

Q3 2024

Interim Report

September 30, 2024

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Management's Responsibility for Financial Reporting

The Unaudited Interim Condensed Financial Statements of Canada Growth Fund ("CGF") have been prepared by Canada Growth Fund Investment Management Inc.^A ("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. 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, 2023, 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 financial information presented throughout the discussion of fund performance is consistent with the Interim Condensed Financial Statements.

Based on our knowledge, these Unaudited 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 designed and maintained internal controls over financial reporting 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 and meets regularly with Management to discuss financial reporting matters.



Elizabeth Wademan

President, Canada Growth Fund Inc.

November 21, 2024



Patrick Charbonneau

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

November 21, 2024

^A References in this letter to CGFIM mean seconded personnel to CGF from Public Sector Pension Investment Board, for the period prior to the signing of the Investment Management Agreement.

Discussion of Fund Performance and Results

The Discussion of Fund Performance and Results^A provides an analysis of the operations and financial position of Canada Growth Fund Inc. (“CGF”) for the nine-month periods ended September 30, 2024 and 2023, and should be read in conjunction with CGF’s Unaudited Interim Condensed Financial Statements for the three-month and nine-month periods ended September 30, 2024 and 2023, and CGF’s Annual Report for the 384-day period ended December 31, 2023. This report takes into account material elements, if any, between September 30, 2024 and November 21, 2024, 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.

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

About the Canada Growth Fund

The Canada Growth Fund^A (“CGF”) is a \$15 billion independent impact investment fund operating at arm’s length from the Government of Canada that was established to support the growth of Canada’s clean economy. CGF was given the 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 on the path to net-zero and deploy innovative funding structures that help mitigate certain risks and uncertainties inherent to investing in the low-carbon economy.

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* 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).

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 end, PSP Investments incorporated Canada Growth Fund Investment Management Inc. (“CGFIM”) as its wholly-owned subsidiary in August 2023.

In June 2023, PSP Investments, CGF and CDEV entered into an agreement pursuant to which PSP Investments agreed to provide, through a secondment arrangement, employees that would deliver a full suite of services to CGF (the “Framework Agreement”) prior to entering into the Investment Management Agreement (“IMA”)^B. The IMA was executed between PSP Investments, CGFIM, CGF and CDEV on March 11, 2024 and the Framework Agreement was in effect until then.

^A Legal entity is Canada Growth Fund Inc.

^B PSP Investments has adopted a policy to address any real, potential, and perceived conflicts of interest between PSP Investments and/or CGFIM, on the one hand, and CGF, on the other hand, which may be found at this [link](#).

Mandate

CGF's mandate is to build a portfolio of investments that catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on the path to net-zero, and is intended to help Canada meet the following national economic and climate policy goals:

1. Reduce emissions and achieve national climate targets
2. Accelerate the deployment of key technologies, such as low-carbon hydrogen and carbon capture and sequestration ("CCS"), among others
3. Scale up companies that will create jobs and support productivity across new and traditional industrial sectors
4. Encourage the retention of intellectual property in Canada
5. Capitalize on Canada's abundance of natural resources and strengthen critical supply chains to secure Canada's future economic and environmental well-being

Individual investments will contribute to CGF's portfolio-level objectives in different ways. CGF's goal is to deliver against its strategic objectives while recovering its capital on a portfolio basis and recycling its capital base over the long term; it is equally required to minimize concessionality.

CGF is expected to deliver on its mandate by executing the activities described further under "Investment Framework" in CGF's 2023 Annual Report.

Fund Activity and Results

During the nine-month period ended September 30, 2024 (the “current period”), CGF announced a fund commitment to Idealist Climate Impact Fund LP (“Idealist”), a strategic partnership with Varme Energy (“Varme”) and Gibson Energy, a two-way Carbon Policy Contract for Difference (“CP CfD”) with Markham District Energy (“Markham”), a strategic partnership with Strathcona Resources Ltd (“Strathcona”), a financing commitment in Svante Technologies Inc. (“Svante”) and a fund commitment to MKB Partners Fund III, L.P. (“MKB”). Moreover, a significant milestone was met with the execution of the IMA on March 11, 2024. The current period was also characterized by continuing to ramp up CGF’s investment activities with the ultimate goal of building a \$15 billion fund.

As part of the investment activities undertaken in the current period, CGFIM held many prospecting interactions with market participants in order to explain the CGF mandate, explore investment opportunities and continue developing a deeper understanding of the sectors underlying the mandate.

As a startup fund, CGF’s overall results for the current period followed a common pattern for investment funds recognized as the “J Curve”. In the start-up phase, a fund would typically build its investment and operational capabilities faster than the pace of investment and in advance of generating a return from its investments. In the case of CGF, CGFIM is building the organizational capacity to invest and manage a portfolio of \$15 billion in accordance with the CGF mandate.

CGF’s results for the current period are presented below.

Funding Received

In the current period, CGF issued an additional 1,900 thousand Preference Shares (as defined in a subsequent section) to, and received \$1,900 million in capital contributions from, the Government of Canada. From that amount, \$1,100 million was called in 2023 under the umbrella of the Corporate Plan then in effect. Such contributions were received by CGF to invest according to its mandate.

