**Management's Discussion & Analysis of**

# CYMBRIA CORPORATION

**Three months ended March 31, 2023**

CYMBRIA®

Management's Discussion and Analysis ("MD&A") provides a review of Cymbria Corporation's ("Cymbria") financial results for the three months ended March 31, 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 May 12, 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** 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 2022 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, 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 future changes to income tax rates. In addition, $32.1 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.

| | Mar. 31, 2023 ('000s) | Dec. 31, 2022 ('000s) |
|---|---|---|
| aNAV | $ 1,477,261 | $ 1,405,892 |
| Less: Deferred income tax liability | (50,273) | (41,380) |
| Shareholders' equity | $ 1,426,988 | $ 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 | | Mar. 31, 2023 | | Dec. 31, 2022 |
|---|---|---|---|---|
| Adjusted net asset value per share | $ | 62.90 | $ | 59.77 |
| Less: Deferred income tax liability | | (2.14) | | (1.76) |
| Shareholders' equity per share | $ | 60.76 | $ | 58.01 |

| Class J | | Mar. 31, 2023 | | Dec. 31, 2022 |
|---|---|---|---|---|
| Adjusted net asset value per share | $ | 70.41 | $ | 66.84 |
| Less: Deferred income tax liability | | (2.39) | | (1.97) |
| Shareholders' equity per share | $ | 68.02 | $ | 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 March 31, 2023, Cymbria invested in a collection of 55 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 529.0% and the cumulative return of Cymbria's Class A shareholders' equity since inception is 507.6%.

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

Markets continued to rise in the first quarter of 2023, with major equity indexes, such as the MSCI World Index, S&P/TSX Composite Index and S&P 500 Index, rising 7.6%, 4.6% and 7.2%, respectively (net total returns, in Canadian dollars). Turmoil in the U.S. and European banking industry caused markets to change expectations regarding the U.S. Federal Reserve monetary policy. The possibility of interest rate reductions created a rotation to technology businesses, with major technology indexes performing well. For instance, the Nasdaq Composite Index returned 16.8% over the quarter (net total returns, in Canadian dollars).

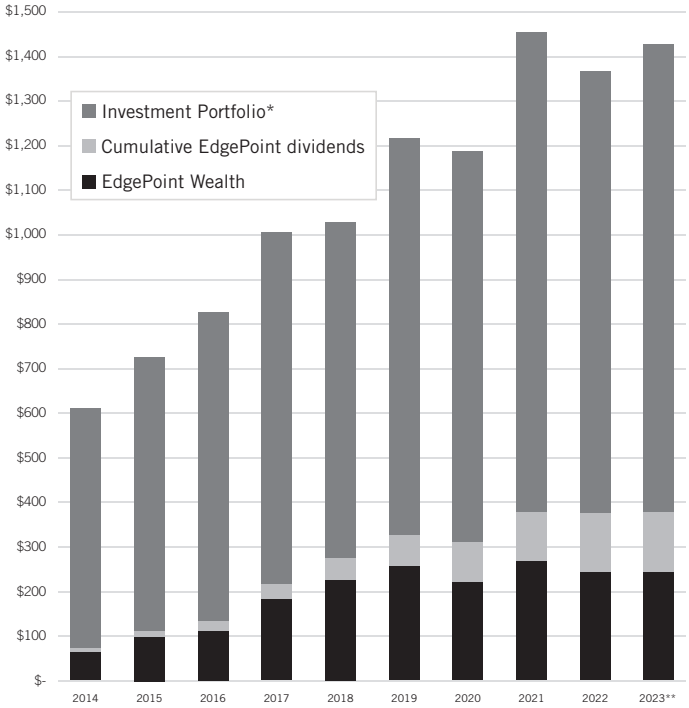
At Cymbria, today's unpredictable environment does not distract us from focusing on the importance of strong fundamentals in the businesses we own. We believe owning a collection of businesses that can grow, without paying for that growth, is the best way to grow your wealth as well as safeguard it from the potential downside risk of certain macroeconomic events.

