

**Unaudited Financial Statements of**

**CYMBRIA CORPORATION**

**Three months and nine months ended  
September 30, 2024**

**CYMBRIA®**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim Financial Statements have been prepared by the Manager, EdgePoint Investment Group Inc., on behalf of Cymbria Corporation ("Cymbria"). Management is responsible for the information and representations contained in these Financial Statements.

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited condensed interim Financial Statements have been prepared in accordance with IFRS Accounting Standards and include certain amounts based on estimates and assumptions. The material accounting policy information that management believes is appropriate for Cymbria is described in Note 3 to the unaudited condensed interim Financial Statements.

The Board of Directors is responsible for reviewing and approving Cymbria's unaudited condensed interim Financial Statements, overseeing management's performance of its financial reporting responsibilities and engaging the independent auditor. The Board of Directors is composed of four members who are independent of management. For all share classes of Cymbria, the unaudited condensed interim Financial Statements have been reviewed and approved by the Board of Directors.



Patrick Farmer  
Chairman  
November 7, 2024



Norman Tang  
Chief Financial Officer  
November 7, 2024

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## NOTICE TO SHAREHOLDERS

Cymbria's Board of Directors, appoints independent auditors to audit Cymbria's annual Financial Statements. Under Canadian securities laws (National Instrument 51-102), if an auditor has not reviewed the interim Financial Statements, this must be disclosed in an accompanying notice.

Cymbria's independent auditor has not performed a review of these condensed interim Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

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	September 30, 2024	December 31, 2023 (Audited)
<b>Assets</b>		
Investments	\$ 1,452,376	\$ 1,276,577
EdgePoint Wealth Management Inc.	295,689	254,982
Foreign exchange forward contracts	579	1,938
Interest rate swap contract	33	1,110
Total financial assets at fair value through profit or loss* (Note 10)	1,748,677	1,534,607
Cash and cash equivalents	76,330	138,841
Dividends receivable	885	2,072
Prepaid interest	-	631
Receivable for investments sold	961	957
Interest receivable	310	414
<b>Total Assets</b>	<b>\$ 1,827,163</b>	<b>\$ 1,677,522</b>
<b>Liabilities</b>		
Accrued liabilities	\$ -	\$ 173
Foreign exchange forward contracts	156	-
Income taxes payable	4,905	3,286
Payable for investments purchased	966	-
Total current liabilities	6,027	3,459
Credit facility - term (Note 9)	50,000	50,000
Deferred share unit plan liability (Note 7)	2,310	1,774
Deferred income tax liability	103,577	61,321
<b>Total Liabilities</b>	<b>\$ 161,914</b>	<b>\$ 116,554</b>
<b>Shareholders' equity</b>		
Share capital (Note 5)	\$ 210,290	\$ 218,014
Retained earnings (Note 6)	1,454,959	1,342,954
<b>Total Shareholders' equity</b>	<b>\$ 1,665,249</b>	<b>\$ 1,560,968</b>
<b>Shareholders' equity</b>		
Common stock	\$ -	\$ -
Class A	1,152,435	1,087,806
Class J	512,814	473,162
<b>Number of shares outstanding (Note 5)</b>		
Class A	15,618,176	16,295,074
Class J	6,184,939	6,315,801
<b>Total shareholder's equity per share</b>		
Class A	\$ 73.79	\$ 66.76
Class J	\$ 82.91	\$ 74.92

\*Cost of investments is reflected in the *Schedule of Investment Portfolio*.

The accompanying notes are an integral part of these interim Financial Statements.

ON BEHALF OF THE BOARD:

