

**Management's Discussion & Analysis of**

**CYMBRIA CORPORATION**

**Three months and six months ended June 30, 2023**

**CYMBRIA<sup>®</sup>**

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the three months and six months ended June 30, 2023 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 August 10, 2023. 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 unaudited condensed interim 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](http://www.cymbria.com) or the SEDAR website at [www.sedar.com](http://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 2022 annual Financial Statements for more information which can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). For Cymbria's current and historical adjusted net asset values per share, please visit [www.cymbria.com](http://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, natural disasters, epidemic and pandemic outbreaks, public health emergencies, 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, \$32.1 million of the deferred income tax liability relates to 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.

	Jun. 30, 2023 ('000s)	Dec. 31, 2022 ('000s)
aNAV	\$ 1,500,917	\$ 1,405,892
Less: Deferred income tax liability	(50,442)	(41,380)
Shareholders' equity	\$ 1,450,475	\$ 1,364,512

- 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	Jun. 30, 2023	Dec. 31, 2022
Adjusted net asset value per share	\$ 63.92	\$ 59.77
Less: Deferred income tax liability	(2.15)	(1.76)
Shareholders' equity per share	\$ 61.77	\$ 58.01

Class J	Jun. 30, 2023	Dec. 31, 2022
Adjusted net asset value per share	\$ 71.61	\$ 66.84
Less: Deferred income tax liability	(2.41)	(1.97)
Shareholders' equity per share	\$ 69.20	\$ 64.87

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. As at June 30, 2023, Cymbria invested in a collection of 57 different business ideas, including a 20.7% ownership stake in EdgePoint Wealth Management Inc. ("EdgePoint").

**Measuring our results**

As long-term investors, we have a goal of building long-term wealth for shareholders. We are pleased with Cymbria's since inception return for shareholders but view the past 14 years as just the beginning of a journey that has no finish line. 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 517.7%.

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 informed 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**

In the second quarter of 2023, the MSCI World Index, S&P/TSX Composite Index and S&P 500 Index gained 4.5%, 1.1% and 6.2%, respectively (total returns, in C\$). The primary driver behind the positive returns of these major indexes came from the Information Technology sector. Businesses such as Apple Inc., Microsoft Corp., NVIDIA Corp. and Shopify Inc. were some of the top performers within the sector.

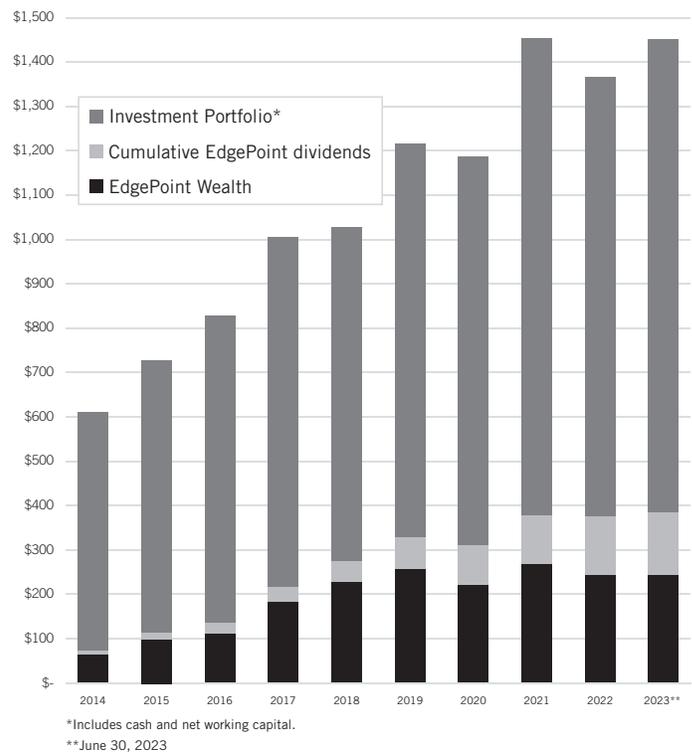
During the quarter, inflation and rising interest rates continued to make headlines. The Bank of Canada persisted in raising interest rates, implementing a 0.25% increase in June. Inflation peaked at 8.1% last year but has subsequently eased to 2.8%. However, the Bank of Canada has not given any clear signals about when its cycle of raising interest rates may conclude.