Throughout the quarter, the investment team continued to take advantage of market volatility by adding 8 new businesses to Cymbria, while exiting 3 businesses.

## Overall performance

For the three months ended March 31, 2023, Cymbria's shareholders' equity increased 4.6% to $1,427 million (March 31, 2022: 3.3% 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)**




*Includes cash and net working capital.
**March 31, 2023

## 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. | 51,051 |
| Mattel Inc. | 51,018 |
| Berry Global Group Inc. | 48,897 |
| Dollar Tree Inc. | 48,088 |
| SAP SE | 48,044 |
| Osisko Gold Royalties Limited | 40,905 |
| Computer Modelling Group Limited | 37,097 |
| Elevance Health Inc. | 36,813 |
| TE Connectivity Limited | 33,997 |
| Alfa Laval AB | 31,168 |
| Private financial technology company | 29,923 |
| Koninklijke DSM NV | 28,307 |
| Ross Stores Inc. | 28,290 |
| PrairieSky Royalty Limited | 27,453 |

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.

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

- Qualtrics International, Inc. Class A

  Qualtrics is a software company that is the global leader in experience management software. We first purchased the business in July 2022. In March 2023, Qualtrics announced that it had entered into an agreement to be acquired by Silver Lake. The stock was up 72% (local currency) during the quarter and the total unrealized gain in the business increased by $10.1million.

- SAP SE

  We first purchased SAP in January 2021. SAP is the world's largest provider of Enterprise Resource Planning (ERP) software. ERP is mission critical for large companies as it helps integrate products, collect data, and then analyze and interpret that data. Once a customer has integrated their data in an ERP system, it becomes a significant undertaking to switch software programs. SAP announced the sale intention of its ownership stake in Qualtrics, which monetized an undervalued asset. SAP continues to demonstrate success converting customers from its on-premise ERP to its cloud offerings. The stock was up 20% (local currency) over the quarter and Cymbria's unrealized gain in the business increased by $9.2 million.

- Osisko Gold Royalties Ltd.

  We first purchased Osisko in February 2018. Osisko Gold Royalties is a precious metals royalty business focusing on North American properties and material holdings in several public companies. Osisko's CEO continues to execute smaller and accretive investments, avoiding some of the mistakes the company has made in the past. The continuation of these deals for the past two years has been slowing, convincing the market that Osisko's discounted valuation may no longer be as warranted as in the past. The first quarter of 2023 also saw progression with Osisko's primary asset, a net smelter return on the Malartic gold mine. The stock was up 31% (local currency) over the quarter and Cymbria's unrealized gain in the business increased by $9.7 million.

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

- Signature Bank

  We first purchased Signature Bank in Cymbria in July 2022. Signature was one of the lowest-cost, most-efficient banks in the U.S. Its expense ratio (costs divided by revenue) was half of the industry average. Unlike Bank of America and JPMorgan, which have thousands of retail branches on street corners, Signature's efficiency came from only having about 40 branches. Its business model was to go after low-cost deposits and deploy the money into conservative loans. Over the last 20 years, its cumulative loan losses were 75% lower than the banking industry. The other thing that made Signature unique was that all its growth was organic and did not require acquisitions.

  Our underlying thesis was that after 20 years of growth, Signature still only had 3% deposit market share in New York City, and the company had started expanding into California and other states. Unfortunately, Signature was impacted by problems at Silicon Valley Bank (SVB), which had suffered a deposit run as technology and venture capital companies pulled deposits. SVB lost 25% of its deposits in 24 hours, which caused increased scrutiny on other banks with large deposits exceeding the FDIC's US$250,000 insurance limit. Signature's business model of having apartment owners and law firms as banking clients meant that most of their deposits were also above the FDIC limit.

