

CYMBRIA CORPORATION

2021

Management's Discussion & Analysis

Year Ended December 31, 2021

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the year ended December 31, 2021 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the statements of financial position, statements of comprehensive income (loss), statements of changes in equity, and statements of cash flows of Cymbria. As such, this MD&A should be read in conjunction with the audited annual financial statements and notes thereto included in this report. The MD&A and the audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about Cymbria.

The following MD&A is the responsibility of management and is dated March 10, 2022. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised exclusively of independent directors. The Audit Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The annual Financial Statements may be included at the back of the MD&A. You can obtain a free copy of the interim or annual Financial Statements by calling 1.866.757.7207, writing to EdgePoint Investment Group Inc., 150 Bloor St. W., Suite 500, Toronto, ON, M5S 2X9, or visiting our website at www.cymbria.com or the SEDAR website at www.sedar.com.

Likewise, shareholders can obtain copies of Cymbria's proxy voting policies and procedures, proxy voting disclosure records, and quarterly portfolio disclosures.

Please refer to Cymbria's Annual Information Form and the 2021 annual Financial Statements for more information which can be found on the SEDAR website at www.sedar.com. For Cymbria's current and historical adjusted net asset values per share, please visit www.cymbria.com.

Caution regarding forward-looking statements

This report may contain forward-looking statements about Cymbria, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," or negative versions thereof and similar expressions.

This report may also contain backward-looking statements that are more definitive in nature that include words such as "last year," "before we were born" and "our encyclopedias say." We like to think we're pretty good at predicting what happened in the past so feel free to take most of these statements as truths.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties, and assumptions about Cymbria and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by Cymbria. Any number of important factors could contribute to these differences, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the abovementioned list of important factors is not exhaustive but is super exhausting to read, let's be honest! We encourage you to consider these and other factors carefully before making any investment decisions, and urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that Cymbria has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next MD&A.

Management's Discussion and Analysis

The following presents the views of EdgePoint Investment Group Inc. (the "Manager") concerning significant factors and developments that have affected Cymbria's performance and outlook.

Please read the aforementioned caution regarding forward-looking statements.

Where we refer to the purchase or sale of businesses in this report, we are referring to Cymbria's purchase or sale of shares in a company. We use the term businesses as it more closely aligns with the portfolio management team's view that the investment is in a business and not simply ownership of stock.

Non-IFRS measures

Cymbria prepares and releases audited annual financial statements and unaudited interim financial statements in accordance with IFRS. In this MD&A, as a complement to results provided in accordance with IFRS, Cymbria discloses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS (collectively the "non-IFRS measures"). These non-IFRS measures are further described below. Cymbria has presented such non-IFRS measures, because we believe they are relevant measures of the ability to evaluate Cymbria's performance. These non-IFRS measures should not be construed as alternatives to net comprehensive income (loss) determined in accordance with IFRS as indicators of Cymbria's performance.

- Adjusted Net Asset Value ("aNAV") – represents the fair value of the net assets of Cymbria, which differs from IFRS Shareholders' Equity because it does not take into account the deferred income tax liability on the unrealized gain on investments and the deferred tax benefits associated with any realized losses on investments. The calculation of aNAV has not changed since the inception of Cymbria.

Net asset value calculations are different across companies and shareholders of Cymbria should be cautioned that its aNAV may not be comparable to other companies. Cymbria still believes aNAV is an important measure because it is the basis on which the Manager evaluates Cymbria's performance. The difference between aNAV and shareholders' equity is the deferred income tax liability. Deferred income taxes can differ from actual income taxes paid in the future due to fluctuations in investment prices and changes to income tax rates. In addition, \$35.1 million of the deferred income tax liability relates to a deferred liability on Cymbria's investment in EdgePoint Wealth Management Inc. The manager is compensated through the management fee that is based on Cymbria's aNAV calculation, not shareholders' equity. Below is a reconciliation of aNAV to shareholders' equity.

	Dec. 31, 2021 ('000s)	Dec. 31, 2020 ('000s)
aNAV	\$1,502,646	\$1,229,894
Less: Deferred income tax liability	(56,976)	(37,776)
Shareholders' equity	\$1,445,670	\$1,192,118

- Adjusted net asset value per share – represents the aNAV of Cymbria by class divided by the respective number of shares in that class. Below is a reconciliation of adjusted net asset value per share to shareholders' equity per share.

Class A	Dec. 31, 2021	Dec. 31, 2020
Adjusted net asset value per share	\$ 63.92	\$ 52.38
Less: Deferred income tax liability	(2.42)	(1.61)
Shareholders' equity per share	\$ 61.50	\$ 50.77

Class J	Dec. 31, 2021	Dec. 31, 2019
Adjusted net asset value per share	\$ 71.23	\$ 58.16
Less: Deferred income tax liability	(2.70)	(1.78)
Shareholders' equity per share	\$ 68.53	\$ 56.38

Readers are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS.

Our business

Cymbria is an investment corporation that trades on the Toronto Stock Exchange. At the end of 2021, Cymbria invested in a collection of 58 different business ideas, including a 20.7% ownership stake in EdgePoint Wealth Management Inc. ("EdgePoint").

Measuring our results

We've made meaningful progress toward our goal of building long-term wealth for shareholders. The cumulative return of Cymbria's Class A aNAV since inception is 539.2% and the cumulative return of Cymbria's Class A shareholders' equity since inception is 515.0%.

We measure our investment results using Cymbria's aNAV rather than its stock price or shareholders' equity, as we feel this more closely reflects how our Investment team adds value. For instance, fluctuations in Cymbria's share price are not always consistent with the movements of its aNAV and can change based on numerous factors, some of which are independent of Cymbria's aNAV. Cymbria's shareholders' equity differs from aNAV because of accounting differences primarily related to deferred income taxes. Cymbria's aNAV includes a provision for current corporate income taxes, but excludes a provision for future taxes on unrealized capital gains and losses. Shareholders' equity includes both. Deferred tax does not impact the amount of capital that Cymbria has invested to earn a return. Therefore, when we measure our investment performance, we measure against the full amount of capital that was available to us to invest which is represented by aNAV. We are required to calculate aNAV daily and Cymbria's Class A aNAV is posted daily to our website.