Investments

During the current period, CGF had the following investment activity:

- On January 11, 2024 and July 11, 2024, Entropy drew, respectively, \$5 million and \$7.5 million under its existing debenture with CGF.
- On March 25, 2024, CGF announced a \$50 million commitment to Idealist, a fund managed by Montreal-based Idealist Capital, an equity manager pursuing commercialization stage growth equity investment opportunities in companies whose products, technologies and services are accelerating the energy transition. CGF deployed \$16.9 million out of this fund commitment at closing to cover CGF's share of the value of the fund's existing portfolio, and an additional \$7.4 million since then.
- On June 11, 2024, CGF announced a strategic partnership with Varme and Gibson Energy to develop Canada's first waste-to-energy project with CCS. CGF committed \$2.7 million (US\$2.0 million) to a development loan, which will be used to partially finance the furtherance of the front-end engineering and design activities. Since then, an amount of \$1.6 million (US\$1.2 million) was distributed by CGF to Varme for that purpose.
- On June 26, 2024, CGF entered a two-way CP CfD with Markham to support their investment in a new heat pump system that will provide residents in the City of Markham with reliable, efficient, and cost-competitive low carbon energy services. CGF has committed to a CP CfD for a total of approximately 177 thousand tonnes over the 10-year term, which represents a maximum possible contractual disbursement of \$20 million.
- On July 10, 2024, CGF announced a strategic partnership with Strathcona, one of the largest oil producers in Canada, to build CCS infrastructure seeking to capture and permanently store up to 2 million tonnes of carbon dioxide annually. CGF could provide up to \$500M in project funding, with each project independently assessed and subject to CGF's approval.
- On August 15, 2024, CGF announced a financing commitment of up to \$135.1 million (US\$100 million) to Svante, a leading global carbon capture and removal solutions provider based in Canada. The commitment is aimed at advancing the development of innovative carbon capture technology. During the quarter, \$67.5 million (US\$ 50 million) was invested by CGF in Svante through the issuance of convertible notes, and the second tranche is subject to CGF's approval.
- On August 19, 2024, CGF committed up to \$50 million to MKB, a fund managed by a Canadian-based growth equity manager investing in companies that are leading the energy transition. CGF deployed \$0.9 million out of this fund commitment on September 27, 2024.

Investment Income

During the current period, CGF total investment income amounted to \$58.2 million and was mainly generated by cash management activities. Such activities generated \$57.9 million in income on cash and short-term investments, which consisted of instruments having a maximum term to maturity of one year and are held for near term upcoming funding and cash management requirements.

Expenses

Total CGF expenses of \$39.9 million for the current period were composed of the following key components:

Operating Expenses:

A key component of total expenses for the current period was \$32.2 million in compensation and indirect expenses in connection with activities and services supporting CGF's ongoing operations and its progression towards a \$15 billion fund.

- **Compensation:** The large majority of total expenses is made up of compensation including benefits. During the current period, compensation expense was primarily attributable to executing on the CGF mandate, accelerating CGFIM's investment capabilities and, to a lesser extent, other activities including further developing CGFIM's and CGF's operational and governance frameworks as well as key business processes and related internal controls.
- **Indirect expenses:** Indirect expenses are those associated with portions of PSP Investments' transversal functions benefiting CGF such as Technology, Compliance, Finance and Human Resources. A key aspect of the benefit of leveraging such PSP Investments' established transversal functions is that CGF does not require standing up its own functions with the necessary significant expenditures and lengthy startup phase.

As part of operating expenses, professional and consulting fees for the period amounted to \$3.2M and consisted mainly of advisory mandates where specialized knowledge is required for a short period of time; such as legal advisory as well as consulting in connection with establishing an Impact Measurement & Management framework.

Investment-Related Expenses:

CGF's total expenses included \$4.5 million incurred in investment transaction costs.

Total Expense Ratio:

As CGF ramps up, we continue to expect that total expenses will remain within 90 bps of the committed \$15 billion. Until then, we expect CGF's ratio to fluctuate leading up to this mature state. CGF's total expenses for the current period were below 40 bps on an annualized basis.

Expenses for the nine-month period ended September 30, 2023 (the "comparative period"):

Total expenses for the comparative period amounted to \$21.5 million – significantly lower than the current period - as CGF was at the outset of its startup period at that time with less operational activities in place than in the current period. Total expenses during this period reflected startup activities intended to set up CGF and represented a significant portion of compensation and indirect expenses of \$13.2 million as well as professional and consulting fees of \$8.1 million, the majority of which was incurred by CDEV in connection with establishing CGF.

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. CGFIM 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 and to reflect the startup nature of the entity. Several investment risk practices of PSP Investments have already been leveraged and adapted to CGF's investment activities.

Similarly, as CGF progresses, non-investment risk practices will be assessed based on CGF's business needs.

As at September 30, 2024, CGF's risk measurement focused mainly on investment risks and included market, credit, liquidity and concentration risks. They are described in Note 6 of the Interim Condensed Financial Statements.

Capital Management

The capital structure of CGF consists of common and preference shares. Preference shares are its primary source of funding. CGF is not authorized 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. Amounts guaranteed, if any, are disclosed in Note 11 of the Interim Condensed Financial Statements.

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.