  Most banks get into trouble when they lose money on the loans they make or the securities they buy – that wasn't the case for Signature. We owned a bank with positive deposit flow of over a billion dollars the previous week and minimal mark-to-market losses on its securities portfolio. As well, three members of the management team had personally bought Signature stock that week. An external event at another bank created a crisis of confidence in the entire sector that led depositors to flee to JPMorgan and other "too-big-to-fail" banks. Our exposure was small at 0.4% in Cymbria on March 10, 2023 when Signature was halted from trading, but our investment was still a mistake. We have since sold our position and Cymbria realized a loss of $10.8 million.

*Businesses purchased*

During the quarter ended March 31, 2023, we purchased 8 new businesses. The largest purchase, in terms of significance to Cymbria as at March 31, 2023, was:

- Ritchie Bros. Auctioneers

  Ritchie Brothers (RBA) is a dual-listed heavy equipment auction dealer that's headquartered in Canada but is primarily based in the U.S. In November 2021, the company announced it will be acquiring IAA, Inc. in a nearly all-stock merger. Legacy RBA shareholders will own about 60% of the combined RBA-IAA entity, while IAA shareholders will own the rest. IAA is the second-largest salvage vehicle broker in the U.S. In recent years, IAA has lost share to Copart, which is now the top player in the market. Historically, IAA and Copart held nearly equal market share. We believe RBA's management team (who will succeed the pro forma entity), combined with RBA's excess yard capacity, will be a key enabler in ensuring IAA stabilizes its market position. Ultimately, we see the combination of IAA and RBA providing an opportunity for the historical 50/50 market-share split to be restored. We see no reason RBA-IAA can't have the same consolidated earnings power as Copart, yet Copart trades at roughly 2.5x the enterprise value that RBA-IAA currently trades at. Therefore, we see a significant valuation discrepancy should the combined RBA-IAA entity be successful in stabilizing and regaining IAA's market share in the attractive salvage vehicle market.

*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 3 businesses. Below are the most significant businesses sold based on the gross amount of realized gains and losses:

- Signature Bank – Please refer to comments above.
- Dish Network Corp.

  We purchased Dish in December of 2020. The thesis behind the purchase was that Dish had accumulated a large portfolio of spectrum over many years that was going to be used to build a new 5G mobile network in the U.S. Dish was proposing to build a cloud-based mobile network that would capitalize on technology advancements from the past decade. This architecture has the potential to operate at a much lower cost than legacy mobile networks, which would be a major advantage in winning subscribers. Ultimately, interest rates rose quickly through 2022, making it more difficult for Dish to raise the funding required to complete the network and win new subscribers. While the company continues to build out the network, it was our view that there were better risk/reward opportunities at the time, leading us to sell our position. The holding-period return was approximately -33.4% (total return in C$), resulting in a realized loss of $7.1 million.

*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 March 31, 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 March 31, 2023. Since inception, we have received $137.3 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, unchanged from the end of 2022.

  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.

  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 March 31, 2023. However, valuing a business like EdgePoint is an imperfect science and depending on actual results there could be considerable variance positively or negatively from today's value.

## *Financial review*

This section discusses the significant changes in Cymbria's financial performance, financial condition and cash flows for the three months ended March 31, 2023 compared to those for the three months ended March 31, 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*

| | Three months ended March 31, 2023 ('000s) | 2022 ('000s) |
|---|---|---|
| **Income** | | |
| Net realized gain (loss) on investments | $ 644 | $ 30,144 |
| Change in unrealized gain (loss) on investments | 68,224 | (90,344) |
| Dividend and interest income | 11,250 | 9,257 |
| Foreign currency gain (loss) | (946) | 168 |
| **Total income (loss)** | $ 79,172 | $ (50,775) |
| **Expenses** | | |
| Management fees | $ 2,583 | $ 2,470 |
| Withholding taxes, HST, and transaction costs | 668 | 862 |
| Other expenses | 811 | 798 |
| **Total expenses** | $ 4,062 | $ 4,130 |
| **Profit (loss) before taxes** | $ 75,110 | $ (54,905) |
| **Income taxes (recovery)** | $ 10,024 | $ (7,832) |
| **Net comprehensive income (loss)** | $ 65,086 | $ (47,073) |