  
\_\_\_\_\_  
Reena Carter, Director

  
\_\_\_\_\_  
James MacDonald, Director

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Income</b>				
Dividends from EdgePoint Wealth Management Inc.	\$ 5,824	5,175	17,214	15,525
Dividends	3,615	4,720	13,881	15,592
Interest for distribution purposes	1,394	1,671	4,598	4,256
Foreign currency gain (loss) on cash and other net assets	(336)	152	675	(73)
Income on interest rate swap contracts	224	302	849	745
Other net changes in fair value of financial assets and financial liabilities at fair value through profit or loss:				
Net realized gain (loss) on investments	24,705	14,855	73,130	32,618
Net realized gain (loss) on foreign exchange forward contracts	(571)	122	(533)	114
Increase (decrease) in net unrealized gain on investments	108,508	(18,217)	121,484	46,592
Increase (decrease) in net unrealized gain on foreign exchange forward contracts	681	(1,183)	(364)	333
Increase (decrease) in net unrealized gain on swap contracts	(1,750)	1,499	(1,077)	4,137
<b>Total Income</b>	\$ 142,294	9,096	\$ 229,857	\$ 119,839
<b>Expenses (Note 8)</b>				
Management fees (Note 8)	\$ 3,105	\$ 2,711	\$ 8,959	\$ 7,903
Operating expenses	925	843	1,296	1,438
Harmonized Sales Tax	594	499	1,501	1,378
Investment research and portfolio maintenance	534	290	1,286	1,263
Net withholding tax	267	163	1,280	738
Transaction costs	183	111	699	599
Interest expense (Note 9)	83	907	2,092	1,598
<b>Total Expenses</b>	\$ 5,691	\$ 5,524	\$ 17,113	\$ 14,917
<b>Profit for the period before taxes</b>	\$ 136,603	\$ 3,572	\$ 212,744	\$ 104,922
<b>Income taxes (recovery)</b>				
Current	\$ 3,525	\$ 1,808	\$ 9,168	\$ 5,062
Deferred	19,025	(2,251)	42,256	6,810
<b>Total Income taxes</b>	\$ 22,550	\$ (443)	\$ 51,424	\$ 11,872
<b>Net income (loss)</b>	\$ 114,053	\$ 4,015	\$ 161,320	\$ 93,050
<b>Net income (loss), by class</b>				
Class A	\$ 78,426	\$ 2,531	\$ 111,019	\$ 63,874
Class J	\$ 35,627	\$ 1,484	\$ 50,301	\$ 29,176
<b>Net income (loss), per share</b>				
Class A	\$ 5.02	\$ 0.16	\$ 7.06	\$ 3.92
Class J	\$ 5.75	\$ 0.23	\$ 8.07	\$ 4.55

The accompanying notes are an integral part of these interim Financial Statements.

	2024	2023
<b>Class A:</b>		
Shareholders' equity, beginning of the period	\$ 1,087,806	\$ 948,205
Net income (loss), by class	111,019	63,874
Capital transactions:		
Class J to Class A share exchanges	1,244	73
Cumulative surplus on Class J to Class A share exchanges	(63)	(3)
Shares repurchased and cancelled	(7,597)	(666)
Surplus (deficit)	(39,975)	(3,152)
	64,629	60,126
Shareholders' equity, end of the period	\$ 1,152,435	\$ 1,008,331

**Class J:**

Shareholders' equity, beginning of the period	\$ \$473,162	\$ \$416,307
Net income (loss), by class	50,301	29,176
Capital transactions:		
Class J to Class A share exchanges	(1,181)	(69)
Shares repurchased and cancelled	(128)	-
Surplus (deficit)	(9,340)	(311)
	39,652	28,796
Shareholders' equity, end of the period	\$ 512,814	\$ 445,103

The accompanying notes are an integral part of these interim Financial Statements.

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Net income (loss)	\$ 161,320	\$ 93,050
Adjustments for:		
Foreign currency (gain) loss on cash and other net assets	(675)	73
Net realized (gain) loss on investments	(73,130)	(32,618)
Net realized (gain) loss on foreign exchange forward contracts	533	(114)
(Increase) decrease in net unrealized gain on investments and EdgePoint Wealth Management Inc.	(121,484)	(46,592)
(Increase) decrease in net unrealized gain on foreign exchange forward contracts	364	(333)
(Increase) decrease in net unrealized gain on swap contracts	1,077	(4,137)
(Increase) decrease in dividends receivable	1,187	385
(Increase) decrease in interest receivable	735	(959)
Increase (decrease) in accrued liabilities and other payables	1,982	17,162
Increase (decrease) in deferred income tax liability	42,256	6,810
Purchase of investments	(370,909)	(345,165)
Proceeds from sales of investments	350,597	299,558
<b>Net Cash Generated (Used) by Operating Activities</b>	<b>\$ (6,147)</b>	<b>\$ (12,880)</b>
<b>Cash Flows from Financing Activities</b>		
Purchase and cancellation of Class A and Class J shares	\$ (57,039)	\$ (4,128)
Net draw on credit facility	–	19,950
<b>Net Cash Generated (Used) by Financing Activities</b>	<b>\$ (57,039)</b>	<b>\$ 15,822</b>
Net increase (decrease) in cash and cash equivalents	\$ (63,186)	\$ 2,942
Foreign currency gain (loss) on cash and other net assets	675	(73)
Cash and cash equivalents, beginning of period	138,841	104,535
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 76,330</b>	<b>\$ 107,404</b>
Cash and cash equivalents comprise:		
Cash at bank	\$ 76,330	\$ 107,404
	\$ 76,330	\$ 107,404
Interest received	\$ 4,702	\$ 3,957
Dividends received, net of withholding tax	\$ 31,002	\$ 15,239
Interest paid	\$ (2,092)	\$ (2,147)
Income taxes paid	\$ (7,549)	\$ –