Measuring Cymbria's worth

Cymbria's stock price has swung between a 14% discount and a 34% premium to aNAV since inception.

The publicly traded portion of Cymbria's portfolio consists of a collection of quality businesses we believe are trading for less than their true value. We try to buy businesses that can materially grow their cash flows over time and where we're not being asked to pay for that growth today. This should translate into healthy share-price appreciation.

To help investors make intelligent decisions about their investment in Cymbria, we post its aNAV daily to our website. Some have suggested that doing so encourages short-term thinking. We tend to agree. Cymbria's aNAV is different from its worth. The aNAV

represents the value of its holdings at today's prices, not tomorrow's worth. Not everyone uses Cymbria's aNAV as a guidepost, nor does posting it ensure that the stock will ever trade at that figure. Cymbria has traded within a wide band and people are free to ignore the guideposts.

Since we have no control over Cymbria's share price and don't know what's in the heads of sellers day-to-day, we also have no way of determining if there will be shareholders willing to sell at material discounts to aNAV (either knowingly or unknowingly). If Cymbria's stock price lags its aNAV, we also believe in buying back shares, as doing so at an attractive discount makes sense for our shareholders. Should these opportunities exist, our share repurchases should greatly enhance Cymbria's value for remaining shareholders. This will occur at the expense of those willing to sell to us at a discount. If we're right about the value of the businesses inside Cymbria's portfolio over time, our share repurchases will prove to be one of our better investments. Please see *Non-IFRS measures* for a discussion on aNAV.

Recent developments

Despite concerns around COVID-19 and its new variants dominating headlines in 2021, many equity indices generated attractive total returns with the MSCI World Index returning 20.8%, the S&P/TSX Composite Index gaining 25.1%, the S&P 500 Index up 27.6% and the Nasdaq Composite Index producing a return of 21.1% (total returns, in C\$). Although the calendar year returns for these major indices were pleasing, as the year came to an end, investors were faced with rising inflation and interest rates which began to put pressure on various segments of the market. With all the uncertainty in the market today, we believe it's important to have an investment approach you can trust that will guide you through periods of uncertainty. It is our belief, that the best margin of safety one can have is by buying ownership stakes in business where you aren't being asked to pay for their future growth.

Inflation is equivalent to gravity for asset prices. Typically, businesses that would suffer the most are the ones that are unprofitable today but where investors are paying high multiples for the future prospect of generating profits, said another way, high multiple, low profitability businesses.

We don't have an edge in predicting macroeconomic events – whether it be inflation, deflation, or interest rates. We remain focused in buying growing businesses without paying for that growth. The only way to do this is by having a different view of a business than other investors. This often means finding companies whose future will be different than their past.

Although markets appear to be at historical highs from a valuation perspective, Cymbria looks extremely different from the benchmark. The investment team was very active during the year, purchasing 22 new businesses in Cymbria, while selling our stakes in 15.

Outlook

We believe that the majority of the market today is positioned for a single outcome. The average investor today is crowding into

investments that have done well recently, but may not be able to produce the same type of results moving forward. With CPI at 7% and 4.9% in the US and Canada respectively and interest rates starting to creep back up, we believe it's important for investors to be diversified and not invested in any single idea or theme. We diversify Cymbria by business idea, taking into consideration obvious and non-obvious correlations in an effort to ensure the portfolio is not concentrated in one single idea or theme

In addition to being properly diversified by business idea, it's important to have a long-term view when investing. We're constantly looking at ways to get our investors to embrace longer term thinking in a world of short attention spans. While society continues to make advancements in many areas, one area that's going backwards is people's attention span. In financial markets, the average holding period for U.S. stocks by retail investors has declined from eight years in the 1960s to less than 6 months. There is also an undue focus on the very short term (e.g., the next couple of quarters). When researching new ideas, we'll sometimes hear, "it's a good business but there are no near-term catalysts, it's dead money for the next six months, and look at it later." By the time consensus starts to reflect positive news, it's usually too late and the stock price has moved higher. With so many people focused on the short term, to outperform you need to do something differently and, for us, that can be the willingness to look further out.

COVID-19 pandemic

In the second year since the start of the COVID-19 pandemic, uncertainty and volatility relating to the pandemic remained a constant in the market. As in past periods of volatility and uncertainty, we continued to live in a narrow emotional band and adhered to our investment approach. We were very active, taking advantage of compelling opportunities during volatile periods. We continued focusing on the long-term by looking for businesses that could thrive beyond the current challenged environment, but where these opportunities weren't recognized by the market and reflected in the price. Although there still may be uncertainty about the future impact of the pandemic on our businesses in the short term, we believe Cymbria is well positioned today to deliver pleasing long-term investment performance.

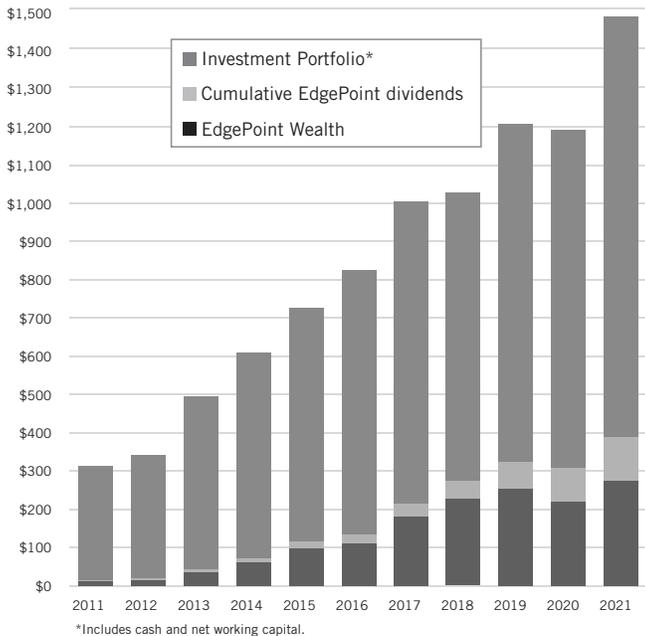
Cymbria's fixed pool of capital and no significant liabilities meant that there were no liquidity concerns with our operations, even during the most volatile periods of the pandemic.

