

ANNUAL REPORT 2020

CLAIRVEST

TABLE OF CONTENTS

Chief Executive Officer's Message	2
Management's Discussion and Analysis	3
Management's Report	28
Independent Auditor's Report	29
Consolidated Financial Statements	32
Notes to Consolidated Financial Statements	36
Shareholder Information	71
Corporate Information	Back Cover

KNOWLEDGE BASED - PARTNER FOCUSED

CLAIRVEST

CLAIRVEST IS ONE OF CANADA'S LEADING PROVIDERS OF PRIVATE EQUITY FINANCING TO MID-MARKET COMPANIES AND CURRENTLY HAS C\$2.4 BILLION OF EQUITY CAPITAL UNDER MANAGEMENT.

CLAIRVEST'S MISSION IS TO PARTNER WITH ENTREPRENEURS TO HELP THEM BUILD STRATEGICALLY SIGNIFICANT BUSINESSES.

CLAIRVEST INVESTS ITS OWN CAPITAL, AND THAT OF THIRD PARTIES THROUGH THE CLAIRVEST EQUITY PARTNERS LIMITED PARTNERSHIPS, IN OWNER-LED BUSINESSES.

CHIEF EXECUTIVE OFFICER'S MESSAGE

DEAR FELLOW SHAREHOLDERS,

At the time of writing this letter, North America continues to face an uncertain economic reality with many jurisdictions still closed as a result of the COVID-19 pandemic. Entering a crisis is not the time to figure out what you want to be. No matter the challenge, we have managed our company consistently with principles that have stood the test of time and this period is no different. Our company's mission is to partner with entrepreneurs to help build strategically significant businesses. In so doing, we create value for all stakeholders, foster progress, create employment, contribute to economic growth, and support the communities in which we live.

The last few months were especially busy for our team as we worked with our investee partners through new challenges and prepared for the inevitable economic slowdown which will occur. We are fortunate that our portfolio, in aggregate, is holding up during this time. Thanks to a prudent approach to leverage, our most impacted companies have been able to manage through the liquidity crunch to date, and in some cases, identify and close on strategic acquisitions. Some of our portfolio companies are still generating no revenue and their future is reliant on when things will re-open, and how it will look once things do re-open. We will not emerge unscathed, but overall we expect the impact to be manageable considering the diversification of our investments, the fact that the underlying demand remains intact for our investments' services, and the level of our liquidity that is available to support our portfolio companies and make new investments. We have always commented that wealth creation and staying power are linked, but it is only in times like these it is so evident.

We entered this crisis in a position of strength. Despite a challenging fourth quarter where we saw significant market shocks, Clairvest completed fiscal 2020 with a book value per share of \$55.55, an increase of 9% over the prior year, including dividends paid. We continued to lead the market by a significant margin with a compounded growth in book value of 11.1% over the last 24 years, after tax, while the S&P 500 delivered only 7% in pre-tax growth. This is despite an average cash balance of 37% during the period, and an ending cash & equivalent balance of \$31 per share. Looking back at our activity during fiscal 2020, I am pleased to say that it was a highly productive year. Clairvest completed five new investments in fiscal 2020, deploying over \$190 million of capital in many of our core domains such as waste management, gaming and equipment rental, as well as an entry into a new domain; multi-unit healthcare, with a US\$39 million investment in ChildSmiles Group. In addition, in December 2019, we completed the exit of County Waste of Virginia that generated a 3.6x return on capital invested and a 32% IRR. Broadly, the portfolio continued to grow with 9 add-on acquisitions, and we helped our partners raise over \$270 million in debt and equity capital to support their growth.

As we look to fiscal 2021, despite the uncertain economic outlook, we are ready for the challenge. On February 28, 2020, Clairvest launched its newest US\$850 million fund, CEP VI. To date CEP VI completed three new investments that continue to build on our industry expertise in the solar renewal energy industry and in waste management. In the current economic climate, having a well-capitalized fund is an advantage.

In concluding my remarks, I want to recognize the commitment of our employees during this unique time. Your hard work and dedication is the basis of our continued success. I would also like to acknowledge our investment partners whose commitment and agility has proved invaluable. This unique time has reminded us why we are passionate about our business. Supporting business leaders who are committed to their companies, customers and employees is what helps sustain our economy during difficult times and lead to recovery. Most importantly, we are proud to partner with individuals who share our values of partnership, integrity, tenacity, open mindedness, and long-term focus. Thank you to our board of directors for your continued guidance and support and thank you fellow shareholders for your confidence in our team.