Preference Shares

On May 31, 2023, the Funding Agreement (as amended by the Amended and Restated Funding Agreement dated March 11, 2024, the "FA") was entered into between CGF and the Government of Canada regarding the funding of CGF, pursuant to subsection 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 FA to provide funding to CGF, up to the amount of \$15 billion, for the administration and implementation of the mandate. Preferences Shares are further described in Note 7 of the Interim Condensed Financial Statements.

Guarantees, Indemnities and Commitments

In certain cases, CGF may provide indemnification to directors, officers, certain CGF representatives or third parties as part of its normal course of business. As a result, CGF may be required to indemnify such parties under certain conditions or in connection with the performance of their contractual obligations.

CGF may also enter into commitments in connection with investment transactions as part of its normal course of business.

Indemnities, guarantees and commitments including any amounts outstanding are described in Notes 11 and 12, respectively, 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 which are described in CGF's Interim Condensed Financial Statements.

Interim Condensed Financial Statements Canada Growth Fund Inc.

September 30, 2024
(unaudited)

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Interim Condensed Statements of Financial Position

As at (unaudited)

(Canadian \$ thousands)	Notes	September 30, 2024	December 31, 2023
Assets			
Cash and cash equivalents	4.1	597,984	13,300
Investments	4.1	1,589,288	265,061
Total assets		2,187,272	278,361
Liabilities			
Accounts payable and other liabilities	4.1	66	103
Accounts payable to related parties	9	10,431	19,781
Total liabilities		10,497	19,884
Equity			
Share Capital	7	2,190,001	290,001
Deficit		(13,226)	(31,524)
Total equity		2,176,775	258,477
Total liabilities and equity		2,187,272	278,361

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

On behalf of the Board of Directors



Elizabeth Wademan

Board Member
November 21, 2024

Interim Condensed Statements of Net Income (Loss)

For the three-month and nine-month periods ended September 30 (unaudited)

		Three-month period		Nine-month period	
(Canadian \$ thousands)	Notes	2024	2023	2024	2023 ^A
Income:					
Investment income		29,203	90	58,231	90
Expenses:					
Investment-related expenses	8	(265)	(257)	(4,557)	(257)
Operating expenses	8	(10,171)	(8,160)	(35,376)	(21,248)
Net income (loss)		18,767	(8,327)	18,298	(21,415)

Interim Condensed Statements of Changes in Equity

For the three-month and nine-month periods ended September 30 (unaudited)

		Three-month period		Nine-month period	
(Canadian \$ thousands)	Notes	2024	2023	2024	2023 ^A
Share capital					
Balance at beginning of period		2,190,001	1	290,001	-
Issuance of common shares	7	-	-	-	1
Issuance of preference shares	7	-	-	1,900,000	-
Balance at end of period		2,190,001	1	2,190,001	1
Deficit					
Balance at beginning of period		(31,993)	(13,088)	(31,524)	-
Net income (loss)		18,767	(8,327)	18,298	(21,415)
Balance at end of period		(13,226)	(21,415)	(13,226)	(21,415)
Total equity		2,176,775	(21,414)	2,176,775	(21,414)

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

^A Unless otherwise stated, the "nine-month period ended September 30, 2023" includes 292 days, being the number of days between December 13, 2022 (date of incorporation) and September 30, 2023.

Interim Condensed Statements of Cash Flows

For the three-month and nine-month periods ended September 30 (unaudited)

(Canadian \$ thousands)	Notes	Three-month period		Nine-month period	
		2024	2023	2024	2023 ^A
Cash flows from operating activities					
Net income (loss)		18,767	(8,327)	18,298	(21,415)
Adjustment:					
Investment income		(29,203)	(90)	(58,231)	(90)
Net changes in operating assets and liabilities					
Decrease in accounts payable and other liabilities		(124)	-	(37)	-
Increase (decrease) in accounts payable to related parties		(4,499)	8,327	(9,350)	21,415
Interest received		13,839	90	41,072	90
Purchase of short-term investments		(1,773,577)	-	(3,848,748)	-
Disposal of short-term investments		1,675,408	-	2,649,239	-
Purchase of investments		(80,234)	-	(107,559)	-
Net cash flows used in operating activities		(179,623)	-	(1,315,316)	-
Cash flows from financing activities					
Capital contributions received – common shares	7	-	-	-	1
Capital contributions received – preference shares	7	-	-	1,900,000	-
Net cash flows provided by financing activities		-	-	1,900,000	1
Net change in cash and cash equivalents		(179,623)	-	584,684	1
Cash and cash equivalents at the beginning of the period		777,607	1	13,300	-
Cash and cash equivalents at the end of the period^B		597,984	1	597,984	1

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

^A Unless otherwise stated, the "nine-month period ended September 30, 2023" includes 292 days, being the number of days between December 13, 2022 (date of incorporation) and September 30, 2023.

^B As at September 30, 2024, cash and cash equivalents were comprised of cash of \$861 thousand and cash equivalents of \$597,123 thousand (September 30, 2023 - \$1 thousand and nil).

Canada Growth Fund Inc.

