



PINETREE CAPITAL LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

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, 2024 and December 31, 2023, and the consolidated statements of net income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

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 Investment

Key Audit Matter Description

The valuation of unlisted investment 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 1.4% 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.(b).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 investment and the accuracy of the net change in unrealized gains (losses) on the private investment. Our audit work in relation to this included, but was not restricted to, the following:

- Sent third party confirmation to management of private investment to corroborate valuation assumptions made by the Company's management.
- Utilized our own internal valuation experts to evaluate the appropriateness of the valuation methodologies and assumptions used.
- Analyzed changes in significant assumptions compared with assumptions audited in previous periods and compared these to independent evidence, including available industry data.
- Assessed the appropriateness of the disclosures relating to the assumptions used in the valuation of unlisted investment in the notes to the consolidated financial statements.
- Performed recalculations of the unrealized gains/losses for selected investments and compared it to source documents.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 25, 2025

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

PINETREE CAPITAL LTD.
Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(In thousands of Canadian dollars)

| | <u>2024</u> | <u>2023</u> |
|--|------------------|------------------|
| Assets | | |
| Cash and cash equivalents <i>(note 5)</i> | \$ 5,127 | \$ 2,168 |
| Investments at fair value <i>(note 4)</i> | 73,077 | 43,448 |
| Prepays and other receivables | 66 | 133 |
| Total assets | \$ 78,270 | \$ 45,749 |
| Liabilities and Equity | | |
| Liabilities | | |
| Accounts payable and accrued liabilities <i>(note 5)</i> | \$ 571 | \$ 377 |
| Total liabilities | 571 | 377 |
| Equity | | |
| Share capital <i>(note 8)</i> | 342,289 | 342,289 |
| Contributed surplus | 108,177 | 108,177 |
| Deficit | (372,767) | (405,094) |
| Total equity | 77,699 | 45,372 |
| Total liabilities and equity | \$ 78,270 | \$ 45,749 |

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, 2024 and 2023****(In thousands of Canadian dollars, except for securities and per share amounts)**

| | <u>2024</u> | <u>2023</u> |
|--|------------------|-----------------|
| Net investment gains <i>(note 9)</i> | \$ 32,892 | \$ 6,055 |
| Other income <i>(note 9)</i> | 411 | 594 |
| | <u>33,303</u> | <u>6,649</u> |
| Expenses | | |
| Operating, general and administrative <i>(note 10)</i> | 922 | 852 |
| Foreign exchange loss | 3 | 13 |
| Finance expenses <i>(note 11)</i> | 14 | 16 |
| | <u>939</u> | <u>881</u> |
| Income before income taxes | 32,364 | 5,768 |
| Income tax expense <i>(note 6)</i> | <u>37</u> | <u>15</u> |
| Net income | <u>\$ 32,327</u> | <u>\$ 5,753</u> |
| Earnings per common share | | |
| Basic and diluted | <u>\$ 3.44</u> | <u>\$ 0.61</u> |
| Weighted average number of shares outstanding | | |
| Basic and diluted | 9,387,000 | 9,387,000 |

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(In thousands of Canadian dollars)

| | <u>2024</u> | <u>2023</u> |
|---|-----------------|-----------------|
| Cash flows from (used in) operating activities | | |
| Net income for the year | \$ 32,327 | \$ 5,753 |
| Items not affecting cash: | | |
| Net investment gains | (32,892) | (6,055) |
| | <u>(565)</u> | <u>(302)</u> |
| Adjustments for: | | |
| Proceeds on disposal of investments | 28,223 | 6,452 |
| Purchase of investments | (24,960) | (9,940) |
| Decrease (increase) in prepaids and other receivables | 67 | (21) |
| Increase (decrease) in accounts payable and accrued liabilities | 194 | (66) |
| | <u>2,959</u> | <u>(3,877)</u> |
| Net cash from (used in) operating activities | 2,959 | (3,877) |
| Net increase (decrease) in cash and cash equivalents during the year | 2,959 | (3,877) |
| Cash and cash equivalents, beginning of year | 2,168 | 6,045 |
| Cash and cash equivalents, end of year | \$ 5,127 | \$ 2,168 |

See accompanying notes to the consolidated financial statements.

