Canada Growth Fund Inc.

Q2 2026
Interim Report

as at June 30, 2026 (Q2FY26)

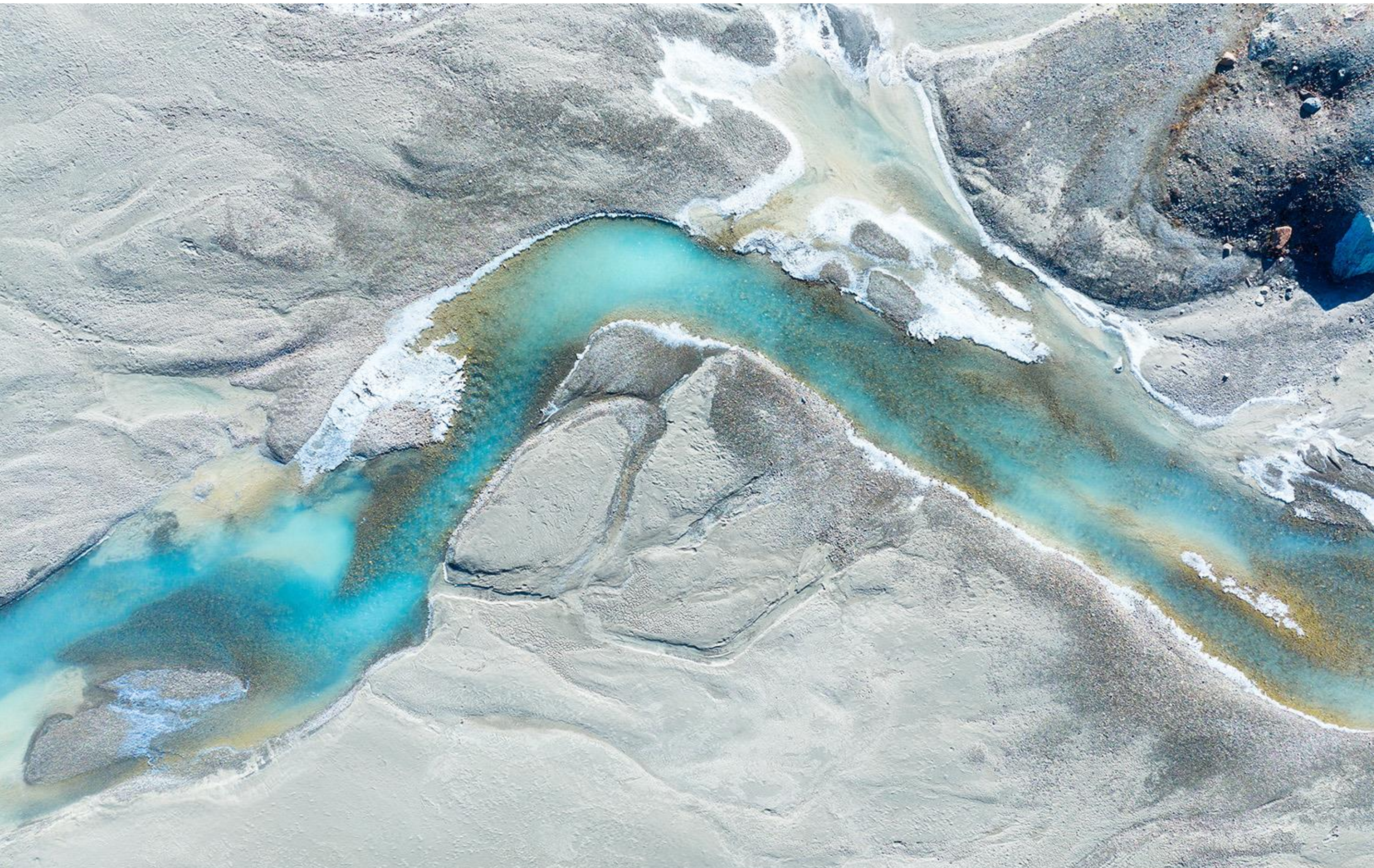


Table of contents

Discussion of Fund Performance and Results

The Discussion of Fund Performance and Results provides an analysis of the operations and financial position of Canada Growth Fund Inc. (“CGF” or the “Fund”) for the six-month period ended June 30, 2026, and should be read in conjunction with CGF’s Unaudited Interim Condensed Financial Statements for the six-month period ended June 30, 2026 (the “Interim Condensed Financial Statements”) and CGF’s most recent Annual Report for the year ended December 31, 2025. This report takes into account material elements, if any, between June 30, 2026, and August 20, 2026, the date of approval of this report by the Board of Directors.

Forward-looking Statements

From time to time, CGF makes forward-looking statements that reflect its assumptions, expectations, objectives, strategies and intentions as of the date of this report. These forward-looking statements are typically identified by future or conditional verbs or words, such as “outlook,” “believe,” “estimate,” “project”, “expect,” “plan,” and similar terms and expressions.

By their nature, forward-looking statements require assumptions to be made and involve inherent risks and uncertainties. As a result, CGF cannot guarantee that any forward-looking statement will materialize, and its future investment activities may vary from those outlined herein. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date.

About the Canada Growth Fund

All amounts in this report are in Canadian dollars unless otherwise noted.

Overview

CGF[1] is a $15 billion independent investment fund, operating at arm's length from the Government of Canada. To keep Canada competitive on the global stage and to ensure it continues to be a leading destination for investment, CGF was established to drive innovation across new and traditional sectors of Canada's industrial base. Its investment mandate (the "CGF Mandate") is focused on helping Canadian clean technology ("cleantech") companies scale up successfully, capitalizing on Canada's abundant natural resources, strengthening low-carbon supply chains, and accelerating clean power projects underpinning Canada's technology know-how.

By investing in and supporting the development of domestic expertise, intellectual property, knowledge, and technologies aligned with the CGF Mandate, CGF seeks to help Canadian businesses compete and win as global leaders. CGF achieves this through rigorous and proven investment discipline, fiscal prudence, effective governance, and an arm's length operational model. CGF expects to deliver against its Strategic Objectives (as defined further below) while preserving its capital and recycling its capital base over the long term.

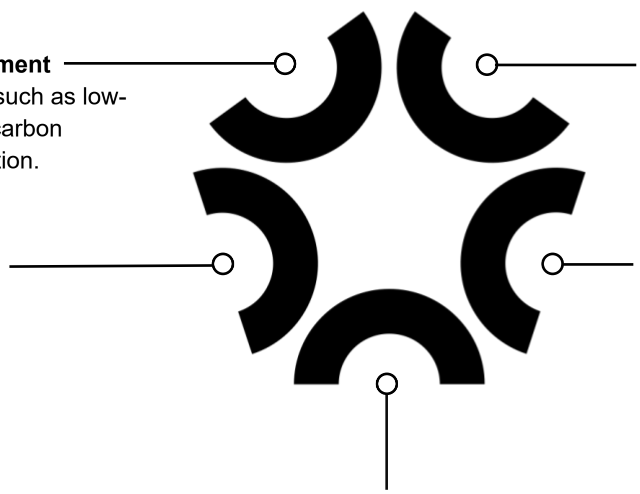
CGF takes a unique value-add role in the investor ecosystem by deploying innovative financial structures – including through equity, hybrid, and structured instruments – to unlock new investment in Canada. It takes on carefully considered risks that help attract private capital and ultimately accelerate investment in Canadian projects and technologies. It aims to improve the risk profile of investment opportunities and attract additional private capital to projects, technologies, businesses and supply chains aligned with the CGF Mandate and Strategic Objectives.

Canada Growth Fund Investment Management Inc. ("CGFIM"), a wholly-owned subsidiary of PSP Investments, acts as the exclusive, arm's length and independent investment manager of CGF[2]. The CGFIM team has full discretionary authority over all aspects of investment decisions and asset management. Individual investment decisions are made by CGFIM's investment committee based on investment acumen and fit with the CGF Mandate, as described further below. All investment decisions are made in strict independence from the Government of Canada.

[1] Canada Growth Fund Inc. was incorporated as a subsidiary of Canada Development Investment Corporation ("CDEV") in December 2022.
[2] Pursuant to the terms of the Investment Management Agreement ("IMA") which was entered into among PSP Investments, CGFIM, CGF and Canada Development Investment Corporation ("CDEV") on March 11, 2024.