At Cymbria, we remain focused on our time-tested investment approach and take ownership stakes in businesses that we believe can grow irrespective of the broader economic environment. Throughout the quarter, the Investment team continued to take advantage of market volatility by adding 8 new businesses to Cymbria, while exiting 7 businesses.

**Overall performance**

For the six months ended June 30, 2023, Cymbria's shareholders' equity increased 6.3% to \$1,450 million (June 30, 2022: 11.9% decrease). 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 held by Cymbria as a percentage of shareholders' equity. We disclose Cymbria's full portfolio on an annual basis. Please see Cymbria's 2022 Annual Report for the last published Schedule of Investments.

Top 15 Businesses	Fair value ('000s)
EdgePoint Wealth Management Inc.	\$ 242,409
Restaurant Brands International Inc.	55,812
Mattel Inc.	54,639
Berry Global Group Inc.	52,356
Dollar Tree Inc.	50,697
SAP SE	44,572
Osisko Gold Royalties Limited	38,990
DSM-Firmenich AG	36,181
Elevance Health Inc.	34,867
Computer Modelling Group Limited	34,031
TE Connectivity Limited	32,701
Brookfield Corporation	31,136
Private financial technology company	30,201
Fairfax Financial Holdings Limited	30,200
Ross Stores Inc.	29,298

The Summary of Investment Portfolio may change due to ongoing portfolio transactions.

## 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.

The following business had the most meaningful positive impact on shareholders' equity during the quarter:

- Restaurant Brands International Inc.

We first purchased Restaurant Brands International (RBI) in April 2020. RBI is a successful fast-food franchisor of popular brands that are expanding globally. RBI owns Tim Hortons, Burger King, Firehouse Subs and Popeyes Louisiana Chicken. RBI is a good example of a company that earns royalties on the growth of franchisees without having to put up capital to drive further growth. RBI is well positioned to see substantial restaurant growth across all its brands over the next decade. In today's environment, we believe RBI is poised to gain market share and drive growth. The stock was up 13.2% over the quarter and Cymbria's unrealized gain in the business increased by \$6.1 million.

The following businesses had a meaningful negative impact on shareholder's equity during the quarter:

- Optiva Inc.

We first purchased Optiva in Cymbria in March 2021. Optiva provides software for the telecommunications industry, and its core product is used to track customer usage of voice, data roaming and more. In early 2021, a new management team was appointed to stem customer attrition and right-size the cost structure. The company is aiming for a first-mover advantage among established telco Business Support System (BSS) software providers by taking its legacy on-premise solutions and delivering them via cloud architecture. The company has been slower than anticipated in closing deals with new customers, but we are seeing signs of traction in this regard as the company's sales pipeline has expanded materially over the past year. The delay in acquiring new business opportunities, combined with ongoing investments in growth initiatives, has depressed earnings in the short-term, resulting in a decline in the share price. The stock was down 59.6% over the quarter and Cymbria's unrealized loss in the business increased by \$5.8 million.

- DSM-Firmenich AG

DSM recently merged with Firmenich, a privately held Swiss company that is the global leader in flavours and fragrances. The primary impetus behind the merger was a growing industry trend of customers asking their ingredients suppliers to offer a

"one-stop-shop" model of integrated solutions across different technologies. Firmenich's deep ingredients library and well-invested pipeline of new products mesh well with DSM's technical expertise in functional ingredients, cultures, micronutrients, and enzymes. This combination of businesses has created one of the broadest and deepest portfolios in the ingredients space. DSM-Firmenich also enjoys a substantial R&D budget and a robust balance sheet, offering it a significant competitive advantage over peers in the current challenging economic environment.