Respectfully,



Ken Rotman
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

The Management's Discussion and Analysis ("MD&A") of financial condition and results of operations analyzes significant changes in Clairvest Group Inc.'s consolidated financial results, financial position, risks and opportunities. It should be read in conjunction with the audited annual consolidated financial statements and related notes for the year ended March 31, 2020 ("consolidated financial statements").

The following MD&A is the responsibility of Management and is as at June 24, 2020. The Board of Directors carries out its responsibility for review of this disclosure through its Audit Committee. The Audit Committee reviews the disclosure and recommends its approval to the Board of Directors. The Board of Directors has approved this disclosure.

INTRODUCTION

Clairvest Group Inc. ("Clairvest" or the "Company") is a private equity management firm that specializes in partnering with management teams and other stakeholders of both emerging and established companies. The Company's shares are traded on the Toronto Stock Exchange under the symbol CVG.

Clairvest invests its own capital, and that of third parties, through various Clairvest Equity Partnerships (together, the "CEP Funds") in carefully selected companies that have the potential to generate superior returns. These Partnerships include the following:

- Clairvest Equity Partners III Limited Partnership ("CEP III")
- Clairvest Equity Partners IV Limited Partnership ("CEP IV")
- Clairvest Equity Partners IV-A Limited Partnership ("CEP IV-A")

which together, are herein referred to as Clairvest Equity Partners III and IV.

- Clairvest Equity Partners V Limited Partnership ("CEP V")
- CEP V HI India Investment Limited Partnership ("CEP V India")
- Clairvest Equity Partners V-A Limited Partnership ("CEP V-A")
- Clairvest Equity Partners VI Limited Partnership ("CEP VI")
- Clairvest Equity Partners VI-A Limited Partnership ("CEP VI-A")
- Clairvest Equity Partners VI-B Limited Partnership ("CEP VI-B")

which together, are herein referred to as Clairvest Equity Partners V and VI.

The Company concluded that its ownership interests in the CEP Funds, which meet the definition of structured entities under International Financial Reporting Standards ("IFRS"), do not meet the definition of control under IFRS. Accordingly, the financial positions and operating results of the CEP Funds are not included in Clairvest's consolidated financial statements.

The Company's consolidated financial statements include those subsidiaries which provide investment-related services and which the Company controls by having the power to govern the financial and operating policies of these entities. The following entities, which are significant in nature, provide investment-related services on behalf of the Company.

- Clairvest GP Manageco Inc.
- Clairvest GP (GPLP) Inc.
- CEP MIP GP Corporation
- Clairvest USA Limited
- Clairvest General Partner Limited Partnership
- Clairvest General Partner III Limited Partnership
- Clairvest General Partner IV Limited Partnership

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

During fiscal 2020, the Company determined that Clairvest General Partner V Limited Partnership ("Clairvest GP V") met the definition of an investment entity, as defined in IFRS 10. This change in status resulted from an amendment to the business purpose of Clairvest GP V for it to invest directly in CEP V Co-Investment Limited Partnership.

Clairvest employs various acquisition entities in structuring its investments, all of which are controlled by Clairvest. These acquisition entities, which are accounted for at fair value in accordance with IFRS as described in the Critical Accounting Estimates section of the MD&A, include the following:

- 2141788 Ontario Corporation ("2141788 Ontario")
- 2486303 Ontario Inc. ("2486303 Ontario")
- CEP III Co-Investment Limited Partnership ("CEP III Co-Invest")
- MIP III Limited Partnership ("MIP III")
- CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest")
- MIP IV Limited Partnership ("MIP IV")
- CEP V Co-Investment Limited Partnership ("CEP V Co-Invest")
- Clairvest GP V
- MIP V Limited Partnership ("MIP V")
- CEP VI Co-Investment Limited Partnership ("CEP VI Co-Invest")
- MIP VI Limited Partnership ("MIP VI")
- Clairvest Special Limited Partner VI Limited Partnership ("CEP SLP VI")