The COVID-19 pandemic did not impact our financial reporting environment, nor did it significantly affect any judgment and measurement uncertainty with the portfolio.

Overall performance

For the year ended December 31, 2021, Cymbria's shareholders' equity increased 21.3% to \$1,446 million (December 31, 2020: decreased 1.3% to \$1,192 million). The increase in shareholders' equity is largely attributable to investment performance, which is discussed in the *Investment performance* section of this report.

Shareholders' equity ('000)



Summary of investment portfolio

To help frame the investment performance discussion, below is a summary of the top 15 businesses owned by Cymbria as a percentage of shareholders' equity. A full list of the investment portfolio can be found in the Schedule of Investment Portfolio in the audited financial statements.

Business	Fair value ('000s)
EdgePoint Wealth Management Inc.	\$ 265,500
Berry Global Group Inc.	59,907
Affiliated Managers Group Inc.	48,823
Onex Corporation	46,511
AutoCanada Inc.	45,990
Mattel Inc.	44,922
Restaurant Brands International Inc.	43,061
Anthem Inc.	42,147
Dollar Tree Inc.	36,198
Willis Towers Watson PLC	34,771
SAP SE	30,301
Brookfield Asset Management Inc., Class A	30,246
Private financial technology company	29,025
International Flavors & Fragrances Inc.	27,340
TE Connectivity Limited	26,981

Investment performance

Cymbria's collection of businesses can be separated between its portfolio of public securities and its portfolio of private equity, including EdgePoint.

Portfolio of public securities

While we provide these comments to fulfill the disclosure requirement of this report, we measure investment success over periods of 10 years or more, and believe it takes considerable skill to consistently add value over the long term. With a long-term view, it would not add a significant amount of value to discuss every business that is owned in the portfolio, including those that have had short-term fluctuations in value. However, in this section we will discuss the investments in public securities that we believe would be of interest to shareholders and/or highlight any material changes (if any) to the businesses we own.

These are the businesses that had the most meaningful positive impact on shareholders' equity during the year:

- Affiliated Managers Group, Inc.**

We first purchased Affiliated Managers Group, Inc. in Cymbria in November of 2016. Affiliated Managers Group is a global asset management company with equity investments in leading boutique investment management firms. Its strategy is to generate shareholder value through the growth of existing affiliates, as well as investing in new ones. The combination of strong asset growth and relative performance bolstered their profitability and near-term expectations for organic fund growth. The stock was up 62% during the year and Cymbria's unrealized gain in the business increased by \$20.0 million.
- AutoCanada Inc.**

We first purchased AutoCanada in Cymbria in August of 2018. AutoCanada is one of Canada's largest multi-location automobile dealership groups. We believed the existing set of dealerships were underperforming their true potential and the new management team would significantly improve operating profitability. In addition, the second element of our thesis revolved around AutoCanada taking advantage of a very fragmented market. AutoCanada is uniquely positioned to be the natural consolidator in the industry and the company is at the early stages of this opportunity. The fundamentals of the business are strong and the business is generating significant profitability. Despite the share price appreciation, we believe AutoCanada continues to trade at a modest valuation for a market leading business with a long runway for growth. The stock was up 81% during the year and Cymbria's unrealized gain in the business increased by \$20.6 million.
- The Middleby Corp.**

We first purchased The Middleby Corp. in Cymbria in March of 2018. Middleby is a leading global equipment manufacturer for commercial cooking and food preparation, industrial food processing and premium residential kitchens. The core of its business is balanced between new restaurant openings, repair/replacement and menu-driven changes. Middleby benefits from the restaurant industry being competitive and the constant demand for innovation and efficiencies. Restaurant purchases are driven by return-on-investment and Middleby can take advantage of the need for automation, menu flexibility, speed (both serving and cooking) and energy efficiency. Middleby was

one of the businesses most impacted by the pandemic, other than hotels and airlines. While traditional restaurant models were suffering, the rise of ghost kitchens (kitchens that made food solely for delivery), pizza making, touchless delivery and antibacterial kitchens was beneficial for Middleby. A shift towards replacing labour with machines has also benefitted the industry. The stock was up 53% during the year and Cymbria's unrealized gain in the business increased by \$7.4 million.

- **MDA Limited**

MDA, formerly Neptune Acquisition LP, is a Canadian supplier of mission-critical space-based technologies. We purchased the business privately in April 2020. In April 2021, MDA closed its initial public offering of shares on the Toronto Stock Exchange. The stock was down 32% from its initial public offering price but remains in an unrealized gain position in Cymbria of \$5.1 million as at December 31, 2021. We partially sold our holding of the business during the year and realized a gain of \$23.0 million.

The following businesses had the most meaningful negative impact on shareholders' equity during the year:

- **Koninklijke Philips N.V.**

We purchased Koninklijke Philips N.V. in Cymbria in September of 2020. Koninklijke Philips N.V. is a health technology company specializing in healthcare equipment, diagnostic imaging and patient monitoring. During the year, a recall on the businesses sleep apnea machine caused a decline in the company's share price, they lost roughly \$13 billion in market capitalization. This segment of their business only represents 3-4% of their revenue and we do not believe this will have a material impact on the business in the long-term. With the development of their new technologies such as early heart attack detection and post-surgery monitoring, Philips has a promising future. The company also has a competitive advantage as they own the hardware, software, and data analytics components of their systems. Beyond Philips's capabilities, we believe that the company will see continual margin expansion due to the aging demographics and the consequent rising need for medical solutions. The stock was down 25% during the year and Cymbria's unrealized loss in the business increased by \$8.6 million.