PINETREE CAPITAL LTD.**Consolidated Statements of Changes in Equity****Years Ended December 31, 2024 and 2023****(In thousands of Canadian dollars, except for securities and per share amounts)**

| | Number of shares | Share capital | Contributed surplus | Deficit | Total equity |
|--|-------------------------|----------------------|----------------------------|---------------------|---------------------|
| Balance as at December 31, 2022 | 9,387,000 | \$ 342,289 | \$ 108,177 | \$ (410,847) | \$ 39,619 |
| Net income for the year | - | - | - | 5,753 | 5,753 |
| Balance as at December 31, 2023 | 9,387,000 | \$ 342,289 | \$ 108,177 | \$ (405,094) | \$ 45,372 |
| Net income for the year | - | - | - | 32,327 | 32,327 |
| Balance as at December 31, 2024 | 9,387,000 | \$ 342,289 | \$ 108,177 | \$ (372,767) | \$ 77,699 |

See accompanying notes to the consolidated financial statements.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2024 and 2023

(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 25, 2025.

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, 2024 and 2023
(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, 2024 and 2023
(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).

(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).

Pinetree Capital Ltd.
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023
(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:

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, 2024 and 2023

(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, 2024 and 2023.

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 and cash equivalents | 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, 2024 and 2023

(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, 2024 and 2023

(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) Financial liabilities:

Financial liabilities, including accounts payable, are presented at amortized cost using the effective interest method. The Class C preferred shares were designated from inception at fair value through profit or loss. Except for the Class C preferred shares, financial liabilities are recognized initially at fair value net of directly attributable transaction costs. 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. 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.

(k) 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.

(l) 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 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.

Pinetree Capital Ltd.

Notes to Consolidated Financial Statements

Years Ended December 31, 2024 and 2023

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

3. Material accounting policies (continued)

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.

(m) Standards issued but not yet effective:

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The adoption of IFRS 18, as well as the other new and amended standards issued but not yet effective, would not have a material impact on the Company's consolidated financial statements.

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.

Investments consist of the following as at December 31, 2024:

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

| 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 | \$ 46,181 | \$ 72,077 | \$ - | \$ 1,000 | \$ 73,077 |
| Investments denominated in foreign currencies | | \$ 55,691 | \$ - | \$ - | \$ 55,691 |
| % of investments denominated in foreign currencies | | 77% | 0% | 0% | 76% |

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% |

(1) As at December 31, 2024, included in total investments were securities of private companies with a fair value totaling \$1,000 (cost of \$3,890) (2023 – fair value of \$1,000 (cost of \$3,890) measured in accordance with the Company's accounting policy for private company investments).

(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.

| | Opening balance at January 1, | Proceeds upon disposition | Net realized losses | Net unrealized gains | Ending balance |
|------|-------------------------------------|---------------------------------|------------------------|-------------------------|-------------------|
| 2024 | \$ 1,000 | \$ - | \$ - | \$ - | \$ 1,000 |
| 2023 | 1,000 | (15) | (1,285) | 141 | 1,000 |

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

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, 2024. 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. Within Level 3, the Company includes private company investments. 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:

| | 2024 | 2023 |
|--|----------|----------|
| Cash and cash equivalents | \$ 5,127 | \$ 2,168 |
| Other receivable | 3 | 67 |
| Accounts payable and accrued liabilities | (571) | (377) |
| | \$ 4,559 | \$ 1,858 |

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.