*(a) Net realized gain on investments*

During the three months ended March 31, 2023, the realized gain on investments of $0.6 million is largely attributable to a gain from the sale of shares of Univar Solutions Inc. of $4.4 million, Qualtrics International Inc. of $4.1 million and Aramark of $3.0 million offset by realized losses from Signature Bank of $10.8 million and Dish Network Corp of $7.1 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 the most significant 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 increased by $68.2 million for the three months ended March 31, 2023. This is a result of fluctuations in the value of investments during the period. The three largest contributors to the increase during the period were Qualtrics International Inc. of $10.1 million, Osisko Gold Royalties Ltd. of $9.7 million and SAP SE of $9.2 million. 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 March 31, 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 $6.1 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 March 31, 2023, Cymbria's most significant foreign currency exposure was the U.S. dollar, which as a percentage of shareholders' equity was approximately 35% and we hedged approximately 8% of that exposure. The total impact of foreign currency fluctuations during the three months ended March 31, 2023 was a $0.9 million loss.

*(e) Expenses*

Management fees increased by $0.1 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 March 31, 2023 were 0.82% for Class A shareholders and 0.41% for Class J shareholders.

### *Financial condition*

| | Mar. 31, 2023 ('000s) | Dec. 31, 2022 ('000s) |
|---|---|---|
| **Assets** | | |
| Investments | $1,379,292 | $1,315,158 |
| Cash and cash equivalents | 125,807 | 104,535 |
| Other assets | 17,690 | 1,787 |
| Income tax recovery | 17,709 | 16,564 |
| **Total assets** | $1,540,498 | $1,438,044 |
| **Liabilities** | | |
| Foreign exchange forward contracts | $ 377 | $ 284 |
| Accrued liabilities and other payables | 6,264 | 399 |
| Credit facility | 55,050 | 30,050 |
| Deferred share unit plan | 1,546 | 1,419 |
| Deferred income tax liability | 50,273 | 41,380 |
| **Total liabilities** | $ 113,510 | $ 73,532 |
| **Shareholders' equity** | $1,426,988 | $1,364,512 |

*(a) Investments*

Cymbria's investments as at March 31, 2023, primarily consists of a portfolio of public securities of $1,062.4 million and private equity of $301.0 million, including an investment in EdgePoint of $280.6 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 as at March 31, 2023.

*(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 $21.3 million from the end of 2022 is primarily due to the additional cash drawn on the term portion of the credit facility of $25.0 million. Cash and cash equivalents is comprised entirely of cash held at the bank.

*(c) Income tax recovery*

The Income tax recovery of $17.7 million is a result of income tax installments being more than Cymbria's income tax liability as at March 31, 2023.

*(d) Credit facility*

During the quarter, 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. An additional $5.1 million is 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 three months ended March 31, 2023, Cymbria issued 893 units and the total value of the plan increased by $0.1 million from the end of 2022.

*(g) 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 March 31, 2023, Cymbria's deferred income tax liability is presented net and is comprised of a liability on the unrealized appreciation of investments of $50.3 million offset by an asset on deferred share units of $0.1 million. Included in the deferred income tax liability is a $32.1 million liability related to Cymbria's investment in EdgePoint.

*(h) Shareholders' equity*

Cymbria's shareholders' equity is comprised of common stock, Class A, and Class J shares. The Manager owns 100% of the common stock of Cymbria. The number of common shares outstanding on March 31, 2023 and May 12, 2023 were 100. Class A shares are non-redeemable and traded on the Toronto Stock Exchange. As at March 31, 2023 and May 12, 2023, there were 16,301,239 and 16,301,813 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 March 31, 2023 and May 12, 2023, there were 6,417,206 and 6,414,817 Class J shares outstanding, respectively.