Mandate and Strategic Objectives

The CGF Mandate consists of building a financially prudent portfolio of investments that unlock private sector investment in Canadian businesses and projects to help grow Canada's economy at speed and scale on the path to emissions reductions, in the interest of remaining competitive globally over the longer term. CGF is intended to help Canada meet the following national economic and environmental goals (hereafter, the "Strategic Objectives"):



Fund Activity and Results

During the six-month period ended June 30, 2026 (the "current period"), CGF committed $517.9 million, resulting in a total of $5.4 billion committed across a variety of areas of focus and regions since the Fund's inception. In addition, CGF deployed an additional $661 million, resulting in portfolio investment[3] value of $1.4 billion.

During the first quarter ended March 31, 2026:

- CGF committed to invest up to $114.6 million (US$84 million) to Exiro Nickel Company Inc. as part of a broader transaction for the acquisition and turnaround of the Thompson Mine Complex (the "Thompson Mine"). This transaction is also expected to improve Thompson Mine's competitiveness, making it a flagship asset for northern Manitoba.
- CGF announced a commitment of $20 million to support the next phase of Solugen Global Inc.'s ("Solugen") growth representing CGF's first co-investment with Idealist Climate Impact Fund. The new funding will accelerate Solugen's production capacity scale-up and support its mission to advance organic agriculture practices with innovative, circular fertilizer.

During the second quarter ended June 30, 2026:

- CGF announced its commitment to invest $113.3 million (US$82 million) in a private placement with Nouveau Monde Graphite Inc. ("NMG") pursuant to a definitive agreement. NMG is building a fully integrated Canadian graphite supply chain to support the energy transition, advanced technologies, and manufacturing industries.
- CGF announced its commitment to invest up to $145 million in convertible notes in Sayona Inc., a wholly-owned Canadian subsidiary of Elevra Lithium Limited. The transaction will support a staged brownfield expansion of the North American Lithium mine in La Corne, a municipality in Abitibi, Québec.
- CGF committed $75 million to Idealist Capital Fund II LP, the second growth equity fund managed by Idealist Capital ("Idealist"), that invests in commercialization-stage Canadian companies supporting the energy transition. This commitment builds on CGF's initial $50 million investment in Idealist's initial fund in 2024.
- CGF realized its first full exit, a $263 million divestiture in Foran Mining Corporation ("Foran"), following Foran's share-for-share merger with Eldorado Gold Corporation.

During the current period, CGF reported a net loss of $6.1 million during the current period, comprising investment income of $39.1 million, net of expenses of $45.2 million. In comparison, CGF generated net income of $40.5 million for the comparative period ended June 30, 2025 ("the comparative period"), which consisted of investment income of $64.6 million and expenses of $24.1 million.

Funding Received

No shares were issued during the current period. Funding, when received, is intended to support commitments to portfolio investments, which in some cases may be deployed over several years. Funding may also be used for current and future investments, to honour any guarantees issued in the course of CGF's business, to cover costs, and to maintain prudent coverage to mitigate liquidity risk.

[3] Portfolio investments represent other than short-term investments.

Investment Income

During the current period, CGF recorded total investment income of $39.1 million, compared to $64.6 million in the comparative period, representing a decrease of $25.5 million. Investment income from cash management activities, comprising cash and cash equivalents and short-term investments, totaled $78 million, an increase of $16.5 million from $61.5 million in the comparative period.

Portfolio investments generated a loss of $38.9 million for the current period, compared to investment income of $3.1 million in the comparative period. The current period loss primarily reflects market-driven unrealized valuation declines in NMG and the carbon credit offtake agreements (CCO) with Entropy, particularly during the three-month period ended June 30, 2026. The decrease in the fair value of the CCO-related derivative investment largely reflects the finalization in May 2026 of the Implementation agreement for the Canada-Alberta Memorandum of Understanding of November 27, 2025. These losses were partially offset by unrealized valuation gains on certain private investments, interest income on convertible debts and other loan, and foreign exchange gains resulting from the appreciation of the U.S. dollar against the Canadian dollar.

Expenses

CGF incurs expenses comprising investment-related expenses, including transaction costs, as well as operating expenses, including compensation and indirect expenses and professional and consulting fees.

Total expenses for the current period were $45.2 million, representing a $21.1 million increase from $24.1 million for the comparative period.

Investment-related Expenses

Investment-related expenses include transaction costs related to due diligence, legal services, and other investment-related activities, mainly associated with both completed transactions and opportunities currently under analysis. For the current period, investment-related expenses were $18.6 million, representing an increase of $14.6 million compared to $4 million in the comparative period. This increase primarily reflects higher activity supporting investment transactions and opportunities during the current period, as well as a costs related projects committed in fiscal year 2025.

Operating Expenses

Operating expenses include compensation and indirect expenses, as well as professional and consulting fees. More specifically, indirect expenses refer to the portions of PSP Investments' transversal functions that support CGFIM, including technology, compliance, and human resources. By leveraging PSP Investments' established transversal functions, expertise, resources, and infrastructure, CGFIM benefits from an efficient and cost-effective operating model that provides long-term advantages for CGF.

Total operating expenses for the current period were $26.6 million, an increase of $6.5 million from the comparative period, comprising $24.7 million in compensation and indirect expenses, and $1.9 million in professional and consulting fees. This increase was primarily driven by a $5.9 million increase in compensation and indirect expenses, largely attributable to changes in the workforce mix and increased headcount to support a higher level of activity. Professional and consulting fees increased slightly by $0.6 million, reflecting ongoing use of external professional services.

Risk Management

CGF's business purpose is to make investments according to the CGF Mandate, delivering against its Strategic Objectives while recovering its capital on a portfolio basis and recycling its capital base over the long term. CGFIM leverages PSP Investments' expertise in identifying, evaluating, managing, mitigating, and monitoring risks and performing sensitivity analyses while adapting its processes to meet CGF's specific needs. Several risk management practices of PSP Investments have been leveraged, adapted to CGF's activities, and formalized.

As at June 30, 2026, CGF's risk measurement focused mainly on investment risks, which include market, credit, liquidity and concentration risks as described in Note 6 of the Interim Condensed Financial Statements.

Capital Management

The Fund's capital management objectives are to ensure that CGF maintains sufficient capital to support the delivery of its public-policy mandate, while operating within the authorities and constraints approved by its shareholder.

Over the course of the execution of the CGF Mandate, CGF primarily obtains its funding through the issuance of Preference Shares to the Government of Canada. CGF is not entitled to borrow money other than for providing guarantees and entering into loan commitments in support of its investment transactions, for an annual aggregate amount not exceeding the annual commitment amount approved and effective under its most recently approved Corporate Plan.

CGF's capital management focuses on the prudent deployment and stewardship of shareholder-provided capital, taking into account the nature, scale, and risk profile of the Fund's investment activities. In managing its capital, CGF considers its ability to meet ongoing operational and investment obligations, absorb potential losses arising from its activities, and continue to deliver on the CGF Mandate under a range of investment and market conditions. Capital sufficiency is assessed on a forward-looking basis and is overseen by the Board of Directors through CGF's governance.

Common Shares

CGF is authorized to issue an unlimited number of common shares. Holders of common shares are entitled to dividends, as and when declared from time to time, and are entitled to one vote per share at general meetings of CGF. Upon its organization, CGF was nominally capitalized with one common share issued at a par value of $1,000 per share, for a total share capital of $1,000.

The common share structure reflects the Fund's governance and control framework rather than a source of capital for funding operations or investments.

Preference Shares

On March 11, 2024, CGF and the Government of Canada entered into the Amended and Restated Funding Agreement (the “FA”) regarding the funding of CGF, the whole pursuant to subsection 118(1) of the *Fall Economic Statement Implementation Act*, 2022, as amended by the *Budget Implementation Act*, 2023, No.1. Funding is completed by way of subscription for Class A Preference Shares (“Preference Shares”) of CGF on such terms set forth in the FA, up to the amount of $15 billion, with such funds to be used for the administration and implementation of the CGF Mandate. Preference Shares are further described in Note 7 of the Interim Condensed Financial Statements.