The accompanying notes are an integral part of these interim Financial Statements.

Number of shares/units	Security	Average cost	Fair value
	<b>Public Equity</b>		
1,007,383	Berry Global Group Inc.	\$ 69,500	\$ 92,618
263,922	Norfolk Southern Corporation	78,952	88,700
2,423,295	Osisko Gold Royalties Limited	34,220	60,703
5,109,808	Computer Modelling Group Limited	26,744	58,098
1,258,228	Koninklijke Philips NV	53,349	55,728
30,435	Fairfax Financial Holdings Limited	14,408	51,973
2,002,122	Mattel Inc.	41,004	51,583
63,986	Elevance Health Inc.	31,177	45,000
142,346	SAP SE	22,646	43,803
485,662	Dayforce Inc.	40,891	40,231
336,630	RB Global Inc.	25,673	36,642
373,532	Restaurant Brands International Inc.	27,867	36,453
128,704	Applied Materials, Inc.	33,396	35,170
165,953	TE Connectivity Limited	21,733	33,889
	<i>Others</i>	567,104	627,572
		<u>1,088,664</u>	<u>1,358,163</u>
	<b>Private Equity</b>		
279,585	EdgePoint Wealth Management Inc.	509	295,689
	<i>Others</i>	41,565	53,803
		<u>42,074</u>	<u>349,492</u>
	<b>Total Equities</b>	\$ 1,130,738	\$ 1,707,655
	Term Loans	\$ 22,577	\$ 22,570
	Physical Commodities	6,634	15,017
	Foreign exchange forward contracts	–	423
	Options	2,766	2,823
	Swap contracts	–	33
	Adjustment for transaction costs	(1,013)	–
	<b>Total financial assets and liabilities at fair value through profit or loss</b>	\$ 1,161,702	\$ 1,748,521

## 1. The Corporation:

Cymbria Corporation (“Cymbria”) is an investment company incorporated on September 4, 2008, under the laws of the Province of Ontario. It commenced operations and was listed on the Toronto Stock Exchange on November 4, 2008. EdgePoint Investment Group Inc. (the “Manager”) provides senior management to Cymbria and is also its Investment Advisor.

The registered office of Cymbria is located at 150 Bloor St. W., Suite 500, Toronto, Ontario, M5S 2X9, Canada.

The investment objective of Cymbria is to provide long-term capital appreciation through a concentrated portfolio of global companies and an investment in EdgePoint Wealth Management Inc. (“EdgePoint”), which offers mutual funds, institutional and other investments through financial advisors. The portfolio management team looks for global companies that it believes have strong competitive positions, long-term growth prospects and are run by competent management teams. The portfolio management team endeavours to acquire ownership stakes in these companies at prices below its assessment of each company’s true value.

## 2. Statement of compliance:

These unaudited condensed interim financial statements of Cymbria have been prepared in compliance with International Accounting Standard 34, Interim Financial Reporting, using accounting policies consistent with IFRS Accounting Standards. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on November 7, 2024.

## 3. Material accounting policy information:

The accounting policies applied by Cymbria in these condensed interim financial statements are the same as those applied by Cymbria in its financial statements for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards. Cymbria has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## 4. Critical accounting estimates and judgments:

In the preparation of these condensed interim financial statements, the Manager has made judgments, estimates and assumptions that affect the application of Cymbria’s accounting policies and the reported amounts of assets, liabilities, income and expenses. There have been no changes in the critical accounting estimates and judgments which were set out in detail in Note 4 of Cymbria’s financial statements for the year ended December 31, 2023.