The combined company will have four strong standalone divisions: animal nutrition, human nutrition, food and taste, and perfumery. Synergies from the merger will come mostly from bringing together the two food ingredients divisions, where DSM-Firmenich will leverage Firmenich's market access and continue to go to market as Firmenich, but with a broader product offering than before. This approach limits integration risk, both internally to one division, and also from the customer perspective. At the same time, the combined business still has all of the call options in DSM's innovation pipeline that should start to move the needle in 2025 and beyond. This includes Bovaer, an animal feed that reduces methane emissions from cows by up to 30%. Since our initial purchase, the stock has underperformed. This is primarily attributed to industry-wide destocking by end customers, notably low vitamin prices, and a prolonged and intricate deal closure process. The stock was down 16.3% over the quarter and Cymbria's unrealized loss in the business increased by \$3.1 million.

### *Businesses purchased*

During the quarter ended June 30, 2023, we purchased 8 new businesses. The largest purchases, in terms of significance to Cymbria as at June 30, 2023:

- Tourmaline Oil Corp.

Tourmaline is one of North America's largest gas producers. The company used the last market downturn to its advantage and acquired attractive assets at discounted prices. Tourmaline's consolidation activities and focus on cost structure makes it one of the lowest cost producers in North America. The company has used its scale and long-life asset base to its advantage. Tourmaline sells its gas into a diversified mix of end markets, including LNG export facilities, that allow it to maximize its revenue and decrease the impact of volatile benchmark commodity prices.

- Warner Bros. Discovery Inc.

Within the global media industry, Warner Brothers Discovery (WBD) is one of the largest owners of branded IP, which it distributes through movie theatres, TV networks, streaming platforms and third-party licensing. Content owned by the business include film studios in Warner Brothers and DC Films; TV networks like CNN, Food Network, HGTV, Discovery, TLC, TNT, Eurosport and more; and Direct-to-Consumer offerings in HBO, Max and Discovery+. The company also owns the IP of Superman, Batman, DC Comics, Game of Thrones, Harry Potter, Looney Tunes, Hanna-Barbera and more, as well as the Warner Brothers and Turner Classic Movie film libraries.

WBD was formed in April 2022 as AT&T spun off its Warner Media assets and combined with publicly traded Discovery Communications in an all-stock merger. The stock price declined in the months following the spin-off, given shareholder turnover

and investor aversion to streaming-focused media businesses not focused on profitability. This created an attractive entry point. Discovery's management team took over managing the combined entity, with a focus on profitability and efficiency. Near term, the company plans to use its significant free-cash-flow generation to deleverage its balance sheet. Management has reviewed the company's IP portfolio and believes it can better monetize both existing library and new content spend, which would enhance shareholder value.

*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 quarter we sold our stakes completely in 7 businesses. Below are the most significant businesses sold based on the gross amount of realized gains and losses:

- Univar Solutions Inc.

We first purchased Univar in Cymbria in July 2019. Univar is one of the world's largest chemical distribution companies. In March 2023, Apollo Group entered into an agreement to acquire Univar in an all-cash deal. Following the takeover announcement, Univar's share price rose close to the offer price, and we sold our position in the business. Our holding period return was 52.4% and Cymbria realized a gain of \$3.9 million on shares sold during the quarter.

- Qualtrics International, Inc. Class A

We first purchased Qualtrics in Cymbria in July 2022. Qualtrics is a software company that is the global leader in experience management software. In March 2023, Qualtrics announced that it had entered into an agreement to be acquired by Silver Lake. Following the takeover announcement, Qualtrics' share price rose close to the offer price, and we sold our position in the business. Our holding period return was 55.4% and Cymbria realized a gain of \$9.4 million on shares sold during the quarter.

*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 business in our portfolio as at June 30, 2023:

- 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 June 30, 2023. Since inception, we have received \$142.4 million in dividends from EdgePoint and its value in Cymbria has increased to \$242.4 million, making EdgePoint the most valuable contributor to Cymbria's investment portfolio.

With the assistance of a third-party valuator, Cymbria's stake in EdgePoint was revalued in December 2022 at a range of \$221.1 million to \$263.7 million. For financial statement purposes, EdgePoint is valued using the mid-point of the range at \$242.4 million.

The discounted cash flow model used for the valuation has a specific set of assumptions of which the significant ones are

outlined in Note 10 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 10 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 10.