Significant Accounting Judgments, Estimates and Assumptions

In preparing the Interim Condensed Financial Statements, management makes certain judgments, estimates and assumptions that can affect the amounts reported therein. Significant judgments include those related to the determination of the investment entity status as described in Note 2.2 of the Interim Condensed Financial Statements.

Management also makes estimates and assumptions in the measurement, risk assessment and related disclosures surrounding investments in private equity, private funds, convertible debts and other loan and derivatives. The main assumptions made by management regarding the measurement of financial instruments are outlined in Note 4.3 and those regarding the assessment of risk are outlined in Note 6.

Sources of estimate uncertainty related to macroeconomic unpredictability and volatility include the nature of the industry in which CGF is investing, the current geopolitical context, including the conflicts in the Middle East, as well as trade tariffs, the early-stage nature of the investments, supply chain challenges, changes in governments’ carbon policies, inflation and interest rates. These factors could continue to impact financial results, due to uncertainties, including their extent and duration. The Interim Condensed Financial Statements of CGF reflect the impacts resulting from the aforementioned macroeconomic factors to the extent known at the reporting date.

Although assumptions reflect management’s best estimates, actual results may differ from such estimates due to the uncertainties involved in using them.

Interim Condensed Financial Statements and Notes to the Financial Statements

Management's Responsibility for Financial Reporting

The Unaudited Interim Condensed Financial Statements of Canada Growth Fund Inc. ("CGF") for the six-month period ended June 30, 2026 (the "Interim Condensed Financial Statements") have been prepared by Canada Growth Fund Investment Management Inc. ("CGFIM"), acting in its capacity as investment manager of CGF pursuant to and in accordance with the provisions of the Investment Management Agreement dated as of March 11, 2024 among CGF, CGFIM, Canada Development Investment Corporation and Public Sector Pension Investment Board (together with Officers of CGF referred to as "Management" herein), and approved by the Board of Directors of CGF. These Interim Condensed Financial Statements have been prepared in accordance with IAS *34 Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) and should be read in conjunction with the audited December 31, 2025, annual financial statements and the accompanying notes. Management is responsible for the contents of these Interim Condensed Financial Statements and the financial information contained in the discussion of fund performance. The Interim Condensed Financial Statements include certain amounts based on Management's judgments and best estimates where deemed appropriate. The material accounting policy information used is disclosed in Note 2 of the Interim Condensed Financial Statements. The financial information presented throughout the discussion of fund performance is consistent with the Interim Condensed Financial Statements.

Based on our knowledge, these Interim Condensed Financial Statements present fairly, in all material respects, the financial position, the financial performance and cash flows of CGF, as at the date of and for the periods presented in the Interim Condensed Financial Statements.

CGFIM has adequately designed and implemented internal controls over financial reporting as at June 30, 2026, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Interim Condensed Financial Statements for external purposes.

CGFIM maintains records and systems of internal control and supporting procedures designed to provide reasonable assurance that CGF's assets are adequately safeguarded.

The Board of Directors is responsible for reviewing and approving the Interim Condensed Financial Statements.

Corinne Boone

Corinne Boone

Chair of the Board of Directors,
Canada Growth Fund Inc.

August 20, 2026

Yannick Beaudoin

President and Chief Executive Officer,
Canada Growth Fund Investment Management Inc.

August 20, 2026

Interim Condensed Financial Statements

Canada Growth Fund Inc.

June 30, 2026 (unaudited)

Table of Contents

Interim Condensed Statement of Financial Position

As at
(unaudited)

(Canadian $ thousands)	Notes	**June 30, 2026**	December 31, 2025
Assets			
Cash and cash equivalents	4.1	**1,208**	150,563
Interest receivable	4.1	**3**	234
Investments	4.1	**7,731,863**	7,552,336
Total assets		**7,733,074**	7,703,133
Liabilities			
Accounts payable and other liabilities	9.2	**26,752**	16,535
Derivative-related liabilities	4.1	**25,867**	-
Total liabilities		**52,619**	16,535
Equity			
Share capital	7	**7,390,001**	7,390,001
Retained earnings		**290,454**	296,597
Total equity		**7,680,455**	7,686,598
Total liabilities and equity		**7,733,074**	7,703,133

The accompanying notes are an integral part of the Interim Condensed Financial Statements.

On behalf of the Board of Directors

Corinne Boone

Corinne Boone

Board Member,

Chair of the Board of Directors,
Canada Growth Fund Inc.

Interim Condensed Statement of Net Income (Loss)

For the periods ended June 30, (unaudited)

(Canadian $ thousands)	Notes	Three-month period 2026	Three-month period 2025	Six-month period 2026	Six-month period 2025
Income					
Investment income (loss)	4.5	**(19,423)**	31,048	**39,104**	64,595
Expenses					
Investment-related expenses	8, 9.2	**(11,909)**	(2,849)	**(18,695)**	(4,021)
Operating expenses	8, 9.2	**(14,975)**	(10,523)	**(26,552)**	(20,114)
Net income (loss)		**(46,307)**	17,676	**(6,143)**	40,460

Interim Condensed Statement of Changes in Equity

For the periods ended June 30, (unaudited)

(Canadian $ thousands)	Notes	Three-month period 2026	Three-month period 2025	Six-month period 2026	Six-month period 2025
Share capital					
Balance at beginning of period		**7,390,001**	4,390,001	**7,390,001**	4,390,001
Issuance of preference shares	7.2	**-**	-	**-**	-
Balance at end of period		**7,390,001**	4,390,001	**7,390,001**	4,390,001
Retained earnings					
Balance at beginning of period		**336,761**	72,088	**296,597**	49,304
Net income (loss)		**(46,307)**	17,676	**(6,143)**	40,460
Balance at end of period		**290,454**	89,764	**290,454**	89,764
Total equity		**7,680,455**	4,479,765	**7,680,455**	4,479,765

The accompanying notes are an integral part of the Interim Condensed Financial Statements.

Interim Condensed Statement of Cash Flows

For the periods ended June 30, (unaudited)

(Canadian $ thousands)	Notes	Three-month period 2026	Three-month period 2025	Six-month period 2026	Six-month period 2025
Cash flows from operating activities					
Net income (loss)		**(46,307)**	17,676	**(6,143)**	40,460
Adjustments to reconcile net income (loss) to net cash flows:					
Investment (income) loss	4.5	**19,423**	(31,048)	**(39,104)**	(64,595)
Net changes in operating assets and liabilities					
Increase (decrease) in accounts payable and other liabilities		**8,538**	2,514	**10,217**	(3,385)
Interest received		**51,267**	26,092	**79,633**	58,780
Purchase of short-term investments		**(4,009,427)**	(2,323,467)	**(5,906,180)**	(5,424,435)
Disposal of short-term investments		**4,292,931**	2,562,012	**6,110,352**	5,708,899
Purchase of other than short-term investments		**(579,389)**	(253,629)	**(660,972)**	(346,947)
Disposal of other than short-term investments		**262,664**	-	**262,664**	-
Net cash flows (used in) provided by operating activities		**(300)**	150	**(149,533)**	(31,223)
Net change in cash and cash equivalents		**(300)**	150	**(149,533)**	(31,223)
Cash and cash equivalents at the beginning of the period		**1,451**	1,410	**150,563**	33,316
Effect of exchange rate changes on cash and cash equivalents		**57**	(1)	**178**	(534)
Cash and cash equivalents at the end of the period[A]		**1,208**	1,559	**1,208**	1,559

The accompanying notes are an integral part of the Interim Condensed Financial Statements.

[A] As at June 30, 2026, cash and cash equivalents were comprised of cash of $1,208 thousand and cash equivalents of nil (June 30, 2025 - $1,559 thousand and nil).

Notes to the Interim Condensed Financial Statements

For the three-month and six-month periods ended June 30, 2026

1. CORPORATE INFORMATION

Canada Growth Fund Inc. ("CGF") is a Crown Corporation and wholly-owned subsidiary of Canada Development Investment Corporation ("CDEV"). CDEV is, in turn, wholly owned by His Majesty in Right of Canada (the "Government of Canada"). CDEV incorporated CGF under the Canada Business Corporations Act ("CBCA") on December 13, 2022. CGF is subject to the Financial Administration Act ("FAA") and it is exempt from Part I tax under paragraph 149(1)(d.2) of the Income Tax Act (Canada).