**Notes to the Interim Condensed Financial Statements
For the Three-Month and Nine-Month Periods Ended
September 30, 2024 and 2023**

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. 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 catalyze substantial private sector investment in Canadian low-carbon projects, technologies, businesses, and supply chains by deploying innovative funding structures that help mitigate certain risks and uncertainties inherent to investing in the low-carbon economy.

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 recovering its capital on a portfolio basis and recycling its capital base over the long term.

Following the federal budget announcement on 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, also at arm’s length from the Government of Canada (during the 384-day period ended December 31, 2023, a framework agreement was put in place, whereby an investment committee with personnel seconded from PSP Investments was making investment decisions on behalf of CGF).

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that has been applied in the preparation of these Interim Condensed Financial Statements is summarized below and has been used throughout the presented periods.

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 annual financial statements and should be read in conjunction with the audited December 31, 2023, Annual Financial Statements and the accompanying notes.

CGF qualifies as an investment entity as defined under IFRS 10 *Consolidated Financial Statements*. CGF measures its investments in associates, joint ventures and financial assets at fair value through profit and loss (“FVTPL”) in accordance with IAS 28 *Investments in Associates and Joint Ventures* and IFRS 9 *Financial Instruments*. Financial liabilities, which include accounts payable and other liabilities and accounts payable to related parties, are measured at amortized cost.

These Interim Condensed Financial Statements present the financial position and results of operations of CGF. They reflect the economic activity of CGF as it pertains to the investment of the funds transferred to it by the Government of Canada.

CGF's Interim Condensed Statements of Financial Position are as at September 30, 2024 and December 31, 2023. The Interim Condensed Statements of Net Income (Loss), Interim Condensed Statements of Changes in Equity and Interim Condensed Statements of Cash Flows are for the three-month and nine-month periods ended September 30, 2024, the three-month period ended September 30, 2023 and the 292-day period from December 13, 2022 (date of incorporation) through September 30, 2023.

These Interim Condensed Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on November 21, 2024.

2.2. Investment Entity Status

CGF has determined that it meets the mandatory items of the definition of an investment entity under IFRS 10 on the basis of the facts and circumstances as at the end of the period. They are as follows:

(i) Mandate and business purpose

As further described in Note 1, CGF's mandate is to manage and invest the funds that are transferred to it to catalyze substantial private sector investment in Canadian businesses and projects to help transform and grow Canada's economy at speed and scale on the path to net-zero. 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 items of the definition, IFRS 10 also outlines certain typical characteristics of an investment entity, the absence of any of which does not necessarily preclude an entity from qualifying as an investment entity. One of these characteristics is that an investment entity should have investors that are not related parties of the entity.

As described in Note 9, since CGF is a Crown corporation, it is considered to be 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 related parties, it may be considered not to meet the typical characteristic outlined above. However, as described in Note 1, CGF operates at arm's length from the Government of Canada. Accordingly, it meets all of the mandatory items of the definition described above and qualifies as 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 the audited December 31, 2023, 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 the investment entity status as described in Note 2.2.

Management also makes estimates and assumptions in the measurement, risk assessment and related disclosures surrounding investments in private equity, private funds, convertible debt and other loan and derivative-related instruments. The main assumptions made by management regarding measurement of financial instruments are outlined in Note 4.2.3 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, the early-stage nature of the investments, supply chain challenges, changes in governments' carbon policies, inflation and interest rates. This 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.

3. FUTURE CHANGES IN ACCOUNTING STANDARDS

3.1. Current Accounting Standards

CGF has determined that there is no material impact on its Interim Condensed Financial Statements arising from new standards, amendments and interpretations that have been issued by the IASB, effective for the year beginning on January 1, 2024.

3.2. Future 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 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 ASSETS AND FINANCIAL LIABILITIES

4.1. Classes of Financial Assets and Financial Liabilities

The fair value of financial assets and financial liabilities held by CGF were as follows, as at:

(Canadian \$ thousands)	September 30, 2024	December 31, 2023
Financial assets		
Cash and cash equivalents	597,984	13,300
Investments		
Short-term investments	1,391,459	175,061
Private equity investment	90,000	90,000
Private fund investments	25,532	-
Convertible debt and other loan	81,802	-
Derivative-related instruments		
CCO	-	-
CP CfD	-	-
Interest receivable	495	-
	2,187,272	278,361
Financial liabilities		
Accounts payable and other liabilities and accounts payable to related parties	10,497	19,884
	10,497	19,884

4.1.1. Cash and Cash Equivalents

Cash and cash equivalents include instruments having a maximum term to maturity of 90 days or less and 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 is determined using cost, which approximates fair value due to the highly liquid nature of these assets.

4.1.2. Investments

(i) Short-Term Investments

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.

(ii) Private Equity Investment

On October 25, 2023, CGF entered into a share purchase agreement acquiring \$90 million of Class B Preferred Shares of a Canadian-based geothermal technology company.

(iii) Private Fund Investments

- a) On March 25, 2024, CGF committed \$50 million to a fund managed by a Canadian-based equity manager pursuing commercialization stage growth equity investment opportunities in companies whose products, technologies and services are accelerating the energy transition.
- b) On August 19, 2024, CGF committed up to \$50 million to a fund managed by a Canadian-based growth equity manager investing in companies that are leading the energy transition.