**Financial review**

This section discusses the significant changes in Cymbria's financial performance, financial condition and cash flows for the three months and six months ended June 30, 2023 compared to those same periods ended June 30, 2022 and as at December 31, 2022.

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

**Financial performance**

	<b>Three months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>('000s)</b>	<b>('000s)</b>
<b>Income</b>		
Net realized gain on investments	\$ 17,119	\$ 10,651
Change in unrealized gain on investments	(777)	(161,954)
Dividend and interest income	13,000	11,437
Foreign currency gain (loss)	2,229	(73)
<b>Total income (loss)</b>	<b>\$ 31,571</b>	<b>\$ (139,939)</b>
<b>Expenses</b>		
Management fees	\$ 2,609	\$ 2,385
Withholding taxes, HST, and transaction costs	1,274	1,466
Other expenses	1,448	1,152
<b>Total expenses</b>	<b>\$ 5,331</b>	<b>\$ 5,003</b>
<b>Profit (loss) before taxes</b>	<b>\$ 26,240</b>	<b>\$ (144,942)</b>
<b>Income taxes (recovery)</b>	<b>\$ 2,291</b>	<b>\$ (19,742)</b>
<b>Net comprehensive income (loss)</b>	<b>\$ 23,949</b>	<b>\$ (125,200)</b>

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>('000s)</b>	<b>('000s)</b>
<b>Income</b>		
Net realized gain on investments	\$ 17,763	\$ 40,795
Change in unrealized gain on investments	67,447	(251,608)
Dividend and interest income	24,250	20,694
Foreign currency gain (loss)	1,283	(595)
<b>Total income (loss)</b>	<b>\$ 110,743</b>	<b>\$ (190,714)</b>
<b>Expenses</b>		
Management fees	\$ 5,192	\$ 4,855
Withholding taxes, HST, and transaction costs	1,942	2,328
Other expenses	2,259	1,950
<b>Total expenses</b>	<b>\$ 9,393</b>	<b>\$ 9,133</b>
<b>Profit (loss) before taxes</b>	<b>\$ 101,350</b>	<b>\$ (199,847)</b>
<b>Income taxes (recovery)</b>	<b>\$ 12,315</b>	<b>\$ (27,574)</b>
<b>Net comprehensive income (loss)</b>	<b>\$ 89,035</b>	<b>\$ (172,273)</b>

*(a) Net realized gain on investments*

During the three months ended June 30, 2023, the realized gain on investments of \$17.1 million is largely attributable to a gain from the sale of shares of Qualtrics International Inc. of \$9.4 million and Univar Solutions Inc. of \$3.9 million offset by a loss on sale of shares of Koninklijke Philips NV of \$1.3 million. Net realized gain on investments is not comparable to prior periods due to the different transactions from period to period. More details relating to some other contributors to Cymbria's performance are discussed in the *Investment performance* section.

*(b) Change in unrealized gain (loss) on investments*

The unrealized gain on investments decreased by \$0.8 million for the three months ended June 30, 2023. This is a result of fluctuations in the value of investments during the period. The largest contributor during the period was Restaurant Brands International Inc. with a \$6.1 million gain and the largest detractor was Optiva Inc. with a \$5.8 million loss. 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 three months ended June 30, 2023, Cymbria received dividends totaling \$5.2 million from EdgePoint, unchanged from the same period in 2022. This dividend can be reinvested by Cymbria in its portfolio of securities or used to buy back Cymbria shares. Dividends and interest income from investments other than EdgePoint amounted to \$7.8 million. 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 (loss) 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 June 30, 2023, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 36% and we hedged approximately 8% of that exposure. The total impact of foreign currency fluctuations, including hedging, during the three months ended June 30, 2023 was a \$2.2 million gain.

*(e) Expenses*

Management fees increased by \$0.2 million from 2022 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 annualized management fees charged for the three months ended June 30, 2023 were 0.82% for Class A shareholders and 0.41% for Class J shareholders.

