assets.

(c) Cash Flows/Revenue:

Pinetree generates revenue and cash flows primarily from its proceeds from the disposition of its investments, in addition to interest and dividend income earned on the Company's investments and fees generated from securities lending and other activities. The availability of these sources of funds and the amount of funds generated from these sources are dependent upon various factors, most of which are outside of the Company's direct control.

(d) Private Issuers and Illiquid Securities:

Pinetree invests in securities of private issuers. Investments in private issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. These limitations may impair Pinetree's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of Pinetree's private company investments or that the Company will otherwise be able to realize a return on such investments.

Pinetree also invests in illiquid securities of public issuers. These tend to be in smaller issuers known as Micro-caps which the Company defines as issuers with market capitalizations of less than \$350 million. As at December 31, 2023, Pinetree held investments in Micro-caps with fair value of \$24,737, representing 54% of assets (December 31, 2022 - \$17,009 representing 42% of assets.) A considerable period of time may elapse between when a decision is made to buy or sell such securities and the time the Company is able to do so, and the value of such securities could change significantly during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy.

Pinetree's investment holdings are the result of significant primary due diligence, which we consider proprietary intellectual property, the disclosure of which could adversely affect Pinetree's performance. Disclosing specific

positions Pinetree is accumulating or selling could materially influence the market price of such illiquid investments, which could in turn adversely affect shareholders.

(e) Share Prices of Investments:

Pinetree's investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject securities could be subject to wide fluctuations in response to various factors beyond the control of Pinetree, including quarterly variations in the subject entities' results of operations, changes in earnings (if any), estimates by analysts, conditions in the industry of the subject companies and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments and significantly negatively impact upon the Company's operating results.

(f) Dependence on Management:

Pinetree is dependent upon the efforts, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and their various fields of expertise and knowledge. Accordingly, the Company's continued success will depend upon the continued service of these individuals, who are not obligated to remain employed with Pinetree. A loss of key personnel could have a material adverse effect on the revenues, net income and cash flows of the Company, and could harm its ability to maintain or grow its existing assets and raise additional funds in the future.

(g) Access to Capital/Liquidity:

Pinetree anticipates ongoing requirements for funds to support the Company's growth and may seek to obtain additional funds for these purposes through public or private equity shares financing. There are no assurances that additional funding will be available to the Company at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on our operations or ability to incur additional debt. 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. The Company will need to finance our ongoing working capital requirements through portfolio dispositions and external sources of capital, both of which are dependent upon certain factors outside of our control. There can be no assurance that we will be able to generate sufficient cash to fund our operations and satisfy our commitments, and the failure to do so will have a material adverse effect on our operations.

(i) Non-controlling Interests:

Pinetree's investments include debt instruments and equity securities of companies that Pinetree does not control. These instruments and securities may be acquired in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which Pinetree does not agree, or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve Pinetree's interests. If any of the foregoing were to occur, the values of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

(j) Exchange Rate Fluctuations:

A portion of Pinetree's portfolio is invested in U.S. dollar denominated investments, as well as investments denominated in other foreign currencies. Changes in the value of the foreign currencies in which the Company investments are denominated could have a negative impact on the ultimate return on the Company's investments and overall financial performance.

## 16. Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Critical accounting estimates used in the preparation of the Company's consolidated financial statements are the fair value of its investments in securities not quoted in an active market (its privately-held investments) and the recognition of the Company's deferred tax assets ("DTA").

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

The valuation of privately-held investments ("private investments") requires management to assess the current financial status and prospects of private investments based upon potentially incomplete or unaudited financial information provided by the investee company, on management's general knowledge of the private investment's activities, and on any political, economic or other events that may impact upon the private investment specifically, and to attempt to quantify the impact of such events on the fair value of the investment. In addition to any events or circumstances that may affect the fair value of a particular private investment, management can consider trends in general market conditions and the share performance of comparable publicly-traded companies that may affect the fair value of either a particular private investment or a group, segment or complete portfolio of private investments.

Within Level 3, the Company includes private company investments and other investment instruments such as loans to investees and convertible debentures which are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) company-specific information used in modelling, the valuation and share performance of comparable publicly-traded companies, trends in general market conditions, the value at which a recent financing was done by the investee, liquidation analysis and a strategic review.

For the Company's Level 3 investments, the inputs used can be highly judgmental. Significant unobservable inputs that were considered include gross margins, sales & marketing expenses, research & development expenses, administrative expenses, churn, bookings, discount rates, perpetuity growth rates, scenario weightings, valuations of comparable public companies and financings. In aggregate, management estimates that adjustments to these key inputs would result in a +/- 25% (+/- \$250) change to the fair value of these Level 3 investments as a class.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. The significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

### *Recognition of Deferred Tax Assets:*

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. As at December 31, 2023, management determined, based upon the Company's historical level of profit and historical market trends of a comparable market index, it is not probable that the Company will generate sufficient profit to realize the tax benefits of these deductible differences during the next several years. As such, the Company has recorded deferred tax assets of \$nil as at December 31, 2023 (December 31, 2022 - \$nil).

## 17. Use of Non-IFRS Financial Measures

This MD&A contains references to book value, book value per share ("BVPS"), and expenses as a % of BV as measures of the performance of the Company as a whole. These measures do not have any standardized meaning according to IFRS and do not have directly comparable IFRS measures therefore may not be comparable to similar

measures presented by other companies. These amounts are not performance measures as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

Book value is equal to the shareholders' equity at the date of the statement of financial position, otherwise calculated as the total assets minus the total liabilities. Book value is divided by the total number of common shares outstanding as at a specific date to give BVPS. Expenses as a % of book value is calculated by dividing the operating expenses by equity. Reconciliations of these non-IFRS measures can be found below:

<b>BVPS</b>	<b>Quarter ended</b>	
	<b>December 31, 2023</b>	December 31, 2022
Equity (otherwise known as book value)	\$ 45,372	\$ 39,619
Divided by: number of shares	9,387,000	9,387,000
	\$ 4.83	\$ 4.22

<b>Expenses as a % of BV</b>	<b>Quarter ended</b>	
	<b>December 31, 2023</b>	December 31, 2022
Expenses	\$ 148	\$ 275
Divided by: book value	45,372	39,619
	% 0.3	% 0.7

## 18. Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or courses of action or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "anticipate", "plan", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe" and other similar terminology (including negative variations) suggesting future outcomes or statements regarding an outlook.

By their nature, forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The assumptions that were made in support of the forward-looking statements in this MD&A, while considered reasonable by management at the time, are inherently subject to uncertainties and no assurance can be given that these assumptions will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements contained in this MD&A.

The forward-looking statements contained in this MD&A are provided as of the date hereof and, except as may be required by law, the Company assumes no obligation to update or revise them to reflect new events or circumstances. All the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

### Additional Information:

Additional information relating to Pinetree Capital Ltd., including its annual information form for the Company's most recently completed financial year, is available under the Company's profile on SEDAR at ([www.sedar.com](http://www.sedar.com)).