(iv) Convertible Debt and Other Loan

- a) On December 19, 2023, CGF entered into an agreement for \$200 million delayed draw convertible debenture facility with a Canadian-based developer of technologically-advanced carbon capture and sequestration ("CCS") projects. The debenture can be converted into common equity of the company.
- b) On June 11, 2024, CGF announced a strategic partnership with a Canadian energy development company focused on waste-to-energy with integrated CCS, and agreed to a \$2.7 million (US\$2 million) loan agreement.
- c) On August 15, 2024, CGF entered into a financing commitment of \$67.5 million (US\$50 million) to a leading global carbon capture and removal solutions provider based in Canada. The investment, which is in notes that can be converted in equity of the company, is aimed at advancing the development of innovative carbon capture technology.

(v) Derivative-related Instruments

- a) Together with the convertible debenture investment described above, CGF has committed to a fixed-price carbon credit purchase agreement ("Carbon Credit Offtake" or "CCO") of up to 600 thousand tonnes per annum ("tpa"). A CCO is a contractual agreement to repurchase carbon-credits from the investee based on output of sequestered emissions over a contractual term and contractual carbon-credit pricing. The initial project to benefit from the CCO is drawing up to 185 thousand tpa for a total of approximately 2.8 million tonnes over the 15-year term.
- b) On June 26, 2024, CGF entered into a 10-year two-way carbon policy Contract for Difference ("CP CfD") agreement with a Canadian-based operator of district energy networks. A CP CfD is a financial instrument that provides the counterparty certainty related to the financial impact of future carbon policy prices.

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

The process for fair value measurement of the private equity, private funds, convertible debt and other loan, and derivative-related instruments is described in Note 4.2.2 and the valuation techniques together with the significant inputs used are described in Note 4.2.3.

4.1.3. Accounts Payable and Other Liabilities and Accounts Payable to Related Parties

Accounts payable and other liabilities and accounts payable to related parties are recorded at amortized cost. Their fair values approximate their carrying amounts due to their short-term maturities.

4.2. Fair Value Hierarchy

4.2.1. Classification

Financial instruments measured at fair value, as described under Note 4.1, 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 2 inputs include:
 - (i) Quoted prices for similar assets or liabilities in active markets.
 - (ii) Quoted prices for identical or similar assets or liabilities in markets that are not active.
 - (iii) Inputs other than quoted prices that are observable for the asset or liability.
 - (iv) Market-corroborated inputs.
- 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 at the time of the initial determination of fair value of the asset or liability and reviewed at the end of each reporting period. CGF determines whether a transfer between levels has occurred and recognizes such transfer at the beginning of the reporting period.

The following table shows the financial instruments measured at fair value as at September 30, 2024, classified within the fair value hierarchy:

(Canadian \$ thousands)	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	597,123	861	-	597,984
Investments				
Short-term investments	1,391,459	-	-	1,391,459
Private equity investment	-	-	90,000	90,000
Private fund investments	-	-	25,532	25,532
Convertible debt and other loan	-	-	81,802	81,802
Derivative-related instruments				
CCO	-	-	-	-
CP CfD	-	-	-	-
Interest receivable	-	495	-	495
Financial instruments at FVTPL	1,988,582	1,356	197,334	2,187,272

CGF's undrawn portions of the convertible debt and other loan are financial instruments measured at fair value and classified as level 3 on the fair value hierarchy. As at September 30, 2024, their fair value was nil.

The following table shows the financial instruments measured at fair value as at December 31, 2023, classified within the fair value hierarchy:

(Canadian \$ thousands)	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	208	13,092	-	13,300
Investments				
Short-term investments	175,061	-	-	175,061
Private equity investment	-	-	90,000	90,000
Derivative-related instrument				
CCO	-	-	-	-
Financial instruments at FVTPL	175,269	13,092	90,000	278,361

CGF's undrawn portion of the convertible debt is a financial instrument measured at fair value and classified as level 3 on the fair value hierarchy. As at December 31, 2023, its fair value was nil.

There were no transfers between levels 1 and 2 during the three-month and nine-month periods ended September 30, 2024, and the 384-day period ended December 31, 2023.

4.2.2. 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 used to provide independent views on significant inputs or fair values, CGF ensures their independence and that valuation techniques used 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 Black-Scholes valuation 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 general partner unless there is a specific and objectively verifiable reason to deviate from the value provided. Where necessary, the impact of restrictions on the sale or redemption of such investments is taken into consideration in determining fair value.

4.2.3. Level 3 Significant Inputs

The fair values of investments classified as level 3 were measured using valuation techniques where the significant inputs are unobservable. Judgement is applied surrounding the inputs used within the valuation models. 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 CO2 sequestered, energy sale prices, forecasted capital expenditures, discount rates and exit multiples.

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 carbon credit prices, capture volumes, the achievement of a Final Investment Decision ("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.

Valuation Inputs

Forward carbon credit prices are based on observable and unobservable inputs from independent sources. 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 mechanisms such as the Alberta Technology Innovation and Emissions Reduction regulation ("Alberta TIER") and the Ontario Emissions Performance Standards ("Ontario EPS"), respectively subject to different liquidity and market activity summarized in the table below.