2141788 Ontario, a limited partner of CEP III Co-Invest and CEP V Co-Invest, is a wholly owned acquisition entity of Clairvest. 2486303 Ontario is a wholly owned acquisition entity of Clairvest, which together with Clairvest, directly and indirectly holds a 100% interest in Clairvest Equity Partners Limited Partnership ("CEP"), an investment fund held by third-party investors until December 2015. Clairvest's relationship with CEP III Co-Invest and MIP III, CEP IV Co-Invest and MIP IV, CEP V Co-Invest, Clairvest GP V and MIP V, and CEP VI Co-Invest, MIP VI and CEP SLP VI are described in the Transaction with Related Parties and Off-Statement of Financial Position Arrangements section of the MD&A.

As at March 31, 2020, Clairvest, through these acquisition entities, had 17 core investments in 10 different industries and 5 countries. One was a joint investment with CEP III, three were joint investments with CEP IV and CEP IV-A (together, the "CEP IV Fund"), eleven were joint investments with CEP V, CEP V India and CEP V-A (together, the "CEP V Fund"), and one was a joint investment with CEP VI, CEP VI-A and CEP VI-B (together, the "CEP VI Fund"). Clairvest also held an investment in the Grey Eagle Casino and a residual interest in Wellington Financial.

The table below summarizes Clairvest's direct and indirect investee companies ("investee companies") as at March 31, 2020:

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

SUMMARY OF CLAIRVEST'S INVESTEE COMPANIES AS AT MARCH 31, 2020

Investee Company	Industry Segment	Geographic Segment	Clairvest Ownership Percentage ⁽¹⁸⁾	CEP Fund Ownership Percentage ⁽¹⁹⁾	Total Ownership Percentage ⁽¹⁹⁾	Description of Business
INVESTMENTS DIRECTLY HELD						
Grey Eagle Casino ⁽¹⁾	Gaming	Canada	Equity participation			A casino on Tsuu T'ina First Nation reserve lands, located southwest of the city of Calgary, Alberta.
Wellington Financial	Financial Services	Canada	N/A			Wellington Financial was realized during fiscal 2018. Certain entitlements on the residual warrants portfolio remain outstanding as at March 31, 2020.
INVESTMENTS MADE BY CEP III CO-INVEST ALONGSIDE CEP III						
Chilean Gaming Holdings ⁽²⁾	Gaming	Chile	36.8%	37.7%	74.5%	An investment vehicle which holds an equity interest in various gaming entertainment complexes in Chile.
INVESTMENTS MADE BY CEP IV CO-INVEST ALONGSIDE CEP IV/CEP IV-A						
Centaur Gaming	Gaming	United States	N/A			The owner and operator of the Hoosier Park Racing & Casino in Anderson, Indiana and the Indiana Grand Casino and Indiana Downs Racetrack in Shelbyville, Indiana. Investment was realized during fiscal 2019. Certain deferred considerations on the sale remain outstanding as at March 31, 2020.
County Waste of Virginia	Waste Management	United States	N/A			A regional solid waste collection company servicing customers in the states of Virginia and Pennsylvania. Investment was realized during fiscal 2020. Certain sale proceeds and entitlement remain outstanding as at March 31, 2020.
Davenport Land Investments ⁽³⁾	Other	United States	18.7% of Davenport North 13.4% of Davenport South	51.1% of Davenport North 36.6% of Davenport South.	69.8% of Davenport North 50.0% of Davenport South	Comprised two entities ("Davenport North" and "Davenport South") holding real estate surrounding a casino in Davenport, Iowa.
Northco / Top Aces ⁽⁴⁾	Specialty Aviation & Defence Services	Canada	38.7% of Northco 23.9% of Top Aces	57.8% of Northco 33.7% of Top Aces	96.5% of Northco 57.6% of Top Aces	Northco is a specialty aviation services company operating across Canada. Top Aces is a supplier of advanced adversary services across three continents.
Momentum Solutions ⁽⁵⁾	Specialty Aviation	Canada	4.4%	11.9%	16.3%	Momentum Solutions was a wholly-owned subsidiary of MAG Aerospace, an investment realized during fiscal 2018. Momentum Solutions is a Toronto based, inter-connected global network of leading strategic support companies.
New Meadowlands Racetrack (the "Meadowlands") ⁽⁶⁾	Gaming	United States	Debentures and equity investment rights			Operates North America's premier standardbred horse racing track located in East Rutherford, New Jersey.