**Financial condition**

	<b>June 30, 2023</b>	<b>Dec. 31, 2022</b>
	('000s)	('000s)
<b>Assets</b>		
Investments	\$ 1,415,618	\$ 1,315,158
Cash and cash equivalents	117,469	104,535
Other assets	8,645	1,787
Income tax recovery	15,587	16,564
<b>Total assets</b>	<b>\$ 1,557,319</b>	<b>\$ 1,438,044</b>
<b>Liabilities</b>		
Foreign exchange forward contracts	\$ 180	\$ 284
Accrued liabilities and other payables	4,594	399
Income taxes payable	50,000	30,050
Credit facility	1,628	1,419
Deferred income tax liability	50,442	41,380
<b>Total liabilities</b>	<b>\$ 106,844</b>	<b>\$ 73,532</b>
<b>Shareholders' equity</b>	<b>\$ 1,450,475</b>	<b>\$ 1,364,512</b>

*(a) Investments*

Cymbria's investments as at June 30, 2023, primarily consists of a portfolio of public securities of \$1,074.6 million and private equity of \$299.6 million, including an investment in EdgePoint of \$242.4 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 the most significant businesses that we own.

*(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 \$12.9 million from the end of 2022 is primarily due to a net new draw on credit facility of \$20.0 million offset by the net purchase of investments of \$15.3 million. Cash and cash equivalents is comprised entirely of cash held at the bank.

*(c) Income tax recovery*

The Income tax recovery of \$15.6 million is a result of income tax installments being more than Cymbria's income tax liability as at June 30, 2023.

*(d) Credit facility*

In March 2023, Cymbria amended and renewed the credit facility. As part of the amendment, Cymbria drew \$25 million on a fixed term of 7 years making the total amount drawn on term \$50 million. During the quarter, Cymbria repaid \$5.1 million drawn on the revolving portion of the facility.

**(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 six months ended June 30, 2023, Cymbria issued 1,773 units and the total value of the plan increased by \$0.2 million from the end of 2022.

**(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 June 30, 2023, Cymbria's deferred income tax liability is presented net and it comprises of a liability on the unrealized appreciation of investments of \$50.5 million offset by an asset on deferred share units of \$0.1 million.

**(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 June 30, 2023 and August 10, 2023 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at June 30, 2023 and August 10, 2023, there were 16,297,553 and 16,279,603 Class A 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 June 30, 2023 and August 10, 2023, there were 6,413,442 Class J shares outstanding.

**Cash flows**

For the six months ended June 30, 2023, Cymbria had a net increase in cash and cash equivalents of \$12.9 million. The majority of the net increase in cash and cash equivalents is due to a net new

draw on credit facility of \$20.0 million offset by the net purchase of investments of \$15.3 million.

**Shareholder activity**

Cymbria refiled its Normal-Course Issuer Bid ("NCIB") for the 12-month period beginning on May 25, 2023 to May 24, 2024. 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 quarter ended June 30, 2023, 7,900 Class A shares were repurchased for a total cost of \$463 thousand. Since inception, Cymbria has repurchased and cancelled 564,100 Class A shares at an average price of \$20.25 per share and a total cost of \$11.4 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 a LRO for the three months ended June 30, 2023 as Cymbria's portfolio declined in the previous fiscal year.

**Summary of interim results**

The financial information summarized below is derived from Cymbria's condensed interim financial statements from the three month periods noted in the table below. 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							
	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Total income (loss)	\$ 31,571	\$ 79,172	\$ 115,431	\$ (3,800)	\$ (139,939)	\$ (50,775)	\$ 61,221	\$ (13,660)
Total expenses	\$ 5,331	\$ 4,062	\$ 4,586	\$ 3,974	\$ 5,003	\$ 4,130	\$ 4,095	\$ 4,761
Net income (loss)	\$ 23,949	\$ 65,086	\$ 97,317	\$ (5,671)	\$ (125,200)	\$ (47,073)	\$ 50,902	\$ (14,793)
Net income (loss), per share								
Class A	\$ 1.00	\$ 2.76	\$ 4.13	\$ (0.26)	\$ (5.34)	\$ (2.02)	\$ 2.15	\$ (0.65)
Class J	\$ 1.18	\$ 3.13	\$ 4.66	\$ (0.24)	\$ (5.90)	\$ (2.18)	\$ 2.46	\$ (0.66)

**Credit facility**

In 2017, Cymbria entered into a five-year credit agreement with a Canadian chartered bank (the "Bank") that allows Cymbria to borrow up to \$100 million. On March 28, 2023, Cymbria amended the credit agreement to allow the \$100 million facility to be the aggregate of a renewable \$50 million revolving commitment that will mature on March 10, 2027 and two \$25 million prime rate term loans that will mature on March 10, 2029 and March 28, 2030.