- **Alibaba Group Holdings Ltd.**

We first purchased Alibaba in Cymbria in May of 2021. Over the last year, a significant topic of discussion is regulatory actions that the Chinese government has taken towards technology and other sectors of the economy. The speed and harshness of some these actions has created an environment of uncertainty that is not positive for either business or investor sentiment and has been reflected in lower valuations. While large capitalization U.S. technology (a.k.a FAANG stocks) ended last year close to all-time highs, the China technology index was down 50%. While we do not debate politics, we believe the situation in China creates a great opportunity to buy strong businesses and not pay for the growth. A prime example of such a business is Alibaba Group Holdings.

The E-commerce industry has been growing rapidly in China and Alibaba has a dominant position with 60% market share. The company owns and operates two marketplaces where sellers and buyers can connect. The value transacted over those exchanges

is expected to double in the next six years. Additionally, the take rate, which includes sales commissions as well as search ads for merchants, is currently around 4%. That rate is low relative to other e-commerce marketplaces globally, which are typically high single digits (or even up to 15%). Combining these two factors results in strong growth prospects.

There are two other lines of business that will also contribute to growth. First, Alibaba owns the biggest cloud company in China. Currently, the Chinese cloud market is only about 20% of the size of the U.S. cloud market, and IT consultant Gartner expects the market to grow 5x over the next five years and should result in significant growth for Alibaba's cloud business. The second business that may contribute to Alibaba's growth is its financial services business. There is a duopoly of payment systems in China and Alibaba is part of this duopoly. The idea behind this business is that China already has a high savings rate. As wealth and income continue to grow, there will be a greater need for various financial products that Alibaba can offer. The stock was down 49% during the year and Cymbria's unrealized loss in the business increased by \$7.1 million.

Businesses purchased

During the year, we purchased stakes in 22 new businesses. Two of the largest purchases, in terms of significance to Cymbria as at December 31, 2021, were:

- **Anthem, Inc.**

Anthem, Inc. provides health insurance and is the largest Blue Cross/Blue Shield (BCBS) operator in the U.S. It offers a broad spectrum of network-based managed care health benefit plans to the large and small employer, individual, Medicaid and Medicare markets. The company has a collection of fantastic assets and also owns the majority of the market share in most states where they do business. This dominant market share gives them scale to negotiate lower prices from hospitals and doctors versus their competitors. This provides a virtuous circle where they pass along some of these savings to their customers to offer better value versus competitors, which helps further grow their business. Anthem has excellent management who are implementing growth strategies where they have been successful before at prior companies, and the business continues to benefit from aging demographics. In a sense, they're like a royalty on health care spending in the U.S. They generate considerable amounts of free cash flow and the business trades at an attractive valuation. We believe we have been able to purchase Anthem at a price where we aren't being asked to pay for the future growth of the business.

- **Dollar Tree, Inc.**

Dollar Tree, Inc. is a U.S. based discount retailer consisting of two distinct brands – Dollar Tree and Family Dollar. The Dollar Tree franchise historically sold everything at one dollar but is in the process of increasing prices, sometimes referred to as breaking the buck. We've lived through a similar experience with Dollarama over the last decade and have seen how impactful this transition can be if managed properly. Following our investment in the company, U.S. activist Mantle Ridge publicly announced a large stake in the business along with a proposed slate of new directors. We believe that should Mantle Ridge be

successful in reconstituting the board, there could be material upside to our thesis.

Businesses sold

We generally sell a stake in a business for one of two reasons. First, if our thesis about the business is deemed no longer valid. Second, there is a constant culling process whereby we continuously strive to upgrade the quality of Cymbria's portfolio with better ideas.

During the year we sold our stakes completely in 15 businesses. Below are the most significant businesses sold based on the gross amount of realized gains and losses:

- CSX Corp.

CSX Corp. is the fifth largest freight railroad in North America, operating primarily on the U.S. eastern seaboard. We sold CSX Corp. after about a 5 year investment in the company. We first purchased the company in 2017 after the arrival of Hunter Harrison as CEO. We had studied Hunter's "precision railroading" operating model from his tenures at CN Rail and CP Rail and believed the market was underestimating the benefits this operating model would bring to CSX shareholders. The "precision railroading" operating model runs trains on a fixed schedule, meaning fewer stops, a decrease in number of times that freight is handled and improved overall train velocity. This results in lower operating costs and higher profitability for shareholders. During our ownership of CSX, our thesis played out. CSX experienced volume gains, pricing increases, operating cost improvements and increased capital returns to shareholders. While we continue to expect CSX to benefit from volume share gains versus trucks and capital return to investors, we believe the growth in earnings power will be considerably slower over the next 5-years as operating cost improvements narrow and truck pricing stabilizes. Therefore, we have exited our position. Our holding period return for CSX Corp. was 63% and Cymbria realized a gain of \$22.5 million on shares of the business sold during the year.

- Bank of America Corp.

Bank of America Corp. is a large capitalization bank and financial holding company, which engages in the provision of banking and nonbank financial services. It operates through the following major segments: Consumer Banking, Global Wealth and Investment Management, Global Banking and Global Markets. Bank of America was purchased in the middle of the COVID-19 pandemic. Prior to the pandemic, Bank of America had built one of the highest quality loan books which reduced the risk of defaults during the downturn. Our belief was that loan growth would recover and that their existing loan book would weather the pandemic well. Our thesis played out as Bank of America recorded one of the lowest default rates in the industry while growing their business. Given that our thesis played out, we sold our stake. Our holding period return for Bank of America Corp. was 59% and Cymbria realized a gain of \$14.2 million on shares of the business sold during the year.