### *Cash flows*

For the three months ended March 31, 2023, Cymbria had a net increase in cash and cash equivalents of $21.3 million. The majority of the net increase in cash and cash equivalents is due to cash generated from drawing $25.0 million on the credit facility.

### *Shareholder activity*

Cymbria refiled its Normal-Course Issuer Bid ("NCIB") for the 12-month period beginning on May 23, 2022 to May 22, 2023. 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, Cymbria repurchased and cancelled 45,100 shares for a total cost of $2.6 million. Since inception, Cymbria has repurchased and cancelled 556,300 Class A shares at an average price of $21.54 per share and a total cost of $10.9 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 March 31, 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.

| | | | | | | | | Three months ended |
|---|---|---|---|---|---|---|---|---|
| **(in '000s except per share amounts)** | **Mar. 31, 2023** | **Dec. 31, 2022** | **Sep. 30, 2022** | **Jun. 30, 2022** | **Mar. 31, 2022** | **Dec. 31, 2021** | **Sep. 30, 2021** | **Jun. 30, 2021** |
| Total income (loss) | $ 79,172 | $ 115,431 | $ (3,800) | $ (139,939) | $ (50,775) | $ 61,221 | $ (13,660) | $ 112,101 |
| Total expenses | $ 4,062 | $ 4,586 | $ 3,974 | $ 5,003 | $ 4,130 | $ 4,095 | $ 4,761 | $ 4,299 |
| Net income (loss) | $ 65,086 | $ 97,317 | $ (5,671) | $ (125,200) | $ (47,073) | $ 50,902 | $ (14,793) | $ 94,920 |
| Net income (loss), per share | | | | | | | | |
| Class A | $ 2.76 | $ 4.13 | $ (0.26) | $ (5.34) | $ (2.02) | $ 2.15 | $ (0.65) | $ 4.02 |
| Class J | $ 3.13 | $ 4.66 | $ (0.24) | $ (5.90) | $ (2.18) | $ 2.46 | $ (0.66) | $ 4.54 |

## Credit facility

In 2017, Cymbria entered into a credit agreement with a Canadian chartered bank (the "Bank") that allowed 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 March 31, 2023, cash and cash equivalents less the outstanding balance on the credit facility represents 8.8% of Cymbria's total shareholders' equity. Cymbria's portfolio of securities includes actively traded global stocks that can be readily sold. As at March 31, 2023, the portfolio of public equities that the

Manager believes can be readily sold represents 75% of Cymbria's total shareholders' equity. Cymbria has drawn $55 million on its credit facility; however, the Manager does not believe this poses a significant risk to liquidity as it represents only 3.9% of shareholders' equity. There are no other outstanding debt or contractual obligations that would pose a significant risk to liquidity as at March 31, 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 March 31, 2023, management fees totaled $2.6 million, compared to $2.5 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 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 | | |
| Foreign exchange forward contracts | Fair value through profit or loss | Fair value |
| Interest rate swap contract | | |
| Cash and cash equivalents | | |
| Dividends receivable | | |
| Receivable for investments sold | Amortized cost | Amortized cost |
| Income tax recovery | | |
| **Financial liabilities** | | |
| Foreign exchange forward contracts | Fair value through profit or loss | Fair value |
| Deferred share unit plan liability | | |
| Accrued liabilities | | |
| Payable for investments purchased | | |
| Credit facility | Amortized cost | Amortized cost |
| Income taxes payable | | |
| 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 March 31, 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 May 12, 2023.

There were no changes made in the design of internal controls over financial reporting during the three months ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect.

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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## MANAGER AND INVESTMENT ADVISOR

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## REGISTRAR AND TRANSFER AGENT

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## TORONTO STOCK EXCHANGE LISTING

CYB