Interest on the term commitment is charged at 3-month CDOR plus a spread, however, Cymbria has entered into interest rate swap contracts that will fix the interest on each tranche of the term commitment at 3.8% and 5.5% per annum, respectively, until maturity. Interest on the revolving commitment 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 is secured by a selection of eligible securities in Cymbria's investment portfolio.

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 may have a financial liability associated with drawn amounts on the credit facility. As at June 30, 2023, cash and cash equivalents less the outstanding balance on the credit facility represents 4.7% of Cymbria's total shareholders' equity. Cymbria's portfolio of securities includes actively traded global stocks that can be readily sold. As at June 30, 2023, the portfolio of public equities that the Manager believes can be readily sold represents 74% of Cymbria's total shareholders' equity. Cymbria has drawn \$50 million on its credit facility; however, the Manager does not believe this poses a significant risk to liquidity as it represents only 3.4% of total shareholders' equity. There are no other outstanding debt or contractual obligations that would pose a significant risk to liquidity as at June 30, 2023.

### **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 three months ended June 30, 2023, management fees totaled \$2.6 million, compared to \$2.4 million for the same period in 2022. 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.

### **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 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 10 of the interim 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 condensed unaudited interim financial statements are the same as those applied by Cymbria in its audited financial statements for the year ended December 31, 2022, which were prepared in accordance with IFRS. Cymbria has not early adopted any other 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:

	<b>Classification</b>	<b>Measurement</b>
<b>Financial assets</b>		
Investments		
Foreign exchange forward contracts	Fair value through profit or loss	Fair value
Interest rate swap contracts		
<b>Financial liabilities</b>		
Foreign exchange forward contracts	Fair value through profit or loss	Fair value
Deferred share unit plan liability		
<b>Financial assets (continued)</b>		
Cash and cash equivalents		
Dividends receivable		
Receivable for investments sold	Amortized cost	Amortized cost
Income tax recovery		
<b>Financial liabilities (continued)</b>		
Accrued liabilities		
Payable for investments purchased		
Credit Facility	Amortized cost	Amortized cost
Income taxes payable		
Interest payable on swap contracts		
Deferred income tax liability		

**Future changes in accounting policies**

A number of new standards, amendments to standards and interpretations are not yet effective for the three months ended June 30, 2023. 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 30, 2023 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 the Co-Chief Executive Officers and the Chief Financial Officer have designed, or caused to be designed, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Co-Chief Executive Officers and the Chief Financial Officer have also designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by Cymbria in its corporate filings have been recorded, processed, summarized and reported within the time periods specified in securities legislation. In addition, Cymbria's Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by Cymbria, and have reviewed and approved this MD&A and the unaudited condensed interim financial statements as at August 10, 2023.

There were no changes made in the design of internal controls over financial reporting during the three months ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, Cymbria's internal controls over financial reporting.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our internal controls over financial reporting and disclosure controls and procedures are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

## **OFFICERS**

**Tye Bousada, CFA**

*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 and member of the Audit Committee*

**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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## **AUDITOR**

KPMG LLP

333 Bay St., Suite 4600

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Toronto, ON M5H 2S5

## **CUSTODIAN**

CIBC Mellon Trust Company

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Toronto, ON M5J 0B6

## **MANAGER AND INVESTMENT ADVISOR**

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Toronto, ON M5S 2X9

## **LEGAL COUNSEL**

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199 Bay St.

Toronto, ON M5L 1B9

## **REGISTRAR AND TRANSFER AGENT**

Computershare Investor Services Inc.

100 University Ave., 8th floor

Toronto, ON M5J 2Y1

## **TORONTO STOCK EXCHANGE LISTING**

CYB