



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. 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) ¹ \$	Quarterly Expenses \$000's	Expenses as a percentage of BV ¹ %
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

¹ 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%
Total portfolio			39,950	100%

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
				41,742	43,448	95%	

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
Total equity investments	33,947	38,428	4,480	30,357	31,145	789

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
Total	11	38,428	12	31,145

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
Total	11	38,428	12	31,145

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>	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2021
Net investment gains	6,055	1,884	2,024
Dividend income	173	125	162
Interest income	421	280	208
Revenue and other income	6,649	2,289	2,394
Net income	5,753	1,180	1,459
Earnings per share - basic and diluted	0.61	0.13	0.19
Total assets	45,749	40,062	38,851
Total liabilities	377	443	412
Book value per share	4.83	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
Total	-	(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
Total	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
	\$ 142	\$ 296

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
Total	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
Total	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
	\$ 852	\$ 928

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

Consolidated Statements of Financial Position Highlights	December 31, 2023	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)
BVPS ⁽ⁱ⁾	\$ 4.83	\$ 4.22

⁽ⁱ⁾ 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 ⁽ⁱ⁾	\$ 377	\$ 377	\$ -	\$ -	\$ -

⁽ⁱ⁾ 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 ⁽ⁱ⁾	\$ 443	\$ 443	\$ -	\$ -	\$ -

⁽ⁱ⁾ 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:

BVPS	Quarter ended	
	December 31, 2023	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

Expenses as a % of BV	Quarter ended	
	December 31, 2023	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).