The objective of CGF, as established by the directive (P.C. 2022-1272) pursuant to section 89 of the FAA, is to take such steps as are necessary to implement its mandate in accordance with any Statement of Priorities and Accountabilities, as may be issued by the Minister of Finance and National Revenue. The intention is for CGF to support the growth of Canada's clean economy and help to meet its national economic and climate policy goals, including to reduce emissions and achieve Canada's climate targets. CGF's mandate is to build a financially prudent portfolio of investments that unlock private sector investment in Canadian businesses and projects to help grow Canada's economy at speed and scale on the path to emissions reductions, in the interest of remaining competitive globally over the longer term.

CGF differs from traditional for-profit private sector investors seeking to maximize market returns and traditional public sector grant and contribution programs. Its objective is to deliver against its strategic objectives while minimizing concessionality, recovering its capital on a portfolio basis and recycling its capital base over the long term.

Following the federal budget announcement in March 2023, the Public Sector Pension Investment Board ("PSP Investments") was selected to act as the independent and exclusive investment manager of CGF. The *Public Sector Pension Investment Board Act* was amended in June 2023 to allow a subsidiary of PSP Investments to manage the investments of CGF. To that effect, PSP Investments incorporated Canada Growth Fund Investment Management Inc. ("CGFIM") as its wholly-owned subsidiary in August 2023. PSP Investments is at arm's length from the Government of Canada, and CGFIM is providing investment management services, pursuant to an investment management agreement.

CGF's registered office is located at 79 Wellington Street West, Suite 3000, Toronto, Ontario.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of Presentation

The Interim Condensed Financial Statements of CGF have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

The Interim Condensed Financial Statements do not include all the information and disclosures required by IFRS® Accounting Standards for a complete set of financial statements. These Interim Condensed Financial Statements should be read in conjunction with CGF's 2025 Annual Financial Statements, approved by the Board of Directors on March 26, 2026.

CGF is an investment entity as defined under IFRS 10 *Consolidated Financial Statements* ("IFRS 10"), which requires an investment entity not to consolidate its subsidiaries other than those that solely provide it with services that relate to its investment activities. Accordingly, CGF measures its investments in subsidiaries at fair value through profit and loss ("FVTPL") in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"), including those that are formed by CGF and that qualify as investment entities ("investment entity subsidiaries"). CGF also measures its investments in associates, joint ventures and financial instruments at FVTPL in accordance with IAS 28 *Investments in Associates and Joint Ventures* and IFRS 9.

The functional and presentation currency of CGF is the Canadian dollar, which is the currency of the primary economic environment in which it operates.

These Interim Condensed Financial Statements for the three-month and six-month periods ended June 30, 2026, were approved by the Board of Directors and authorized for issue on August 20, 2026.

2.2 Investment Entity Status

CGF meets the mandatory requirements of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances. They are as follows:

(i) Mandate and business purpose

CGF's mandate is to build a financially prudent portfolio of investments that unlock private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on the path to emission reductions. CGF's business purpose is to recover its capital on a portfolio basis and recycle its capital base over the long term. Consequently, CGF has to invest according to its mandate, with a view of earning a rate of return from capital appreciation and income from investments.

CGF's projected investment horizon is forecasted to be over a period of 15 years, due to the longer recovery period expected for private sector investments in support of CGF's mandate.

(ii) Performance evaluation

CGF measures and evaluates the performance of its investments on a fair value basis.

In addition to the mandatory requirements of the definition, IFRS 10 outlines certain typical characteristics of an investment entity, including that its investors are not related parties of such entity.

Since CGF is a Crown corporation, it is related to the Government of Canada as well as other entities that are controlled or jointly controlled by the Government of Canada or entities over which the latter has significant influence. Consequently, since the funds managed by CGF originate from a related party, it may be considered not to meet this typical characteristic.

However, CGF operates at arm's length from the Government of Canada. Accordingly, CGF meets all mandatory requirements of the definition of an investment entity.

Should any changes occur in the facts and circumstances, CGF will evaluate the impact of any such changes on its investment entity status.

2.3 Summary of Material Accounting Policy Information

The material accounting policies applied in the preparation of these Interim Condensed Financial Statements are the same as those applied in CGF's 2025 annual financial statements.

2.4 Significant Accounting Judgments, Estimates and Assumptions

In preparing the Interim Condensed Financial Statements, management makes certain judgments, estimates and assumptions that can affect the amounts reported therein. Significant judgments include those related to the determination of investment entity status.

Management also makes estimates and assumptions in the measurement, risk assessment and related disclosures surrounding investments in private equity, private funds, convertible debts and other loan and derivatives. The main assumptions made by management regarding the measurement of financial instruments are outlined in Note 4.3 and those regarding risk assessment are outlined in Note 6.

Sources of estimation uncertainty related to macroeconomic unpredictability and volatility include the nature of the industries in which CGF is investing, the current geopolitical context, including the conflicts in the Middle East, as well as tariffs, the early-stage nature of the investments, supply chain challenges, changes in governments' carbon policies, inflation and interest rates. These factors could continue to impact financial results, due to uncertainties including their extent and duration. The Interim Condensed Financial Statements of CGF reflect the impacts of these macroeconomic factors to the extent known at the reporting date.

Although assumptions reflect management's best estimates, actual results may differ from such estimates due to the uncertainties involved in using them.

3. FUTURE CHANGES IN ACCOUNTING STANDARDS

A number of new standards, amendments and interpretations have been issued by the IASB but are not yet effective. The following relates to one or more of CGF's material accounting policies or disclosures:

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB completed its project to replace IAS 1 *Presentation of Financial Statements* with IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard includes presentation and disclosure requirements for the statement of profit or loss, the statement of cash flows and the statement of financial position, that are designed mainly to enhance consistency and comparability between reporting entities. It also involves new disclosure requirements, including disclosing management-defined performance measures. IFRS 18 is effective and applicable to CGF for annual periods beginning on January 1, 2027, with early adoption permitted. The standard is to be applied retrospectively. Management is currently assessing the impact of adopting this standard.

4. FINANCIAL INSTRUMENTS

4.1 Classes of Financial Instruments and Fair Value Hierarchy

Financial instruments are classified at FVTPL and measured at fair value. Financial instruments are classified within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that CGF can access at the end of the reporting period.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability that are used within model-based techniques. They reflect management's assessment of the assumptions that market participants would use in pricing the assets or liabilities.

The classification within the levels of the hierarchy is established upon initial measurement of the financial instruments and reviewed at the end of each reporting period. There were no transfers between levels during the six-month period ended June 30, 2026, and the year ended December 31, 2025.

The following table shows the financial instruments, classified within the fair value hierarchy:

As at June 30, 2026

(Canadian $ thousands)	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents(i)	**-**	**1,208**	**-**	**1,208**
Interest receivable	**-**	**3**	**-**	**3**
Investments				
Short-term investments(ii)	**6,307,160**	**-**	**-**	**6,307,160**
Public equity investments(iii)	**135,017**	**-**	**-**	**135,017**
Private equity investments	**-**	**-**	**571,887**	**571,887**
Private fund investments	**-**	**-**	**98,079**	**98,079**
Convertible debts and other loan(iv)	**-**	**-**	**599,354**	**599,354**
Derivative-related assets(v)	**-**	**-**	**20,366**	**20,366**
Total investments	**6,442,177**	**-**	**1,289,686**	**7,731,863**
Derivative-related liabilities(v)	**-**	**-**	**(25,867)**	**(25,867)**
Total	**6,442,177**	**1,211**	**1,263,819**	**7,707,207**

As at December 31, 2025

(Canadian $ thousands)	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents(i)	149,504	1,059	-	150,563
Interest receivable	-	234	-	234
Investments				
Short-term investments(ii)	6,513,110	-	-	6,513,110
Public equity investments(iii)	328,548	-	-	328,548
Private equity investments	-	-	156,994	156,994
Private fund investments	-	-	82,805	82,805
Convertible debts and other loan(iv)	-	-	430,314	430,314
Derivative-related assets(v)	-	-	40,565	40,565
Total investments	6,841,658	-	710,678	7,552,336
Total	6,991,162	1,293	710,678	7,703,133

(i) Cash includes demand deposits with financial institutions. Cash equivalents include treasury bills, certificates of deposit and other fixed-income securities with maturities of 90 days or less that are held to meet short-term financial commitments. Such instruments are readily convertible into known amounts of cash and have an insignificant risk of change in value. Fair value of cash and cash equivalents is determined using cost, which approximates fair value due to the highly liquid nature of these assets.