As at December 31, 2024, accounts payable and accrued liabilities include Class C preferred share liabilities of \$190 (December 31, 2023 - \$198). 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 which may be accrued at the election of the Company. During the year ended December 31, 2024, no dividends were paid and the amount accrued as at year end was \$23 (December 31, 2023 - \$nil paid and \$12 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, 2024, the redemption price was \$10 per share and the retraction price in effect was \$0.32 per share (December 31, 2023 - \$0.10 per share). During the year ended December 31, 2024, 850 of the Class C shares were retracted by the shareholders and cancelled by PCIC. During the year ended December 31, 2023, 500 of the Class C shares were cancelled by PCIC following their retraction by the holder. As at December 31, 2024, an unlimited number of Class C shares were authorized and 18,950 were issued and outstanding (2023 - 19,800 issued and outstanding).

Included in accrued liabilities is a provision for a performance bonus, which is contingent on the Company's Book Value (BV) reaching twice the BV as at December 31, 2023. The provision recognized for the year ended December 31, 2024 was \$100 (December 31, 2023 - \$nil), and payment will depend on the timing of the BV doubling. The Company will continue to reassess the timing and amount of the provision as more information becomes available.

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6. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2023 - 26.5%) to the effective tax rate is as follows:

| | 2024 | 2023 |
|---|------------------|----------|
| Income before income taxes | \$ 32,364 | \$ 5,768 |
| Expected income tax | 8,576 | 1,529 |
| Non taxable unrealized accounting gain | (3,338) | (834) |
| Change in tax benefits not recognized | (3,195) | (1,092) |
| Non taxable portion of realized capital gain/loss | (1,015) | 362 |
| Non-deductible expenses and non-taxable income | (1,001) | 35 |
| Withholding tax on dividends received | 10 | 15 |
| Income tax expense (recovery) | \$ 37 | \$ 15 |

The following table summarizes the components of deferred tax:

| | 2024 | 2023 |
|--------------------------------|-------------------|----------|
| Deferred Tax Assets | | |
| Capital losses carried forward | \$ 3,823 | \$ 645 |
| Deferred tax expense | | |
| Investments at fair value | \$ (3,823) | \$ (645) |
| 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:

| | 2024 | 2023 |
|------------------------------------|-------------------|------------|
| Capital losses carried forward | 311,578 | 344,438 |
| Non-capital losses carried forward | 5,048 | 4,651 |
| Accrued bonus | 100 | - |
| Unrealized foreign exchange gain | 96 | 96 |
| Share issuance costs | - | 86 |
| | \$ 316,822 | \$ 349,271 |

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. The Company's Canadian non-capital income tax losses expire as follows:

| | | |
|------|----|--------------|
| 2028 | \$ | 5 |
| 2036 | | 1,190 |
| 2037 | | 1,115 |
| 2038 | | 960 |
| 2039 | | 36 |

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| | |
|------|----------|
| 2040 | 281 |
| 2041 | 231 |
| 2042 | 482 |
| 2043 | 260 |
| 2044 | 488 |
| | \$ 5,048 |

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 | 2024 | 2023 |
|--------------------|--------|--------|
| Salaries and bonus | \$ 311 | \$ 319 |
| Director fees (i) | 60 | 70 |
| Office rent (ii) | 24 | 24 |
| | \$ 395 | \$ 413 |

- (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 | 2024 | 2023 |
|-----------------------------|-----------|-----------|
| Bravura Solutions | \$ 18,364 | \$ 7,046 |
| Quorum Information Services | 7,600 | 4,960 |
| | \$ 25,964 | \$ 12,006 |

8. Equity

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

As at December 31, 2024, the Company had 9,387,000 (2023 – 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:

| | 2024 | 2023 |
|-------------------------|-----------|----------|
| Net income for the year | \$ 32,327 | \$ 5,753 |

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8. Equity (continued)

| | | |
|--|------------------|-----------|
| 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 | \$ 3.44 | \$ 0.61 |

9. Net investment gains

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

| | 2024 | 2023 |
|--|------------------|-------------|
| Net realized gains (losses) on disposal of investments | \$ 7,702 | \$ (1,505) |
| Net unrealized gains on investments | 25,190 | 7,560 |
| | \$ 32,892 | \$ 6,055 |

For the year ended December 31, 2024, other income comprised of interest income of \$167 and dividend income of \$244 (2023 – interest and dividend income of \$421 and \$173, respectively).