- Compagnie Financière Richemont SA

Compagnie Financière Richemont SA engages in the design, manufacturing and distribution of luxury goods. We believed branded jewelry would take share from unbranded jewelry and Richemont was in the best position to capitalize on this trend

as the owner of 3 of the world's top five luxury jewelry brands: Cartier, Van Cleef & Arpel, and Piaget. During our holding period, our thesis played out resulting in material earnings growth and share price appreciation. We exited the position as we believed that the markets had fully priced in our thesis. Our holding period return for Compagnie Financière Richemont SA was 46% and Cymbria realized a gain of \$10.8 million on shares of the business sold during the year.

Portfolio of private equity

Cymbria has the flexibility to invest in both public and private markets. Below is an update on the largest private equity businesses in our portfolio as at December 31, 2021:

- EdgePoint Wealth Management Inc.

The most significant private equity business in Cymbria is EdgePoint. Cymbria's original \$509,585 investment in EdgePoint represents a 20.7% ownership share as at December 31, 2021. Since inception, we have received \$111.3 million in dividends from EdgePoint and its value in Cymbria has increased to \$265.5 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

A rebound in financial markets after the initial lows of the COVID-19 pandemic led assets under management to increase from \$26.8 billion as at December 31, 2020 to \$28.3 billion as at December 31, 2021.

With the assistance of a third-party valuator, Cymbria's stake in EdgePoint was revalued in December 2021 at a range of \$240.3 million to \$290.7 million. For financial statement purposes, EdgePoint is valued using the mid-point of the range at \$265.5 million, representing a 20.4% increase from its value as at December 31, 2020. The discounted cash flow model used for the valuation has a specific set of assumptions of which the significant ones are outlined in Note 11 of the financial statements. The range noted above changes only the discount rate in the valuation. In reality, the possible results for EdgePoint can vary far outside of this range. To highlight how wide a range could be without going to extremes, please refer to the sensitivity analysis in Note 11 of the financial statements. A change to any one or all of the assumptions can have a material impact on the valuation of EdgePoint as highlighted in Note 11.

In determining the fair value of EdgePoint, we have considered the potential impact of the COVID-19 pandemic in our assumptions; however, we have not assumed a long-term impact of the COVID-19 pandemic. The duration and full economic impact of the COVID-19 pandemic is unknown at this time, and accordingly, there is a degree of uncertainty surrounding the potential impact it may have on the business and/or operations of EdgePoint.

We spend a considerable amount of time on the assumptions that go into the base cash flow model to determine the valuation range and believe that this represents fair market value as at December 31, 2021. However, valuing a business like EdgePoint is an imperfect science and depending on actual results there could be considerable variance both positively or negatively from today's value.

Physical commodities

In August 2021, Cymbria made an investment in physical uranium. It is primarily used in nuclear reactors for commercial electricity production. Events such as the Fukushima nuclear disaster have caused negative sentiment towards uranium and nuclear power plants, resulting in reduced investments in both. We believe global energy demand is still growing and attitudes towards nuclear power will shift based on it being a cleaner environmental alternative to fossil fuels. Cymbria owns and stores physical uranium in a secure and regulated storage facility.

Financial review

This section discusses the significant changes in Cymbria's financial performance, financial condition and cash flows for the fiscal year ended December 31, 2021 compared to those for the years ended December 31, 2020 and 2019.

This section should be read in conjunction with Cymbria's audited financial statements and corresponding notes thereto.

Financial performance

	Year ended December 31,		
	2021 ('000s)	2020 ('000s)	2019 ('000s)
Income			
Net realized gain (loss) on investments	\$ 116,688	\$ (37,006)	\$ 69,140
Change in unrealized gain on investments	145,839	(10,973)	82,584
Dividend and interest income	38,990	47,081	48,647
Foreign currency gain (loss) on hedging	1,628	(4,086)	4,110
Foreign currency gain (loss), excluding hedging	194	(4,561)	(184)
Total income (loss)	\$ 303,339	\$ (9,545)	\$ 204,297
Expenses			
Management fees	\$ 10,018	\$ 7,529	\$ 7,793
Withholding taxes, HST, and transaction costs	4,101	3,561	3,282
Other expenses	3,003	2,393	2,604
Total expenses	\$ 17,122	\$ 13,483	\$ 13,679
Profit (loss) for the period before taxes	\$ 286,217	\$ (23,028)	\$ 190,618
Income taxes (recovery)	32,644	(9,229)	20,159
Net comprehensive income (loss)	\$ 253,573	\$ (13,799)	\$ 170,459

(a) Net realized gain (loss) on investments

During the year ended December 31, 2021, the realized gain on investments of \$116.7 million is largely attributable to a gain from the sale of shares of MDA Ltd. of \$23.0 million, CSX Corp. of \$22.5 million and Richemont SA of \$10.8 million. The net realized gain on investments is not comparable to prior periods due to the

different transactions from period to period. More details relating to the most significant contributors to Cymbria's performance are discussed in the *Investment performance* section.

(b) Change in net unrealized gain on investments

The unrealized gain on investments increased by \$145.8 million for the year ended December 31, 2021. This is a result of fluctuations in the value of investments during the period. The three largest contributors to the increase during the year were EdgePoint Wealth Management Inc. with a \$45.0 million increase, AutoCanada Inc. with a \$20.6 million increase and Affiliated Managers Group Inc. with a \$20.0 million increase. Fluctuations in investment values are not comparable to prior periods due to the different composition of the investment portfolio from period to period. More details relating to the most significant contributors to Cymbria's performance are discussed in the *Investment performance* section.

(c) Dividend and interest income

Dividend and interest income is earned on the portfolio of public equities and the investment in EdgePoint. An important driver of wealth for Cymbria is the dividend from EdgePoint. During the year ended December 31, 2021, Cymbria received dividends totaling \$21.8 million from EdgePoint, representing a 10% increase compared to 2020. This dividend can be reinvested by Cymbria in its portfolio of securities or used to buy back Cymbria shares. Dividends from investments other than EdgePoint amounted to \$15.9 million for the year ended December 31, 2021. Cymbria's portfolio is not managed with the intent to derive a certain amount of dividend or interest income. Therefore, it is typical that this type of income would fluctuate from period to period.