(ii) Short-term investments are treasury bills, which are instruments having a maximum term to maturity of one year and are held for near term upcoming funding and cash management requirements. Treasury bills are valued based on quoted prices obtained from third-party pricing sources. Such prices are determined using the most representative price within a spread of dealer quotations.

(iii) Public equity investments consist of common shares of publicly listed issuers. They are valued using quoted prices in active markets.

(iv) Convertible debts are fixed-income investments that can convert into common or preferred equity of the borrower, as applicable, either automatically, at the borrower's option or at CGF's option, subject to the terms and conditions of the instrument. The convertible debt instruments held by CGF have been issued by Canadian-based developers of technologically advanced sustainable energy solutions, such as carbon capture and sequestration ("CCS"), home energy management systems, long duration energy storage and geothermal power technology. Other loan consists of sums of money lent to a borrower in exchange for future repayment with interest, for the purpose of funding a CCS project. CGF's undrawn portions of the convertible debts and other loan are financial instruments measured at fair value and classified as Level 3 on the fair value hierarchy. As at June 30, 2026, and December 31, 2025, their fair value was nil.

(v) Derivative-related assets and liabilities include warrants, carbon credit offtake agreements ("CCO") and carbon policy contracts for difference ("CP CfD"). Refer to Note 4.3 for more details on the derivatives.

Warrants are options to purchase an issuer's common shares at a predetermined price, potentially subject to conditions. The warrants held by CGF give it the right to acquire, upon the occurrence of a positive final investment decision ("FID"), a number of additional common shares of an investee at a predetermined price, for a quantity subject to a formula.

A CCO is a contractual agreement to purchase carbon-credits from a counterparty based on output of sequestered emissions over a contractual term and contractually agreed carbon-credit price, which is subject to adjustment based on indexation. In the CCO concluded by CGF, CGF is the purchaser.

A CP CfD is a commodity swap whereby one party receives a fixed price for the underlying commodity, that is compliance obligation units, while the other party receives a floating price. Under the CP CfD concluded by CGF, CGF shall receive a fixed price and pay the floating unit price, up to a cap, thus providing the counterparty certainty regarding the financial impact of future carbon policy prices.

Total commitments related to these investments are disclosed in Note 12.

The process for fair value measurement of the private equity investments, private fund investments, convertible debts and other loan, and derivatives is described in Note 4.2 and the valuation techniques together with the significant inputs used are described in Note 4.3.

4.2 Process for Level 3 Fair Value Determination

The fair value of investments classified as Level 3 is determined quarterly and adjusted to reflect the impact of market or investment-specific events using valuation methodologies based on widely recognized practices that are consistent with professional valuation standards. In cases where external valuation experts are engaged to provide independent views on significant inputs or fair values, CGF ensures their independence and that the valuation techniques applied are consistent with its valuation governance procedure.

The transaction price of a recent investment usually represents its fair value as of the transaction date. Quarterly, the fair value is reassessed using relevant valuation methodologies which are consistently applied over time as appropriate in the prevailing circumstances. Valuation techniques include earnings multiples of comparable publicly traded companies, recent transactions, discounted cash flow analysis, the option pricing model, the probability weighted expected return model and other industry-accepted methods. When there are no current, short-term future earnings or positive cash flows, and no comparable companies or transactions to infer value from, change in fair value is based on data from the portfolio company and the likelihood of achieving key project development milestones. Other valuation methods may be used for validation.

With respect to fund investments classified as Level 3, fair value is obtained from information provided by the fund manager and is reviewed by management to ensure reasonableness and adherence to acceptable industry valuation methods. Where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration in determining fair value.

4.3 Level 3 Significant Inputs

The fair values of investments classified as Level 3 were measured using valuation techniques where the significant inputs are unobservable. Judgment is applied surrounding the inputs used within the valuation models. For investments valued using recent transactions, judgment is applied in assessing the recency of the last observed transaction and its relevance to determining fair value. The valuation models incorporate various inputs and assumptions including the likelihood of successfully achieving key project development milestones, forward carbon credit prices, contractual prices, volume in tonnes of carbon dioxide (CO_2) sequestered, forecasted capital expenditures, volatility, discount rates and exit multiples.

(i) Measurement Uncertainty

The nature of CGF's investments includes projects at various stages of advancement, ranging from early-stage initiatives that may not yet have obtained the requisite permits, licenses, or other governmental approvals, to later-stage projects on a path to construction readiness or currently under construction. Nonetheless, investments feature inherent uncertainty regarding their future commercial viability. This uncertainty is shaped by factors such as changes in governments' carbon policies, evolving global political landscape, carbon credit prices, capture volumes, the achievement of a FID in a commercially viable manner, securing funding and grants, completing feasibility studies, and ensuring compliance with laws and regulations. Moreover, the nascent stage of the investments introduces additional challenges, and timelines for completion cannot be assured.

Globally, international military conflicts and trade-tariff tensions remain uncertain and contribute to volatility in financial markets, exerting pressure on the broader economic environment. The determination of fair value of investments classified as Level 3 reflects, where applicable, the effect of market volatility, macroeconomic conditions and price sensitivities that existed as at June 30, 2026. While events and developments occurring after the reporting date were not reflected in these valuations, the market conditions and uncertainties that existed as at June 30, 2026, and their impact on the fair value of these investments were considered where applicable.

(ii) Valuation Inputs

The following table outlines the primary valuation techniques and significant unobservable inputs related to financial instruments categorized within Level 3 as at June 30, 2026:

Financial Instruments	Fair Value (Canadian $ thousands)	Primary valuation techniques	Unobservable inputs	Input Range
Private equity investments	**571,887**	Recent Transactions[A]	N/A	**N/A**
Private fund investments	**98,079**	Net Asset Value[B]	N/A	**N/A**
Convertible debts and other loan	**599,354**	Discounted Cash Flows[C] and Option Pricing Model	Discount rate	**9.0% - 26.0%**
			Historical volatility	**60.0% - 115.0%**
Derivative-related assets (liabilities)				
Warrants	**20,366**	Option Pricing Model	Historical volatility	**65.0% - 85.0%**
CCO	**(25,867)**	Probability-Weighted Discounted Cash Flows	Discount rate	**14.0% - 16.0%**
			Carbon Credit Price ($/tonne)[D]	**45.6 - 120.8**
			Total TPA[E] Expected to be Mitigated/ Sequestered (in thousands)	**0.0 - 204.1**

[A] Fair value is based on the price from the latest financing round.
[B] When investments are held through private funds, the fair value is determined by the fund manager, unless there is a specific and objectively verifiable reason to deviate from the value provided.
[C] Involves Probability Weighted Discounted Cash Flows for certain investments.
[D] Subject to probabilistic scenarios, forward carbon credit prices are based on independent sources.
[E] TPA is defined as “Tonnes Per Annum” of carbon dioxide (CO^2).