## 5. Share capital:

Cymbria has authorized an unlimited number of Class A non-voting, non-redeemable shares, an unlimited number of Class J non-voting, non-redeemable shares and an unlimited number of common shares. Share capital consists of the following:

September 30, 2024	Number of shares	Amount ('000s)
Common shares outstanding, September 30, 2024	100	—*
Class A shares issued:		
Shares outstanding, January 1, 2024	16,295,074	\$ 154,856
Class A shares issued in exchange for Class J shares	132,598	1,244
Contributed Surplus		(63)
Class A shares repurchased for cancellation	(809,496)	(7,597)
Class A shares outstanding, September 30, 2024	15,618,176	\$ 148,441
Class J shares issued:		
Shares outstanding, January 1, 2024	6,315,801	\$ 63,158
Class J shares exchanged for Class A shares	(118,112)	(1,181)
Class J shares repurchased for cancellation	(12,750)	(128)
Class J shares outstanding, September 30, 2024	6,184,939	\$ 61,849
<b>Total</b>		<b>\$ 210,290</b>

\*Amount of common shares outstanding is \$100.

September 30, 2023	Number of shares	Amount ('000s)
Common shares outstanding, September 30, 2023	100	—*
Class A shares issued:		
Shares outstanding, January 1, 2023	16,346,339	\$ 155,390
Class A shares issued in exchange for Class J shares	7,734	73
Contributed Surplus		(7)
Class A shares repurchased for cancellation	(70,950)	(666)
Class A shares outstanding, September 30, 2023	16,283,123	\$ 154,686
Class J shares issued:		
Shares outstanding, January 1, 2023	6,417,206	\$ 64,172
Class J shares exchanged for Class A shares	(6,905)	(69)
Contributed Surplus	—	108
Class J shares outstanding, September 30, 2023	6,410,301	\$ 64,211
<b>Total</b>		<b>\$ 218,897</b>

\*Amount of common shares outstanding is \$100.

**6. Retained earnings:**

The changes in retained earnings for the nine months ended September 30, 2024 and 2023 are as follows:

	September 30, 2024 ('000s)	September 30, 2023 ('000s)
Opening retained earnings	\$ 1,342,954	\$ 1,144,950
Net income (loss)	161,320	93,050
Class A shares repurchased for cancellation	(43,016)	(3,463)
Class J shares repurchased for cancellation	(6,299)	–
Closing retained earnings	\$ 1,454,959	\$ 1,234,537

**7. Deferred share unit plan:**

Cymbria's Deferred Share Unit ("DSU") plan gives directors the option to receive all of their Cymbria-related compensation in the form of DSUs. The number of DSUs awarded is based on the fair market value, as defined by the plan, of Class A shares on the award date. DSUs earn additional DSUs related to dividends that would otherwise have been paid if Class A shares had been issued on the grant date. The number of DSUs issued in regard to dividends is based on the fair market value of Class A shares, as defined in the plan, on the date dividends are paid. Upon redemption of DSUs, participants can elect to receive either a cash payment equal to the fair market value, as defined in the plan, of DSUs credited to the participant's account, or the equivalent number of Class A shares purchased in the open market on the participant's behalf. The plan is considered unfunded and participants' rights are no greater than those of an unsecured Cymbria creditor.

The following table summarizes DSU activity for the nine months ended September 30, 2024 and the year ended December 31, 2023:

September 30, 2024	Units	Amount ('000s)
Opening Deferred Share Units, January 1, 2024	29,389	\$ 1,774
Granted during 2024 (Fair value on grant date)	2,631	184
Cumulative fair value adjustments during the period		352
Balance, September 30, 2024	32,020	\$ 2,310
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December 31, 2023	Units	Amount ('000s)
Opening Deferred Share Units, January 1, 2023	25,873	\$ 1,419
Granted during 2023 (Fair value on grant date)	3,516	208
Cumulative fair value adjustments during the period		147
Balance, December 31, 2023	29,389	\$ 1,774

A maximum of 1,000,000 DSUs may be awarded under the plan, with the maximum value of DSUs awarded to participants within any one-year period not to exceed \$100,000 per participant.

**8. Related party transactions:**

(a) Management fees:

The Manager charges a monthly management fee at an annual rate of 1% of the daily average net asset value of Class A shares, excluding EdgePoint's value. During the nine months ended September 30, 2024, the effective management fee charged on Class A shares was approximately 0.82% per annum.