(d) Foreign currency gain (loss)

Cymbria is valued in Canadian dollars; however, it invests in securities denominated in foreign currencies. The foreign currency gains and losses of these securities are included in net realized and unrealized gain on investments. In order to reduce the impact of short-term fluctuations, we may employ currency hedging. Specifically, we may hedge all or a portion of our foreign currency exposure depending on our view of a currency's relative value and its associated risks. The Manager monitors and updates the degree of currency hedging based on a variety of economic factors, including the foreign currency's purchasing power parity versus the Canadian dollar.

As at December 31, 2021, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 42% and we hedged approximately 7% of that exposure.

Cymbria did not have a hedge in place for its investment securities denominated in the Japanese yen, euro, British pound, Hong Kong dollar or Swedish krona as we did not believe there was material currency risk with these investments. As a result of foreign currency hedging activities during the year ended December 31, 2021, Cymbria had a \$1.6 million net realized and unrealized gain from hedging activities.

(e) Expenses

Cymbria believes that low expenses are an important factor in evaluating our performance. Management fees increased by \$1.5 million from 2020 due to the increase in aNAV over the corresponding period, on which the fee is based. Management fees are charged based on the aNAV of Cymbria, excluding the value of EdgePoint. The effective management fees charged for the year ended December 31, 2021 were 0.82% for Class A shareholders and 0.41% for Class J shareholders.

Financial condition

	Dec. 31, 2021 (‘000s)	Dec. 31, 2020 (‘000s)	Dec. 31, 2019 (‘000s)
Assets			
Investments	\$1,417,533	\$1,171,060	\$1,162,227
Cash and cash equivalents	97,423	47,609	85,283
Other assets	1,453	1,290	825
Income tax recovery	–	17,047	7,016
Total assets	\$1,516,409	\$1,237,006	\$1,255,351
Liabilities			
Foreign exchange forward contracts	\$ 244	\$ 40	\$ 59
Income tax payable	9,458	–	–
Accrued liabilities and other payables	97	–	1,009
Credit facility	2,550	6,000	6,000
Deferred share unit plan	1,414	1,072	1,018
Deferred income tax liability	56,976	37,776	39,529
Total liabilities	\$ 70,739	\$ 44,888	\$ 47,615
Shareholders' equity	\$1,445,670	\$1,192,118	\$1,207,736

(a) Investments

Cymbria's investments as at December 31, 2021, primarily consists of a portfolio of public securities of \$1,094.8 million and private equity of \$297.6 million, including an investment in EdgePoint of \$265.5 million. The Investment performance section of this MD&A discusses the significant changes in these investments. The Schedule of Investment Portfolio included in the Financial Statements discloses all of the investment positions of Cymbria.

(b) Cash and cash equivalents

Cymbria maintains cash and cash equivalents to purchase investments, pay expenses, and occasionally buy back shares. Cymbria does not distribute cash by issuing a dividend. Cash balances are monitored on a daily basis by the Manager. The increase of \$49.8 million from the end of 2020 is primarily due to the net sale of investments of \$18.2 million during the year ended December 31, 2021. Cash and cash equivalents is comprised entirely of cash held at the bank.

(c) Income tax recovery and Income taxes payable

The Income tax payable of \$9.5 million is a result of the required income tax installments for 2021 being less than Cymbria's income tax liability as at December 31, 2021.

(d) Credit facility

As at December 31, 2021, Cymbria has drawn \$2.6 million on its credit facility. During the year ended December 31, 2021, \$3.4 million of the facility was repaid.

(e) Deferred share unit plan

Cymbria's deferred share unit plan exists to provide directors the option to receive their compensation in the form of deferred share units. The units are valued using the five-day volume-weighted average stock price of Cymbria prior to the period end. For the year ended December 31, 2021, Cymbria issued 2,106 units and the total value of the plan increased by approximately \$0.3 million.

(f) Deferred income tax liability

The deferred income tax liability represents temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes versus taxation purposes. As at December 31, 2021, Cymbria's deferred income tax liability is presented net and it is comprised of a liability on the unrealized gain of investments of \$57.2 million offset by an asset on deferred share units of \$0.2 million. Included in the deferred income tax liability is \$35.1 million liability related to Cymbria's investment in EdgePoint.

(g) Shareholders' equity

Cymbria's shareholders' equity is comprised of common stock, Class A, and Class J shareholders. The Manager owns 100% of the common stock of Cymbria. The number of common shares outstanding on December 31, 2021 and March 10, 2022 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at December 31, 2021 and March 10, 2022, there were 16,315,497 and 16,315,719 shares outstanding, respectively. Class J shares are non-redeemable and were offered through a private placement. Class J shares can be exchanged for an equivalent value of Class A shares on the last business day of each week. As at December 31, 2021 and March 10, 2022, there were 6,453,406 and 6,453,206 shares outstanding, respectively.

Cash flows

For the year ended December 31, 2021, Cymbria had a net increase in cash and cash equivalents of \$49.8 million. The majority of the net decrease in cash and cash equivalents is due to cash generated from operating activities, including the net sale of investments of \$18.2 million. Cymbria did not generate a significant amount of cash flows from financing activities.

Shareholder activity

Cymbria refiled its Normal-Course Issuer Bid ("NCIB") for the 12-month period beginning on May 25, 2021 to May 24, 2022. Cymbria will use the NCIB to repurchase shares in the event that we believe the company is being undervalued by the market and an attractive opportunity exists to enhance the value for its shareholders. During the year ended December 31, 2021, Cymbria repurchased Class A shares using the NCIB. In total, 400 shares were repurchased and cancelled at a weighted average discount to aNAV of 6.0%. Since inception, Cymbria has repurchased and cancelled 501,500 Class A shares at an average price of \$15.56 per share and a total cost of \$7.8 million.