The following table outlines the primary valuation techniques and significant unobservable inputs related to financial instruments categorized within Level 3 as at December 31, 2025:

Financial Instruments	Fair Value (Canadian $ thousands)	Primary valuation techniques	Unobservable inputs	Input Range
Private equity investments	156,994	Recent Transaction[A]	N/A	N/A
Private fund investments	82,805	Net Asset Value[B]	N/A	N/A
Convertible debts and other loan	162,705	Recent Transactions[A]	N/A	N/A
	267,609	Discounted Cash Flows[C] and Option Pricing Model	Discount rate	10.4% - 26.0%
			Historical volatility	60.0% - 115.0%
Derivative-related assets				
Warrants	36,184	Option Pricing Model	Historical volatility	65.0% - 85.0%
CCO and CP CfD	4,381	Probability-Weighted Discounted Cash Flows	Discount rate	7.5% - 16.0%
			Carbon Credit Price ($/tonne)[D]	48.9 - 187.7
			Total TPA[E] Expected to be Mitigated/ Sequestered (in thousands)	0.0 - 182.0

[A] Fair value is based on the price from the latest financing round.
[B] When investments are held through private funds, the fair value is determined by the fund manager, unless there is a specific and objectively verifiable reason to deviate from the value provided.
[C] Involves Probability Weighted Discounted Cash Flows for certain investments.
[D] Subject to probabilistic scenarios, forward carbon credit prices are based on independent sources.
[E] TPA is defined as "Tonnes Per Annum" of carbon dioxide (CO^2).

Forward carbon credit prices are based on observable and unobservable inputs from independent sources, reflecting current governments' carbon policies. Forward carbon credit prices are subject to changes in market forces, including, but not limited to, interest rates, enacted policies, voluntary and compliance carbon credit prices, and the timing and quantity of anticipated carbon credit supply and demand. CGF invests in different provinces each with their own pricing regimes, such as the Alberta Technology Innovation and Emissions Reduction regulation ("Alberta TIER") for CCO and the Ontario Emissions Performance Standards ("Ontario EPS") for CP CfD, respectively subject to different liquidity and market activity summarized in the table below as at:

(Canadian $ thousands, except otherwise indicated)	June 30, 2026		December 31, 2025	
Derivative-related assets (liabilities)	**Notional quantity in TPA**	**Fair value Assets (liabilities)**	**Notional quantity in TPA**	**Fair value Assets (liabilities)**
CCO[A]	Up to 207,575	(25,867)	Up to 163,119	4,381
CP CfD[B]	-	-	Up to 18,900	-

[A] Based on the maximum TPA related to projects that have been signed, which accounts for 35% as at June 30, 2026 (27% as at December 31, 2025) of the total maximum commitment of 600 thousand TPA (Note 12). Initial price, term and credit market of the remaining projects are undetermined.
[B] During the six months ended June 30, 2026, the CP CfD was terminated by mutual agreement, resulting in the extinguishment of all related rights and obligations.

The fair value calculation of the warrants also takes into account the following contractual assumptions as at June 30, 2026, and December 31, 2025:

Derivative-related assets	Exercise Period	Exercise Price (U.S. $/share)
Warrants	Upon FID until December 2030	2.38

(iii) Sensitivity Analysis

The following table shows the sensitivity of fair value measurements to reasonably possible alternative assumptions for the significant unobservable inputs, from the preceding table, that would change fair value significantly.

As at June 30, 2026

(Canadian $ thousands)	Unobservable inputs	Change in unobservable inputs	Increase to Fair Value	Decrease to Fair Value
Convertible Debts and Other Loan				
	Discount rate	**+/- 1%**	**8,670**	**7,493**
	Historical Volatility	**+/- 10%**	**10,796**	**11,554**
Derivative-related assets (liabilities)				
Warrants	**Historical Volatility**	**+/- 10%**	**2,866**	**3,084**
CCO[A]	**Discount rate**	**+/- 1%**	**4,327**	**4,327**
	Carbon Credit Price ($/tonne)	**+/- 5%**		
	Total TPA Expected to be Mitigated/ Sequestered	**+/- 10%**		

As at December 31, 2025

(Canadian $ thousands)	**Unobservable inputs**	**Change in unobservable inputs**	**Increase to Fair Value**	**Decrease to Fair Value**
Convertible Debts and Other Loan				
	Discount rate	+/- 1%	4,261	3,652
	Historical Volatility	+/- 10%	5,951	6,342
Derivative-related assets (liabilities)				
Warrants	Historical Volatility	+/- 10%	3,761	4,023
CCO and CP CfD[A]	Discount rate	+/- 1%	4,904	4,606
	Carbon Credit Price ($/tonne)	+/- 5%		
	Total TPA Expected to be Mitigated/ Sequestered	+/- 10%		

[A] When multiple unobservable inputs are sensitized, no netting is applied, resulting respectively in the greatest increase and decrease to fair value.

The sensitivity analyses above exclude investments where the measurement relies on recent transaction data and net asset value such as new transactions in private equity investments and fund investments.

An increase (decrease) in discount rates would result in a corresponding decrease (increase) in fair value. Similarly, an increase (decrease) in carbon credit prices and CO_2 mitigated annually would lead to an increase (decrease) in fair value. These changes would result in a corresponding variance in investment income (loss). There is no predictable correlation between unobservable inputs. These sensitivity analyses are hypothetical and should be used with caution, as changing one significant input can lead to adjustments in several underlying assumptions, potentially amplifying or reducing the impact on the valuation.

4.4 Level 3 Reconciliation

The following table shows a reconciliation, for the six-month period ended June 30, 2026, of all movements related to financial instruments held by CGF as at June 30, 2026, and categorized within Level 3:

(Canadian $ thousands)	Opening Balance	Purchases/ Drawdowns	Sales/ Repayments	Realized Gains	Unrealized Gains (Losses)	Closing Balance
Private equity investments	**156,994**	**413,327**	**-**	**-**	**1,566**	**571,887**
Private fund investments	**82,805**	**7,929**	**-**	**-**	**7,345**	**98,079**
Convertible debts and other loan	**430,314**	**146,246[A]**	**-**	**-**	**22,794**	**599,354**
Derivative-related assets (liabilities)						
Warrants	**36,184**	**-**	**-**	**-**	**(15,818)**	**20,366**
CCO	**4,381**	**-**	**-**	**-**	**(30,248)**	**(25,867)**
Total	**710,678**	**567,502**	**-**	**-**	**(14,361)**	**1,263,819**

The following table shows a reconciliation, for the year ended December 31, 2025, of all movements related to financial instruments held by CGF as at December 31, 2025, and categorized within Level 3:

(Canadian $ thousands)	Opening Balance	Purchases/ Drawdowns	Sales/ Repayments	Realized Gains	Unrealized Gains (Losses)	Closing Balance
Private equity investments	90,000	67,310	-	-	(316)	156,994
Private fund investments	27,277	34,917	(5,368)	540	25,439	82,805
Convertible debts and other loan	100,106	333,963[A]	-	-	(3,755)	430,314
Derivative-related assets						
Warrants	22,297	-	-	-	13,887	36,184
CCO	4,580	-	-	-	(199)	4,381
Total	244,260	436,190	(5,368)	540	35,056	710,678

[A] Includes paid-in-kind interest.

There were no transfers to or from level 3 during the six-month period ended June 30, 2026, and the year ended December 31, 2025.

4.5 Investment Income (Loss)

Investment income (loss) for the periods ended June 30, 2026, is comprised of the following:

	Three-month period		Six-month period	
(Canadian $ thousands)	**2026**	2025	**2026**	2025
Investment income (loss) from:				
Cash equivalents	**553**	33	**2,438**	(430)
Short-term investments	**42,440**	25,334	**75,595**	61,933
Other than short-term investments	**(62,416)**	5,681	**(38,929)**	3,092
Total investment income (loss)	**(19,423)**	31,048	**39,104**	64,595

5. INTERESTS IN OTHER ENTITIES

As an investment entity, CGF does not consolidate its subsidiaries and measures its investments in its subsidiaries and associates at FVTPL.

(i) Control and significant influence

In the normal course of business, investments in private markets may be held directly by CGF or through investment entity subsidiaries established by CGF. As at June 30, 2026 and December 31, 2025, six investment entity subsidiaries were incorporated in Canada.

In addition, CGF is considered to have significant influence over certain companies due to one or more factors, such as investment in common shares, convertible debt instruments, preferred shares, warrants, Board representation, and the occurrence of significant transactions between CGF and other entities. As at June 30, 2026, CGF is considered to have a significant influence over Entropy Inc., Mangrove Water Technologies Ltd., and Nouveau Monde Graphite Inc., all Canadian companies. CGF holds an equity ownership interest of 9% in Mangrove Water Technologies Ltd., 19.54% in Nouveau Monde Graphite Inc., and does not hold any equity ownership interest in Entropy Inc.