The Manager charges Class J shareholders a monthly management fee at an annual rate of 0.5% of the daily average net asset value of Class J shares, excluding EdgePoint's value. During the nine months ended September 30, 2024, the effective management fee charged on Class J shares was approximately 0.41% per annum.

The total management fee for the nine months ended September 30, 2024 amounted to \$9.0 million (September 30, 2023: \$7.9 million), with nil in outstanding accrued fees due to the Manager at September 30, 2024 and December 31, 2023.

(b) Operating expenses:

Cymbria is also responsible for various expenses relating to its operations. These expenses may include, but are not limited to: taxes (including income, capital and harmonized sales taxes), accounting, legal and audit fees, Board of Directors' fees and expenses, custodial fees, portfolio transaction costs, registrar and transfer agency fees, regulatory costs, shareholder reporting, investment advisor expenses incurred in connection with its duties as Investment Advisor and all administration expenses incurred by the Manager for its duties as Manager, excluding any salaries to the Manager's principal shareholders, and all general operating expenses that could include allocated salaries, overhead and other costs directly related to Cymbria's operations and incurred by the Manager. For the nine months ended September 30, 2024, allocated expenses totaled \$0.3 million (September 30, 2023: \$0.3 million).

Except for interest, bank charges, withholding tax, and transaction costs paid or payable directly by Cymbria, the Manager incurs such expenses on Cymbria's behalf and is then reimbursed by Cymbria for such expenses. Cymbria's common operating expenses are allocated to classes based on the average daily net asset value of each class.

**9. Credit facility:**

In 2017, Cymbria entered into a credit agreement with a Canadian chartered bank that allowed Cymbria to borrow

**9. Credit facility (continued):**

up to \$100 million. On June 25, 2024, Cymbria amended the credit agreement to allow the Company to borrow up to \$150 million, which is the aggregate of a renewable \$100 million revolving commitment that will mature on June 25, 2029 and two \$25 million term loans that will mature on March 10, 2029 and March 28, 2030, respectively.

Interest on the term commitment is charged at 3-month CORRA 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 a CORRA advance or prime loan. When drawn upon, the credit facility is secured by a selection of eligible securities in Cymbria's investment portfolio. As at September 30, 2024, the outstanding balance of the term credit facility was \$50.0 million and revolving credit facility was nil (December 31, 2023: \$50.0 million and nil). For the nine months ended September 30, 2024, Cymbria accrued \$2.1 million in interest and standby fees on the credit facility (September 30, 2023: \$1.6 million), which have been subsequently paid. As at the date of this report, Cymbria has complied with all covenants, conditions or other requirements of the credit agreement.

**10. Fair value measurement:**

Cymbria's investments, derivative financial instruments and physical commodities are carried at fair value. In the opinion of the Manager, the fair values of financial instruments, other than investments and derivative financial instruments, approximate their carrying values given their short-term nature.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that Cymbria can access at the measurement date;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., as derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is

based on the lowest level input that is significant to the fair value measurement.

Changes in valuation methods may result in transfers into, or out of, an investment's assigned level.

The following table categorizes financial instruments and physical commodities measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is included. The amounts are based on the values recognized in the *Statement of Financial Position*.

Assets (liabilities) at fair value as at September 30, 2024 ('000s)				
	Level 1	Level 2	Level 3	Total
Equities	\$1,356,737	\$ –	\$ 350,918	\$ 1,707,655
Physical commodities	–	15,017	–	15,017
Term loans	–	–	22,570	22,570
Options	–	–	2,823	2,823
Interest rate swap contracts	–	33	–	33
Foreign exchange forward contracts	–	423	–	423
<b>Total</b>	<b>\$1,356,737</b>	<b>\$ 15,473</b>	<b>\$ 376,311</b>	<b>\$ 1,748,521</b>

Assets (liabilities) at fair value as at December 31, 2023 ('000s)				
	Level 1	Level 2	Level 3	Total
Equities	\$1,191,203	\$ –	\$ 299,315	\$ 1,490,518
Physical commodities	–	22,307	–	22,307
Term loans	–	–	15,638	15,638
Options	–	331	2,765	3,096
Interest rate swaps contract	–	1,110	–	1,110
Foreign exchange forward contracts	–	1,938	–	1,938
<b>Total</b>	<b>\$1,191,203</b>	<b>\$ 25,686</b>	<b>\$ 317,718</b>	<b>\$ 1,534,607</b>

For the nine months ended September 30, 2024, the net change in value for financial instruments classified as FVTPL is a \$192.6 million gain (September 30, 2023: \$83.8 million gain).