Cymbria's Liquidity Realization Opportunity ("LRO") is available for both Class A and Class J shares and gives Cymbria the right to repurchase a number of shares from time to time at a very small discount to aNAV where (i) Cymbria's portfolio has experienced growth in the previous fiscal year, (ii) Class A shares are trading at a price less than 97% of aNAV, and (iii) on the Manager's recommendation. When these events occur, shareholders may elect to participate in the LRO and have an opportunity to dispose of shares at a price close to aNAV. This feature was introduced to increase Cymbria's attractiveness as an investment by recognizing that liquidity requirements and investment time horizons vary from investor to investor. We believe that Cymbria's aNAV, which is disclosed daily, is a fair representation of Cymbria's portfolio at current prices. When Class A shares trade at prices not reflective of the aNAV, the LRO provides another venue whereby shareholders may dispose of their shares at a price closer to aNAV. The LRO does not affect Cymbria's ability to continue repurchasing shares through the NCIB. Please see the Management Information Circular dated May 28, 2013 for more information on the LRO. Cymbria did not announce an LRO for the year ended December 31, 2021, as Cymbria's Class A shares have been trading above 97% of aNAV on average over the year.

Summary of interim results

The financial information summarized below is derived from Cymbria's condensed interim financial statements from the three month periods ended December 31, September 30, June 30, and March 31, 2021, and the same periods from 2020. In each of the periods, the changes in Total income (loss) and Net income (loss) are primarily a result of the realized and unrealized changes in the fair value of Cymbria's investments. No meaningful correlations can be made by comparing these figures from period to period.

(in '000s except per share amounts)	Three months ended							
	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Total income (loss)	\$ 61,221	\$ (13,660)	\$ 112,101	\$ 143,677	\$ 112,949	\$ 36,095	\$ 107,003	\$ (265,592)
Total expenses	\$ 4,095	\$ 4,761	\$ 4,299	\$ 3,967	\$ 3,415	\$ 3,733	\$ 2,939	\$ 3,396
Net income (loss)	\$ 50,902	\$ (14,793)	\$ 94,920	\$ 122,544	\$ 97,786	\$ 29,538	\$ 91,324	\$ (232,447)
Net income (loss), per share								
Class A	\$ 2.15	\$ (0.65)	\$ 4.02	\$ 5.17	\$ 4.15	\$ 1.24	\$ 3.87	\$ (9.92)
Class J	\$ 2.46	\$ (0.66)	\$ 4.54	\$ 5.92	\$ 4.63	\$ 1.42	\$ 4.34	\$ (10.89)

Fourth quarter results

The following table shows Cymbria's fourth quarter financial performance for the three months ended December 31, 2021 and 2020.

	Three months ended Dec. 31,	
	2021	2020
	('000s)	('000s)
Income		
Net realized gain (loss) on investments	\$ 63,807	\$ (11,537)
Change in unrealized gain on investments	(9,973)	102,732
Dividend and interest income	9,296	21,378
Foreign currency gain (loss) on hedging	(1,466)	2,651
Foreign currency gain (loss), excluding hedging	(443)	(2,275)
Total income	\$ 61,221	\$ 112,949
Expenses		
Management fees	\$ 2,629	\$ 2,021
Withholding taxes, HST, and transaction costs	642	770
Other expenses	824	624
Total expenses	\$ 4,095	\$ 3,415
Profit for the period before taxes	\$ 57,126	\$ 109,534
Income taxes	6,224	11,748
Net comprehensive income	\$ 50,902	\$ 97,786

During the quarter ended December 31, 2021, Cymbria had net comprehensive income of \$50.9 million that was driven by a net realized and unrealized gain on investments totaling \$53.8 million. The investments that had the most significant contribution to the change in unrealized gain during the quarter were EdgePoint Wealth Management Inc. of \$21.2 million, Berry Global Group Inc. of \$9.6 million and Anthem Inc. of \$8.2 million. Investments with significant contributions for the year ended December 31, 2021 are discussed in the *Investment performance* section.

Credit facility

On September 22, 2017, Cymbria entered into a five-year credit agreement with a Canadian chartered bank (the "Bank") that can be renewed on an annual basis. The credit agreement allows Cymbria to borrow up to \$100 million. Interest is charged on the outstanding balance based on whether the facility is drawn as bankers acceptance or prime loan. When drawn upon, the credit facility will be secured by a selection of eligible securities in Cymbria's investment portfolio. As at December 31, 2021, the outstanding balance of the credit facility was \$2.6 million (December 31, 2020: \$6.0 million). On March 10, 2022, Cymbria amended the credit agreement to allow the \$100 million facility to be the aggregate of a renewable \$75 million revolving commitment that will mature on March 9, 2027 and a \$25 million term loan that will mature on March 9, 2029. Subsequent to December 31, 2021, an additional \$3 million was drawn on the revolving portion and the \$25 million term loan was drawn. As at the date of this report, Cymbria has complied with all covenants, conditions or other requirements of the credit agreement.

The purpose of the credit facility is to provide Cymbria with increased flexibility to purchase additional investments when we believe an opportunity exists where the potential return is worth the added risk that leverage introduces.

Liquidity

Cymbria maintains strong liquidity with cash and cash equivalents and its portfolio of public equities. In addition to financial liabilities that arise from its normal course of investing activities, Cymbria has a financial liability associated with drawn amounts on the credit facility. As at December 31, 2021, cash and cash equivalents represents 6.7% of Cymbria's total shareholders' equity. Cymbria's portfolio of securities includes actively traded global stocks that can be readily sold. As at December 31, 2021, the portfolio of public equities that the Manager believes can be readily sold represents 75% of Cymbria's total shareholders' equity. Cymbria has drawn \$2.6 million on its credit facility; however, the Manager does not believe this poses a significant risk to liquidity. There are no other outstanding debt or contractual obligations that would pose a significant risk to liquidity as at December 31, 2021.

Commitments and contingencies

In the ordinary course of business activities, Cymbria may be contingently liable for litigation and claims arising from investing. Where required, the Manager records adequate provisions in the accounts. The Manager is not aware of any current or pending litigation or claims against Cymbria.