Derivative-related Instruments	TPA ¹ Commitment	Initial Price (\$/Credit)	Term (years)	Credit Market
CCO	Up to 185,000 ²	86.50	15	Alberta TIER
CP CfD	Up to 18,900	100.00	10	Ontario EPS

¹ TPA is defined as "Tonnes Per Annum" of carbon dioxide (CO₂).

² Represents the TPA related to the one CCO project that has been signed, which accounts for 31% of the total maximum commitment of 600 thousand tpa. Initial price, term and credit market of the remaining projects are undetermined.

The following table shows the primary valuation techniques and significant unobservable inputs related to financial instruments categorized within Level 3 that are subject to the sensitivity analysis as well as those that are excluded from the analysis.

Financial Instruments	Fair Value (Canadian \$ thousands)	Primary valuation techniques	Unobservable inputs	Input Range
Equity Investment	90,000	Recent Transaction ¹	N/A	N/A
Private fund investments ²	25,532	Net Asset Value	N/A	N/A
Convertible Debt and Other Loan	82,297	Recent Transaction and Discounted Cash flows	Discount rate	5.00% - 20.00%
Derivative-related Instruments	-	Recent Transaction and Probability Weighted Discounted Cash Flows	Discount rate Carbon Credit Price (\$/tonne) ³ Total TPA ⁴ Mitigated/ Sequestered	12.0% - 18.0% 67.8 – 187.7 0.0 – 146.0

¹ Fair value is based on the price from the latest financing round, considering the development stage of the investment and the recency of the transaction.

² When investments are held through private funds, the fair value is determined by the general partner, unless there is a specific and objectively verifiable reason to deviate from the value provided.

³ Subject to probabilistic scenarios, forward carbon credit prices are based on independent sources.

⁴ TPA is defined as "Tonnes Per Annum" of carbon dioxide (CO₂).

As of September 30, 2024, there was no change in the likelihood of achieving key project milestones since the acquisition, significantly reducing the impact of other valuation inputs on the investments' fair value.

Sensitivity Analysis

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

(Canadian \$ thousands)	Significant input	Change in assumption	Increase	Decrease
Sensitivity of Fair Value	Discount rates	+/- 1%	(3,481)	3,481

The sensitivity analysis above excludes investments where recent transaction data and net asset value are used to measure fair value, such as newly acquired 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 CO₂ mitigated annually would lead to an increase (decrease) in fair value. There is no predictable correlation between unobservable inputs. This sensitivity analysis is 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.

As of December 31, 2023, the primary basis for measuring the fair value of CGF's investments, which included a \$90 million equity investment and a derivative-related instrument valued at nil, was the transaction price. Given the recency of the transaction, there was no reasonably possible alternative assumptions for the significant unobservable inputs, and therefore, no sensitivity analysis was conducted.

4.2.4. Level 3 Reconciliation

The following table shows a reconciliation, for the nine-month period ended September 30, 2024, of all movements related to financial instruments held by CGF as at September 30, 2024, and categorized within Level 3:

(Canadian \$ thousands)	Opening Balance	Purchases/ Drawdowns	Sales/ Repayments	Realized Gains	Unrealized Gains (Losses)	Closing Balance
Private equity investment	90,000	-	-	-	-	90,000
Private fund investments	-	25,159	-	-	373	25,532
Convertible debt and other loan	-	82,827	-	-	(1,025) ¹	81,802
Derivative-related instruments						
CCO	-	-	-	-	-	-
CP CfD	-	-	-	-	-	-
Total	90,000	107,986	-	-	(652)	197,334

¹ The unrealized loss in connection with the convertible debt and other loan represents an unrealized foreign exchange loss pertaining to investments denominated in US dollars.

There were no transfers to or from level 3 during the three-month and nine-month periods ended September 30, 2024.

The following table shows a reconciliation, for the 384-day period ended December 31, 2023, of all movements related to financial instruments held by CGF as at December 31, 2023, and categorized within Level 3:

(Canadian \$ thousands)	Opening Balance	Purchases/ Drawdowns	Sales/ Repayments	Realized Gains	Unrealized Gains (Losses)	Closing Balance
Private equity investment	-	90,000	-	-	-	90,000
Derivative-related instruments						
CCO	-	-	-	-	-	-
Total	-	90,000	-	-	-	90,000

There were no transfers to or from level 3 during the 384-day period ended December 31, 2023.

5. INTERESTS IN OTHER ENTITIES

As an investment entity, CGF measures its investments in its associates and joint ventures at FVTPL as described in Note 2.1.

(i) Control and significant influence

CGF determines that it controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its investment in the investee and has the ability to affect those returns through its power over the investee.

CGF determines that it has significant influence over the investee when CGF does not have control but has the power to participate in the financial and operating policy decisions of the investee.

In the context of control or significant influence, power over an investee is obtained through voting rights conveyed by CGF's ownership interest, other contractual arrangements, or a combination thereof.

As at September 30, 2024, and December 31, 2023, there was no investment over which CGF has significant influence.

(ii) Joint control

CGF determines that it is party to a joint venture arrangement when it has joint control over an investee and has rights to the net assets of the investee. Joint control is established through a contractual arrangement which requires the unanimous consent of the parties sharing control for the activities that significantly affect the returns of the arrangement.