The following tables reconcile Cymbria's Level 3 fair value measurements for the nine months ended September 30, 2024 and the year ended December 31, 2023.

**10. Fair value measurement (continued):**

September 30, 2024 ('000s)	Equities	Term loans	Options
Balance at beginning of period	\$ 299,315	\$ 15,638	\$ 2,765
Investment purchases during the period	7,022	6,940	–
Change in unrealized gain in value of investments	44,581	(8)	58
Balance at end of period	\$ 350,918	\$ 22,570	\$ 2,823

  

December 31, 2023 ('000s)	Equities	Term loans	Options
Balance at beginning of year	\$ 278,446	\$ 5,000	\$ –
Investment purchases during the year	6,591	10,638	2,765
Change in unrealized gain in value of investments	14,278	–	–
Balance at end of period	\$ 299,315	\$ 15,638	\$ 2,765

During the nine months ended September 30, 2024 and 2023, there were no transfers between levels.

(a) Equities

Cymbria's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. When certain of Cymbria's equities do not trade frequently, current observable prices may not be available. In such cases, fair value is determined using observable market data and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

As at September 30, 2024, Cymbria had four Level 3 equity investments; EdgePoint, a private financial technology company, a private pest control company and a private health clinic company.

EdgePoint is a private company not traded on any public exchange and is considered a Level 3 asset because there is no market in which a share price can be readily observed. The Manager engages a third-party valuator to assist in the valuation of EdgePoint. EdgePoint's value is determined using the Discounted Cash Flow ("DCF") method. Under the DCF method, EdgePoint's fair value is estimated using the net present value of expected future cash flows. The cash flows include significant assumptions over the market growth rate, redemption rate, portfolio management cost, and terminal growth rate. The projected cash flows, together with the terminal value of the business at the end of the forecast period, are discounted to the valuation date using an appropriate rate. EdgePoint was valued as a standalone business and potential purchaser synergies that could arise in an acquisition were not considered. The Manager determines the most appropriate valuation methodologies to use, which are subject to change. On a quarterly basis

or as frequently as necessary, the Manager reviews the significant assumptions, including EdgePoint's results and business prospects, for significant changes since the most recent valuation. If there are material changes, the Manager may engage a third-party valuator to assist in the re-valuation of EdgePoint and the amount recorded in the financial statements will be updated.

The following table sets out information about significant unobservable inputs used at September 30, 2024 in measuring EdgePoint.

EdgePoint Wealth Management Inc.

Fair value at September 30, 2024: \$295.7 million

Unobservable Input	Input used	Range of reasonable alternatives	Sensitivity to changes in significant unobservable inputs
Annual market growth	8%	7%–9%	(\$10.4M)–\$11.0M
Redemption rate	14%	11%–17%	\$38.2M–(\$31.6M)
Discount rate	11.4%	10%–13%	\$19.0M–(\$19.6M)
Portfolio management cost	0.15%	0.1%–0.2%	\$25.6M–(\$25.6M)
Terminal growth rate	0%	(2)%–2%	(\$7.6M)–\$7.6M

Significant unobservable inputs are developed as follows:

- (i) Annual market growth: represents the future weighted average investment returns of the funds managed by EdgePoint. EdgePoint's management fee revenue is calculated as a percentage of assets under management ("AUM"), therefore higher investment returns of the funds will increase EdgePoint's expected annual cash flow. The range of 7%-9% was developed based on a weighted average of the index returns of the funds' benchmarks over a range of prior periods.
- (ii) Redemption rate: represents the weighted average of units redeemed by unitholders of the mutual funds managed by EdgePoint as a percentage of AUM. A higher redemption rate will decrease EdgePoint's AUM and will therefore lower the annual cash flow. The range of 11%–17% is an average over the term of the model and is based on a combination of EdgePoint's historical redemption rate and the long-term redemption rate of the industry.
- (iii) Discount rate: is the annual percentage used to determine the present value of EdgePoint's future cash flows. The discount rate factors in not only the time value of money, but also the risk or uncertainty of those future cash flows. A higher discount rate would indicate a greater uncertainty of future cash flows and therefore determine a lower net present value for EdgePoint. The range of 10%–13% was determined based on a combination of EdgePoint's assumed weighted-average cost of capital, the risk-free rate, market risk factors and other adjustments.