Related parties***Manager and Investment Advisor***

Cymbria is managed by EdgePoint Investment Group Inc. (the "Manager"), which is responsible for Cymbria's day-to-day operations and is also the portfolio advisor to Cymbria. The Manager provides investment advisory and portfolio management services, which comprise investment selection, analysis and monitoring, including business travel to corporate head offices, other associated due diligence costs, portfolio construction, risk management and broker analysis, selection and monitoring, and trading expertise,

and could also include marketing and promotion of Cymbria. These services are in the normal course of operations and are charged at the rate agreed to by the parties.

As compensation for providing these management services, the Manager receives a monthly management fee based on the daily average aNAV of each class of Cymbria shares, excluding the value of EdgePoint. For the year ended December 31, 2021, management fees totaled \$10.0 million, compared to \$7.5 million for the same period in 2020. In addition, the Manager is entitled to be reimbursed by Cymbria for operating expenses associated with its advisory services, excluding salaries to the Manager's principal shareholders. Please see Non-IFRS Measures for a discussion on aNAV.

Cymbria is responsible for paying its own operating expenses which includes, but is not limited to, taxes (including income, capital, and harmonized sales taxes), accounting, legal fees, audit fees, Board of Directors' fees, custodial and safekeeping fees, portfolio transaction costs, registrar and transfer agency fees, regulatory costs and filing fees, shareholder reporting including the costs of preparing and distributing annual and interim reports, Annual Information Forms, statements and investment communications, interest and bank charges, and all administration expenses incurred by the Manager for its duties as Manager that could include salaries (excluding salaries to the Manager's principal shareholders), overhead and other costs related directly to Cymbria's operations. Except for interest, bank charges, and taxes paid or payable directly by Cymbria, the Manager incurs such expenses on Cymbria's behalf and is then reimbursed by Cymbria for such expenses.

Changes to the Board of Directors

On May 7, 2021, we announced the appointment of a new member to the Board of Directors and Audit Committee, Edward J. Waitzer. And effective December 31, 2021, Richard Whiting retired from his position as a member of the Board of Directors and Audit Committee.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

The COVID-19 pandemic has cast additional uncertainty on the assumptions used by management in making its judgments and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Cymbria in future periods. Given that the full extent of the impact that COVID-19 will have on the global economy and the Cymbria's business is uncertain and not predictable at this time, there is a higher level of uncertainty with respect to management's judgments and estimates.

The following discusses the most significant accounting judgments that Cymbria has made in preparing the financial statements:

i. Fair value measurement of derivatives and securities not quoted in an active market

Cymbria holds financial instruments that are not quoted in active markets, including derivatives. The determination of the fair

value of these instruments is where Cymbria has made the most significant accounting judgments and estimates in preparing financial statements. See Note 11 of the annual financial statements for more information on the fair value measurement of Cymbria's financial instruments.

ii. Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income, together with future tax planning strategies.

Adoption of new accounting standards

The accounting policies applied by Cymbria in the attached audited financial statements are the same as those applied by Cymbria in its financial statements for the year ended December 31, 2020, which were prepared in accordance with IFRS. Cymbria has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Financial instruments

In accordance with IFRS 9, *Financial Instruments*, Cymbria has accounted for its financial instruments as follows:

	Classification	Measurement
Financial assets		
Investments	Fair value through profit or loss	Fair value
Foreign exchange forward contracts	Fair value through profit or loss	Fair value
Cash and cash equivalents	Amortized cost	Amortized cost
Receivable for investments sold	Amortized cost	Amortized cost
Interest receivable	Amortized cost	Amortized cost
Dividends receivable	Amortized cost	Amortized cost
Income tax recovery	Amortized cost	Amortized cost
Financial liabilities		
Income taxes payable	Amortized cost	Amortized cost
Payable for investments purchased	Amortized cost	Amortized cost
Credit facility	Amortized cost	Amortized cost
Deferred share unit plan liability	Fair value through profit or loss	Fair value
Deferred income tax liability	Amortized cost	Amortized cost

Future changes in accounting policies

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2021. The Manager has assessed that none of these will have a significant effect on the financial statements of Cymbria.

Risks

The risks associated with investing in Cymbria remain as disclosed in the Annual Information Form dated March 26, 2022 and filed on SEDAR. Any changes to Cymbria over the period have not affected the overall risks.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Cymbria, under the supervision of its Co-Chief Executive Officers and Chief Financial Officer, is responsible for establishing and maintaining Cymbria's Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR") (as defined in National Instrument 52-109).

Consistent with NI 52-109, Cymbria's Co-Chief Executive Officers and Chief Financial Officer have reviewed the design of Cymbria's DC&P and ICFR and have concluded that as at December 31, 2021:

- Cymbria's DC&P provides reasonable assurance that (i) material information relating to Cymbria has been made known to them, particularly during the financial year ended December 31, 2021 and (ii) information required to be disclosed by Cymbria in its annual filings, interim filings or other reports filed or submitted by it under securities legislation has been recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- Cymbria's ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Cymbria's Co-Chief Executive Officers and Chief Financial Officer have evaluated the effectiveness of Cymbria's DC&P as at December 31, 2021 and have concluded that Cymbria's DC&P were effective as of that date. Cymbria will continue to monitor and mitigate the risks associated with any potential changes to its control environment in response to COVID-19.

Cymbria's Co-Chief Executive Officers and Chief Financial Officer have also evaluated the effectiveness of Cymbria's ICFR as at December 31, 2021, using the Internal Control-Integrated Framework.

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Co-Chief Executive Officer

Geoff MacDonald, CFA
Co-Chief Executive Officer

Diane Rossi
Corporate Secretary

Norman Tang, CPA, CA
Chief Financial Officer

DIRECTORS

Ugo Bizzarri, CFA
Director

Reena Carter, CA, CPA, CBV, C.Dir
Director and Chair of the Audit Committee

Patrick Farmer, CFA
Chairman

James MacDonald
Director and member of the Audit Committee

Edward Waitzer
Director and member of the Audit Committee

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