As at December 31, 2025, CGF was considered to have a significant influence over Entropy Inc. and Mangrove Water Technologies Ltd. CGF held an equity ownership interest of 9% in Mangrove Water Technologies Ltd. and did not hold any equity ownership interest in Entropy Inc.

(ii) Structured Entities

CGF holds interests in funds mainly in the context of its investments in private markets. Given their nature, such entities commonly have the characteristics of a structured entity, that is, an entity where contractual arrangements matter more than voting rights in determining control and directing relevant activities. These entities are held as investments and do not expose CGF to additional risks or returns compared to interests held in non-structured entities. Information regarding structured entities is included, as applicable, within disclosures of investment risk management under Note 6, and commitments under Note 12.

6. INVESTMENT RISK MANAGEMENT

CGF's business purpose is to make investments according to its mandate, delivering against its strategic objectives while recovering its capital on a portfolio basis and recycling its capital base over the long term. CGF is leveraging PSP Investments' expertise in identifying, evaluating, managing, mitigating, monitoring risks, and performing sensitivity analyses while adapting its processes to meet CGF’s specific needs. Several risk practices of PSP Investments have been leveraged, adapted to CGF’s investment activities and formalized. Investment risks include market, credit, liquidity and concentration risks.

6.1 Market Risk

(i) Interest rate risk

CGF is exposed to interest rate risk mainly through its holdings in cash equivalents, short-term investments, as well as convertible debts and other loan investments. When performing a sensitivity analysis, with all other variables held constant, a 25-basis point increase (decrease) in nominal risk-free rates would result in a (decrease) increase in the value of cash equivalents and short-term investments of $8,510 thousand (December 31, 2025 - $9,436 thousand). This change would subsequently result in a corresponding variance in investment income (loss). The sensitivity of the fair value of convertible debts and other loan investments to a change in the discount rate, including the interest rate, is described in Note 4.3.

(ii) Foreign Currency Risk

CGF is exposed to foreign currency risk through its US $246 million (CA $349 million) private equity, convertible debts and other loan investments (December 31, 2025 – US $171 million (CA $234 million)), including corresponding interest receivable. When performing a sensitivity analysis, with all other variables held constant, a 5% strengthening or weakening in the Canadian dollar relative to the US dollar would result in a decrease (increase) in the value of investments directly impacted by exchange rate changes of $17,458 thousand (December 31, 2025 - $11,704 thousand). This change would subsequently result in a corresponding variance in investment income (loss).

As at June 30, 2026, fixed and variable commitments of US $148 million (CA $210 million) were outstanding (December 31, 2025 – US $161 million (CA $220 million)). When performing a sensitivity analysis, with all other variables held constant, a 5% strengthening or weakening in the Canadian dollar relative to the US dollar would result in a decrease (increase) in the fixed and variable commitments denominated in US directly impacted by exchange rate changes of $10,514 thousand (December 31, 2025 - $11,023 thousand).

(iii) Price risk

CGF is exposed to price risk, as the fair value or future cash flows of certain of its financial instruments may fluctuate due to changes in market prices (other than those arising from interest rate risk or foreign exchange risk). More specifically, this risk arises through CGF’s investments in CCO, CP CfD and warrant instruments, for which fair values are sensitive to carbon credit prices (in the case of CCO and CP CfD instruments) and assumptions regarding historical volatility (in the case of warrant instruments). The sensitivity of the fair value of CCO, CP CfD and warrant instruments to changes in these inputs is described in Note 4.3.

CGF is also exposed to price risk through its investments in public equity securities, as the fair value of these instruments may fluctuate due to changes in market prices and factors specific to individual issuers.

6.2 Credit Risk

Credit risk monitoring entails an evaluation of the credit quality of each issuer and counterparty that transacts with CGF. For public issuers, CGF relies on recognized credit rating agencies. For private issuers, CGF assigns internal credit ratings, using methodologies comparable to those used by recognized rating agencies.

To monitor the evolution of credit risk, CGF periodically produces a concentration report by credit rating for credit-sensitive securities. The concentration of credit risk by credit rating was as follows as at:

	June 30, 2026			
(Canadian $ thousands)	**AAA to BBB-**	**BB+ to B-**	**CCC+ and below[A]**	**Total**
Cash and cash equivalents	**1,208**	**-**	**-**	**1,208**
Interest receivable	**-**	**-**	**3**	**3**
Short-term investments	**6,307,160**	**-**	**-**	**6,307,160**
Convertible debts and other loan	**-**	**167,437**	**431,917**	**599,354**
Total	**6,308,368**	**167,437**	**431,920**	**6,907,725**

	December 31, 2025			
(Canadian $ thousands)	AAA to BBB-	BB+ to B-	CCC+ and below[A]	Total
Cash and cash equivalents	150,563	-	-	150,563
Interest receivable	-	-	234	234
Short-term investments	6,513,110	-	-	6,513,110
Convertible debts and other loan	-	102,364	327,950	430,314
Total	6,663,673	102,364	328,184	7,094,221

[A] Includes securities that are not rated.

6.3 Liquidity Risk

CGF’s liquidity risk is not significant as it will receive amounts from the Government of Canada, as described in Note 7.2. Furthermore, management applies appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. CGF typically maintains sufficient cash and cash equivalents and short-term investments to cover all its financial obligations, including operating costs, working capital requirements and commitments, which encompass binding contracts with fixed obligations, binding contracts with variable obligations and discretionary commitments, as presented in Note 12.

The financial liabilities of CGF are presented at undiscounted contractual cash flows value and are all due within three months of the period end.

6.4 Concentration Risk

Given CGF's mandate, it is understood that the portfolio of investments is likely to be concentrated. Notwithstanding the above, and within its mandate, CGF invests in different areas of focus, as determined by the Statement of Investment Principles prepared by CGF pursuant to its mandate to make investments that catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale to meaningful and efficient emissions reduction.

Concentration risk is presented in the following table and consists of the fair values of financial instruments as well as binding commitments with fixed and variable amounts as defined in Note 12. Concentration risk by area of focus was as follows as at:

	June 30, 2026				December 31, 2025			
(Canadian $ thousands)	**Projects[A]**	**Clean tech[B]**	**Low-carbon supply chains[C]**	**Total**	Projects[A]	Clean tech[B]	Low-carbon supply chains[C]	Total
Public equity investments	**-**	**-**	**135,017**	**135,017**	-	-	328,548	328,548
Private equity investments	**1,500,000**	**240,639**	**1,507**	**1,742,146**	-	168,867	-	168,867
Private fund investments	**-**	**255,903**	**-**	**255,903**	-	173,558	-	173,558
Convertible debts and other loan[D]	**212,183**	**602,071**	**145,000**	**959,254**	207,659	545,351	-	753,010
Derivative-related assets (liabilities)								
Warrants	**-**	**-**	**20,366**	**20,366**	-	-	36,184	36,184
CCO	**974,133**	**-**	**-**	**974,133**	1,004,381	-	-	1,004,381
CP CfD[E]	**-**	**-**	**-**	**-**	19,969	-	-	19,969
Total	**2,686,316**	**1,098,613**	**301,890**	**4,086,819**	1,232,009	887,776	364,732	2,484,517

[A] Projects: projects that use technologies and processes proven at the pilot stage but not yet widely adopted, to efficiently reduce emissions across the Canadian economy, and position Canada as a global leader in key innovations. These include, but are not limited to, carbon capture and sequestration, electrification and low-carbon electricity, hydrogen, and low-carbon fuels.
[B] Cleantech: clean technology ("Cleantech") companies which are scaling less mature but proven technologies that are in the demonstration or commercialization stages of development.
[C] Low-Carbon Supply Chains: projects, companies, and technologies across low-carbon supply chains, including critical minerals, that will allow Canada to leverage its abundance of natural resources, help secure Canada's supply chains, and improve Canada's domestic and global competitiveness.
[D] Includes Interest receivable.
[E] During the six months ended June 30, 2026, the Carbon Policy Contract for Difference was terminated by mutual agreement, resulting in the extinguishment of all related rights and obligations.