**10. Fair value measurement (continued):**

- (iv) Portfolio management cost: represents the fees paid to the Manager by EdgePoint for providing investment advisory services. Due to the Manager and EdgePoint being related parties, fees negotiated between the two parties are considered substantially below market value. For the purposes of valuing EdgePoint, it is assumed that a reasonable market value for services provided is paid to the Manager. A higher rate would increase the fees paid to the Manager and therefore decrease the annual cash flow. The input is presented as a percentage of AUM. The range of 0.1%–0.2% was determined based on sub-advisory fees of comparable investment managers.
- (v) Terminal growth rate: represents the growth rate of EdgePoint’s earnings in perpetuity. The valuation model uses the Gordon growth model to ascribe a terminal value. The range of terminal growth rates was determined using management’s estimate of growth prospects for the business beyond the end of the term of the forecasted cash flows.

Although the Manager believes that its estimates of fair value for EdgePoint are appropriate, the use of different assumptions could lead to different measurements of fair value. For the fair value measurement of EdgePoint, changing a combination of the significant assumptions noted above to reasonably possible alternative assumptions would increase or decrease the value of EdgePoint. Taking a pessimistic view by changing the annual market rate to 7%, redemption rate to 17%, discount rate to 13%, portfolio management cost to 0.2%, and terminal growth rate to -2% would result in a decrease in the value of EdgePoint by \$79.1 million. Conversely, taking an optimistic view by changing the annual market rate to 9%, redemption rate to 11%, discount rate to 10%, portfolio management cost to 0.1%, and terminal growth rate to 2% would result in an increase in the value of EdgePoint by \$128.4 million.

Cymbria’s other Level 3 equities are a private financial technology company, a private pest control company and a private health clinic company. They are not traded on any public exchange and are considered a Level 3 asset because there is no market in which their value can be readily observed. The fair value of these companies was determined using a financial model with inputs for valuation multiples that are consistent with industry comparatives. The most significant of these companies is the private financial technology company. Changing the terminal value revenue multiple of 3X by 0.5X would result in a corresponding increase or decrease in value of \$5.0 million. Using a different methodology for valuing Cymbria’s other Level 3 equities would not significantly change the value to Cymbria.

(b) Term loans

The term loans are valued using models with inputs including interest rate curves, credit spreads and volatilities. Cymbria holds three term loans that have been classified as Level 3 because of a lack of observable inputs in the valuation. The fair value has been determined using cost and assessed for impairment as there have been no other observable transactions related to these securities. Using a different methodology for valuing these securities would not significantly change the value to Cymbria.

(c) Derivative assets and liabilities

Derivative assets and liabilities consists of foreign exchange forward contracts, option contracts and interest rate swap contracts. Foreign exchange forward contracts are valued primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency and interest rates. Contracts for which counterparty credit spreads are observable and reliable, or for which the credit related inputs are determined not to be significant to fair value, are classified as Level 2. Options are valued primarily on the number of contracts, the difference between the strike price and the forward market rate for the underlying equity/index, interest rate, dividends and volatility of the underlying equity/index. Interest rate swap contracts are valued using a model with an observable input for the floating interest rate. Counterparty credit risk is managed through the use of collateral and a Credit Support Annex, when available.

(d) Physical commodities

Physical commodities is comprised of Uranium owned and stored at a third party storage facility. The value is determined using a spot price from a third party pricing vendor and is classified as Level 2. The following table reconciles Cymbria’s investment in physical commodities for the nine months ended September 30, 2024 and year ended December 31, 2023.

	September 30, 2024 ('000s)	December 31, 2023 ('000s)
Balance at beginning of period	\$ 22,307	\$ 28,036
Investment sales during the period	(7,162)	(12,286)
Realized gain	4,705	9,570
Change in unrealized gain (loss) in value of investments	(5,137)	(2,410)
Change in unrealized gain (loss) in value of foreign currency	304	(603)
Balance at end of period	\$ 15,017	\$ 22,307

## **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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## **TORONTO STOCK EXCHANGE LISTING**

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