Generally, decision making regarding such activities is governed through voting rights conveyed by the ownership interest of each party. In certain cases, it is governed solely through contractual arrangements or in conjunction with the ownership interest of each party.

As at September 30, 2024 and December 31, 2023, there was no investment over which CGF has joint control.

(iii) 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, guarantees and indemnities under Note 11 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 and to reflect the startup nature of the entity. Several investment risk practices of PSP Investments have already been leveraged and adapted to CGF's investment activities. Investment risks include market, credit, liquidity and concentration risks.

6.1. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of an adverse financial outcome due to changes in the factors that drive that value.

As at September 30, 2024, and December 31, 2023, CGF was exposed to factors that could impact its cash and cash equivalents and investments, such as changes in market prices, changes caused by factors specific to the individual investment, valuation multiples and discount rates or other factors affecting similar securities traded in the market, along with interest rates, foreign currency and other price risk which are described below.

(i) Interest rate risk

Interest rate risk refers to the risk that fluctuations in interest rates will directly affect the fair value of an investment or investment liability. Given interest on its debt instruments are paid-in-kind, CGF is exposed to interest rate risk mainly through its holdings in cash equivalents and short-term 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 investments directly impacted by interest rate changes of \$2,070 thousand (December 31, 2023 - \$139 thousand).

(ii) Foreign Currency Risk

CGF is exposed to currency risk through holding of investments in US dollars. Fluctuations in the relative value of the Canadian dollar against the US dollar can result in a positive or a negative effect on the fair value of the investment. CGF is exposed to foreign currency risk through its US \$51.5 million (CA \$69.6 million) convertible note and loan investments, including corresponding interest receivable.

When performing a sensitivity analysis, with all other variables held constant, a 1% strengthening or weakening in the Canadian dollar relative to the US dollar would result in an increase (decrease) in the value of investments directly impacted by exchange rate changes of \$696 thousand (December 31, 2023 - nil).

(iii) **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors that affect all similar financial instruments traded on the market. CGF is exposed to other price risk related to carbon credit pricing, through its CCO and CP CfD investments.

As of September 30, 2024, and December 31, 2023, there was no change in the likelihood of achieving key project milestones since the acquisition, significantly reducing the impact of other valuation inputs in the analysis, as described in Note 4.2.3.

6.2. Credit Risk

Credit risk is the risk of non-performance of a debtor on whom CGF relies to fulfill contractual or financial obligations. That is, the risk that the issuer of a debt security is unable to meet its financial obligations. Credit risk encompasses the risk of a deterioration of creditworthiness and the corresponding concentration risk.

Credit risk monitoring entails an evaluation of the credit quality of each issuer that transacts with CGF. As at September 30, 2024, and December 31, 2023, CGF's maximum exposure to credit risk amounts to the carrying value of the cash and cash equivalents, convertible debt and other loan, and short-term investments.

For public issuers, CGF relies on recognized credit rating agencies. Cash equivalents and short-term investments consisted primarily of Canadian treasury bills, for which the long-term credit ratings were between AAA/Stable, Aaa/Stable and AA+/Stable and the short-term credit rating between A-1, Prime-1 and F1+.

For private issuers related to CGF's investments in convertible debt and other loan, internal credit ratings are assigned using methodologies comparable to those used by recognized rating agencies. All existing ratings are non-investment grade.

6.3. Liquidity Risk

Liquidity risk corresponds to the risk that CGF will not be able to meet its financial obligations on a timely basis, with sufficient and readily available cash resources.

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 utilizes 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. As at September 30, 2024, CGF 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 include accounts payable and other liabilities and accounts payable to related parties, which are presented at undiscounted contractual cash flows value and are all due within three months of the period end.

6.4. Concentration Risk

Concentration risk arises from exposure due to a lack of diversification or concentrated exposure. 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.

Concentration risk is presented in the following table and consists of the fair values of financial assets 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:

	September 30, 2024				December 31, 2023			
(Canadian \$ thousands)	Projects ¹	Clean tech ²	Low-carbon supply chains ³	Total	Projects ¹	Clean tech ²	Low-carbon supply chains ³	Total
Private equity investment	-	90,000	-	90,000	-	90,000	-	90,000
Private fund investments	-	100,374	-	100,374	-	-	-	-
Convertible debt and other loan	202,878	67,548	-	270,426	200,000	-	-	200,000
Derivative-related instruments								
CCO	1,000,000	-	-	1,000,000	1,000,000	-	-	1,000,000
CP CfD	19,969	-	-	19,969	-	-	-	-
Interest receivable	51	444	-	495	-	-	-	-
Total	1,222,898	258,366	-	1,481,264	1,200,000	90,000	-	1,290,000

¹ Projects: Consists of projects that use less mature technologies and processes (proven in pilots but not yet widely adopted) to reduce emissions across the Canadian economy (e.g., carbon capture, utilization, and storage; hydrogen; and biofuels).

² Clean Tech: Consists of technology companies, including small and medium enterprises ("SMEs"), which are scaling less mature technologies that are in the demonstration or commercialization stages of development.

³ Low-Carbon Supply Chains: Consists of companies (including SMEs) and projects across low-carbon or climate tech value chains, including low-carbon natural resource development.