7. EQUITY

7.1 Common shares

CGF was nominally capitalized with one common share issued at a par value of $1,000 per share, for a total share capital of $1,000. CGF is authorized to issue an unlimited number of common shares. Holders of these shares are entitled to dividends, as and when declared from time to time, and are entitled to one vote per share at general meetings of CGF.

7.2 Preference shares

The following table presents a reconciliation of the preference shares issued and outstanding as at:

(Canadian $ thousands except for number of shares)	**June 30, 2026** Number of shares	**June 30, 2026** Amount	December 31, 2025 Number of shares	December 31, 2025 Amount
Balance at beginning of the period	**7,390,000**	**7,390,000**	4,390,000	4,390,000
Preference shares issued	**-**	**-**	3,000,000	3,000,000
Balance at end of the period	**7,390,000**	**7,390,000**	7,390,000	7,390,000

On March 11, 2024, an Amended and Restated Funding Agreement (the “Funding Agreement”) was entered into between CGF and the Government of Canada regarding the funding of CGF, pursuant to section 118(1) of the Fall Economic Statement Implementation Act, 2022, as amended by the Budget Implementation Act, 2023, No.1. The funding is by way of subscription for Class A Preference Shares (“Preference Shares”) of CGF on the terms set forth in the Funding Agreement to provide funding to CGF, up to the amount of $15 billion, for the administration and implementation of CGF’s mandate.

The holders of the Preference Shares are not entitled to vote at any meeting of the shareholders of CGF, except where the holders of another class or series of shares of CGF are entitled to vote separately as a class or series.

The holders of the Preference Shares, in priority to the holders of the common shares and any other shares ranking junior to the Preference Shares, are entitled to receive preferential dividends as and when they are declared by the Board of Directors. If, in any fiscal year, the Board of Directors has not declared any dividends on the Preference Shares, then the holders of such shares shall have no right to any such dividend for that year.

Subject to the CBCA, CGF may, upon giving at least 30 days’ notice, redeem all or any part of the outstanding Preference Shares at a price of $1,000 per Preference Share, together with all declared but unpaid dividends.

8. EXPENSES

Expenses include amounts incurred by related parties, on behalf of and in service to CGF, as described in Note 9 and are comprised of the following for the periods ended June 30:

	Three-month period		Six-month period	
(Canadian $ thousands)	**2026**	2025	**2026**	2025
Transaction costs	**11,909**	2,849	**18,695**	4,021
Investment-related expenses	**11,909**	2,849	**18,695**	4,021
Compensation and indirect expenses	**14,389**	9,990	**24,688**	18,809
Professional and consulting fees	**586**	533	**1,864**	1,305
Operating expenses	**14,975**	10,523	**26,552**	20,114
Total expenses	**26,884**	13,372	**45,247**	24,135

9. RELATED PARTY TRANSACTIONS

9.1 Certain Investees

Transactions between CGF and its unconsolidated subsidiaries, associates or subsidiaries of associates are related party transactions. CGF enters into investment transactions with such related parties in the normal course of its business. Since balances in connection with all investment transactions are measured at FVTPL, those transactions undertaken with related parties have the same impact on net assets and net income as those with unrelated parties.

9.2 The Government of Canada and Government-Related Entities

Since CGF is a Crown corporation as described in Note 1, it is considered to be related to the Government of Canada as well as other entities that are controlled, jointly controlled or significantly influenced by the Government of Canada (together “government-related entities”), such as CDEV and PSP Investments.

(i) The Government of Canada

The only transactions undertaken between CGF and the Government of Canada consist of the issuance of shares outlined in Note 7.

(ii) Government-Related Entities

As part of the investment management and secondment services rendered by PSP Investments to CGF, all costs incurred directly or indirectly on behalf of CGF are charged back with no added mark-up. As at June 30, 2026, CGF had an account payable to PSP Investments in the amount of $26,679 thousand (December 31, 2025 - $16,402 thousand) included in accounts payable and other liabilities. Through PSP Investments, CGF incurred $26,680 thousand and $44,657 thousand of expenses for the three-month and six-month periods ended June 30, 2026, respectively (three-month and six-month periods ended June 30, 2025 - $13,259 thousand and $23,846 thousand, respectively).

Also, through CDEV, CGF incurred $26 thousand and $140 thousand of expenses for the three-month and six-month periods ended June 30, 2026, respectively (three-month and six-month periods ended June 30, 2025 - $12 thousand and $17 thousand, respectively).

10. CAPITAL MANAGEMENT

CGF defines capital that it manages as the aggregate of its equity with the following objectives for managing capital:

- To safeguard its ability to continue as a going concern; and
- To fulfil its mandate and objectives for the Government of Canada.

CGF has to invest according to its mandate, with a view of earning a rate of return from capital appreciation and income from investments.

CGF's only source of funding is from issuing Preference Shares to the Government of Canada, which is limited to $15 billion. As of June 30, 2026, the aggregate contributed capital was $7,390 million (December 31, 2025 - $7,390 million).

Furthermore, CGF is not entitled to borrow money other than providing guarantees and entering into loan commitments in support of its investment transactions, for an annual aggregate amount not exceeding the annual commitment amount approved and effective under the most recent Corporate Plan. As required under the FAA, the Corporate Plan is published annually by CGF and sets out the corporation's authorized activities, objectives, and performance expectations.

11. GUARANTEES AND INDEMNITIES

CGF provides indemnification to its directors, its officers, and to certain CGF representatives asked to serve as directors or officers of entities in which CGF or its investment entity subsidiaries have made an investment or have a financial interest. As a result, CGF may be required to indemnify these representatives for costs incurred, such as claims, actions or litigation in connection with the exercise of their duties, unless the liability of such a representative relates to a failure to act honestly and in good faith. To date, CGF has not received any claims nor made any payment for such indemnities.

In certain cases, CGF may also provide indemnifications or guarantees to third parties in the normal course of business. As a result, CGF may be required to indemnify or make payments on guarantees to such third parties in connection with the performance of their contractual obligations. To date, CGF has not received any claims nor made any payments for such indemnities or guarantees.

12. COMMITMENTS

The commitments outlined in the table below pertain to various types of contracts that CGF has entered into and represent amounts that CGF has not funded as at:

	June 30, 2026				
(Canadian $ thousands)	**Fixed[A]**	**Variable[B]**	**Discretionary[C]**	**Total**	**Timeframe**
Private equity investments	**59,811**	**1,110,448**	**617,467**	**1,787,726**	**2026-onwards**
Private fund investments	**157,824**	**-**	**-**	**157,824**	**2026-2031**
Convertible debts and other loan	**76,569**	**283,328**	**617,757**	**977,654**	**2026-onwards**
Derivative-**related assets (liabilities)**					
CCO[D]	**-**	**1,000,000**	**-**	**1,000,000**	**2026-2041**
Total	**294,204**	**2,393,776**	**1,235,224**	**3,923,204**	

	December 31, 2025				
(Canadian $ thousands)	Fixed[A]	Variable[B]	Discretionary[C]	Total	Timeframe
Private equity investments	11,873	-	2,000,000	2,011,873	2026-onwards
Private fund investments	90,753	-	-	90,753	2026-2029
Convertible debts and other loan	188,814	133,648	627,479	949,941	2026-onwards
Derivative-**related assets**					
CCO[D]	-	1,000,000	-	1,000,000	2026-2041
CP CfD[E]	-	19,969	-	19,969	2026-2035
Total	291,440	1,153,617	2,627,479	4,072,536	

[A] Represents the maximum amounts under binding contracts that are not dependent on future conditions.
[B] Represents the maximum amounts under binding contracts that are dependent on future conditions, outside of CGF's approval.
[C] Represents the maximum amounts under contracts with respect to which a binding commitment is subject to CGF's approval.
[D] Represents the maximum amount under contracts related to CCO projects, of which 35% as at June 30, 2026 (27% as at December 31, 2025) of the total commitment of 600 thousand TPA have been signed and included in Note 4.1. Initial price, term and credit market of the remaining projects are undetermined.
[E] During the six-months ended June 30, 2026, the Carbon Policy Contract for Difference was terminated by mutual agreement, resulting in the extinguishment of all related rights and obligations.