10. Operating, general and administrative expenses

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

| | 2024 | 2023 |
|--|---------------|-------------|
| Professional fees | \$ 171 | \$ 116 |
| Office and general | 162 | 200 |
| Transfer agent, filing fees and other info systems | 134 | 107 |
| Salaries and directors' fees | 379 | 399 |
| Transaction costs | 76 | 30 |
| | \$ 922 | \$ 852 |

Included in office and general expenses for the year ended December 31, 2024 is rent expense of \$24 in relation to the Company's commercial occupancy lease, which is an operating lease. (December 31, 2023 - \$24).

11. Finance expense

Finance expense is comprised of PCIC dividend expense for the years ended December 31, 2024 and 2023, as described in Note 5.

12. Management of capital

The Company considers its equity to represent capital which amounts to \$77,699 as at December 31, 2024 (2023 - \$45,372). 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;

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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, 2024. 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, 2023. 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, 2024, 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 \$3,604 (2023 – \$2,044).

(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 the operating results of the Company. As at December 31, 2024, the Company's top five equity investments, all in the technology sector, had a fair value of \$56,132. These represented 77% of the fair value of the Company's total portfolio and 72% of the Company's total equity. 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 represented 58% of the fair value of the Company's total portfolio and 55% 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

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13. Risk management (continued)

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, 2023. 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, 2024:

| 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 | \$ 571 | \$ 571 | \$ - | \$ - | \$ - |

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 | \$ - | \$ - | \$ - |

Included in accounts payable and accrued liabilities are Class C preferred share liabilities of \$190 (December 31, 2023 - \$198) 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.

The following table shows the Company’s source of liquidity by assets as at December 31, 2024:

| Assets | Liquidity by period | | | |
|-------------------------------|---------------------|------------------|-------------|---------------|
| | Total | Less than 1 year | 1 – 3 years | After 3 years |
| Cash and cash equivalents | \$ 5,127 | \$ 5,127 | \$ - | \$ - |
| Investments, at fair value | 73,077 | 72,077 | 1,000 | - |
| Prepays and other receivables | 66 | 66 | - | - |
| | \$ 78,270 | \$ 77,270 | \$ 1,000 | \$ - |

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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 | - | - |
| | <u>\$ 45,749</u> | <u>\$ 44,749</u> | <u>\$ 1,000</u> | <u>\$ -</u> |

(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, 2023. 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, 2024: Australian dollar \$207, US dollar \$199, Polish zloty \$65, Norwegian krone \$47, GBP \$39 (2023 – U.S. dollar \$94, Australian dollar \$70, Norwegian Krone \$34, Polish zloty \$56, GBP \$26). The following net assets were denominated in foreign currencies as at December 31:

| | 2024 | 2023 |
|--|------------------|------------------|
| Net assets denominated in Australian dollars | \$ 20,749 | \$ 9,373 |
| Net assets denominated in U.S. dollars | 19,869 | 7,046 |
| Net assets denominated in Polish zloty | 6,528 | 5,633 |
| Net assets denominated in Norwegian krone | 4,669 | 3,377 |
| Net assets denominated in GBP | 3,862 | 2,583 |
| | <u>\$ 55,677</u> | <u>\$ 28,012</u> |

(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 \$51 (2023 - \$22) based upon balances at December 31, 2024. There were no changes to the way that the Company manages interest rate risk since December 31, 2023. 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

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13. Risk management (continued)

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, 2024 and 2023, 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, 2024. 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:

| | 2024 | 2023 |
|---------------------------|----------|----------|
| Cash and cash equivalents | \$ 5,127 | \$ 2,168 |

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, 2024.

15. Supplementary disclosure of cash flow information

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

| | 2024 | 2023 |
|-------------------|-------|-------|
| Income taxes paid | \$ 10 | \$ 15 |