7. EQUITY

Equity is comprised of deficit and share capital. The following are additional details about CGF's share capital.

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.

No dividends were declared during the nine-month period ended September 30, 2024 (nine-month period ended September 30, 2023 – nil).

7.2. Preference shares

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

	September 30, 2024 (nine-month period)		December 31, 2023 (384-day period)	
	Number of shares (thousands)	Amount (Canadian \$ thousands)	Number of shares (thousands)	Amount (Canadian \$ thousands)
Balance at beginning of the period	290	290,000	-	-
Preference shares issued	1,900	1,900,000	290	290,000
Balance at end of the period	2,190	2,190,000	290	290,000

On May 31, 2023, a Funding Agreement (the “FA”) 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 FA to provide funding to CGF, up to the amount of \$15 billion, for the administration and implementation of the 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.

The aggregate proceeds from preference shares issued to the Government of Canada are included as an addition to the Share Capital line on the Interim Condensed Statements of Financial Position. When these shares are redeemed by CGF, the aggregate redemption amount will be a deduction against this line item.

8. EXPENSES

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

(Canadian \$ thousands)	Three-month period		Nine-month period	
	2024	2023	2024	2023
Transaction costs	265	257	4,557	257
Investment-related expenses	265	257	4,557	257
Compensation and indirect expenses	8,976	6,662	32,205	13,165
Professional and consulting fees	1,195	1,498	3,171	8,083
Operating expenses	10,171	8,160	35,376	21,248
Total expenses	10,436	8,417	39,933	21,505

9. RELATED PARTY TRANSACTIONS

9.1. Certain Investees

As outlined in Note 2.1, investments in associates are measured at FVTPL. Transactions between CGF and such entities or subsidiaries of such entities 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 loss 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 September 30, 2024, CGF had an account payable to PSP Investments in the amount of \$10,393 thousand (December 31, 2023 - \$19,732 thousand). CGF incurred \$10,442 thousand of expenses for the three-month period ended September 30, 2024, and \$36,623 thousand for the nine-month period ended September 30, 2024, through PSP Investments (\$7,904 thousand for the three-month period ended September 30, 2023, and \$15,067 thousand for the nine-month period ended September 30, 2023).

Also included in CGF's expenses for the three-month and nine-month periods ended September 30, 2024, is an amount of \$2 thousand and \$38 thousand, respectively, incurred through CDEV (three-month and nine-month periods ended September 30, 2023 - \$391 thousand and \$6,316 thousand, respectively).

10. CAPITAL MANAGEMENT

In 2022, the Government of Canada announced its intention to create CGF and to fund it up to the amount of \$15 billion, as described in Note 7.2.

CGF defines capital that it manages as the aggregate of its equity, which is comprised of deficit and its share capital, outlined in Note 7. CGF's objectives in managing capital are as follows:

- 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, as described in Note 2.2.

CGF's only source of funding is from issuing Preference Shares to the Government of Canada, which is limited to \$15 billion. As of September 30, 2024, the aggregate contributed capital was of \$2,190 million (December 31, 2023 - \$290 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. Amounts guaranteed, if any, are disclosed in Note 11.

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 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 also provides indemnification 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 of:

	September 30, 2024				
(Canadian \$ thousands)	Fixed ¹	Variable ²	Discretionary ³	Total	Timeframe
Private fund investments	65,897	8,945	-	74,842	2024-2029
Convertible debt and other loan	188,624	-	567,548 ⁴	756,172	2024-onwards ⁵
Derivative-related instruments					
CCO	-	1,000,000	-	1,000,000	2026-2041 ⁶
CP CfD	-	19,969	-	19,969	2025-2035
Total	254,521	1,028,914	567,548	1,850,983	

	December 31, 2023				
(Canadian \$ thousands)	Fixed ¹	Variable ²	Discretionary ³	Total	Timeframe
Private fund investments	-	-	-	-	-
Convertible debt and other loan	200,000	-	-	200,000	2024-onwards ⁵
Derivative-related instrument					
CCO	-	1,000,000	-	1,000,000	2026-2041 ⁶
Total	200,000	1,000,000	-	1,200,000	

¹ Represents the maximum amounts under binding contracts that are not dependent on future conditions.

² Represents the maximum amounts under binding contracts that are dependent on future conditions, outside of CGF's approval.

³ Represents the maximum amounts under contracts with respect to which a binding commitment is subject to CGF's approval.

⁴ Includes \$500 million related to a strategic partnership announced by CGF on July 10, 2024, with one of the largest oil producers in Canada. This partnership aims to build CCS infrastructure seeking to capture and permanently store up to two million tonnes of carbon dioxide annually, and for which CGF will finance different projects for an amount of up to \$500 million. Also includes the second tranche of the financing commitment of \$67.5 million (US\$50 million) CGF entered into on August 15, 2024.

⁵ The timeframe for the fixed portion of the convertible debt and other loan is largely undetermined. However, a maximum of \$1.1 million (December 31, 2023 - nil) must be funded by the end of 2024, while the remaining \$187.5 million (December 31, 2023 - \$200 million) has no expiration date.

⁶ Represents the timeframe related to the one CCO project that has been signed, which accounts for 28% of the total commitment. Timeframe for the remaining projects is undetermined.