- (1) Clairvest held an equity participation interest in the Grey Eagle Casino entitling to earnings between 11.25% to 38.25% of the earnings of Grey Eagle Casino until December 2022, subject to certain extension rights.
- (2) Clairvest held 30,446,299 units of Chilean Gaming Holdings, a partnership which held a 50% interest in each of Casino Marina del Sol and Casino Chillan and a 73.8% interest in each of Casino Osorno and Casino sol Calama.
- (3) Clairvest held 1,408.81 units of Davenport North, 1,298.21 units of Davenport South and a US\$0.6 million promissory note from a partner of Davenport Land Investments.
- (4) Clairvest held \$23.6 million in convertible debentures of Northco with a stated interest rate of 2% per annum effective April 1, 2020, and 3,867 common shares of Northco. Clairvest also held 685,7824 common shares of Top Aces.
- (5) Clairvest held 4,477 common shares of Momentum Solutions.
- (6) Clairvest held US\$5.4 million in secured convertible debentures of the Meadowlands with a stated interest rate of 15% per annum and US\$0.7 million in preferred debt with a stated interest rate of 3% per annum. Clairvest also held warrants which entitle it to invest in equity securities subject to certain conditions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

Investee Company	Industry Segment	Geographic Segment	Clairvest Ownership Percentage ⁽¹⁹⁾	CEP Fund Ownership Percentage ⁽¹⁹⁾	Total Ownership Percentage ⁽¹⁹⁾	Description of Business
INVESTMENTS MADE BY CEP V CO-INVEST ALONGSIDE CEP V/CEP V India/CEP V-A						
Accel Entertainment ⁽⁷⁾	Gaming	United States	6.4%	14.9%	21.3%	A licensed video gaming terminal operator in Illinois. Listed on the NYSE under the symbol ACCEL.
Also Energy ⁽⁸⁾	Renewable Energy	United States	11.9%	27.9%	39.8%	A provider of software and hardware solutions that enable the monitoring and control of power production and plant operations for commercial, industrial, and utility-scale solar plants globally.
ChildSmiles Group ⁽⁹⁾	Dental Services	United States	15.0%	35.0%	50.0%	A multi-specialty dental practice with five offices across New Jersey.
Digital Media Solutions ⁽¹⁰⁾	Marketing Services	United States	13.8%	32.2%	46.0%	A digital media company which operates as a lead generation engine for companies in a variety of different industries.
DTG Recycle ⁽¹¹⁾	Waste Management	United States	14.6%	34.2%	48.8%	A waste hauling and recycling company with operations concentrated in the greater Seattle-Tacoma area of Washington State.
Durante Rentals ⁽¹²⁾	Equipment Rental	United States	21.5%	50.1%	71.6%	A construction equipment rental provider in the New York Metropolitan area.
FSB Technology ⁽¹³⁾	Gaming	United Kingdom	24.5%	57.2%	81.7%	A business-to-business sports and internet gaming technology supplier based in London, United Kingdom.
Head Digital Works ⁽¹⁴⁾	Gaming	India	32.7%	42.7%	75.4%	An internet-based technology and gaming company with ownership interest in Ace2Three, a leading platform for online rummy, FanFight, a growing platform for Daily Fantasy Sport, and Cricket.com, a leading site for cricket analytics, and WittyGames, delivering a mobile social gaming experience.
Meriplex Communications ⁽¹⁵⁾	Information Technology	United States	17.8%	41.4%	59.2%	A company based in Houston, Texas that designs, installs and manages complex networking solutions for businesses.
Right Time Heating and Air Conditioning ("Right Time HVAC") ⁽¹⁶⁾	Residential Services	Canada	14.8%	34.5%	49.3%	A Canadian independent heating, ventilation and air-conditioning contractor operator out of various locations in Ontario and Manitoba and focused strictly on the residential replacement market.
Winters Bros. Waste Systems of Long Island ("Winters Bros. of LI") ⁽¹⁷⁾	Waste Management	United States	14.0%	32.7%	46.7%	A regional solid waste collection, recycling and disposal company servicing customers in Long Island, New York.
INVESTMENTS MADE BY CEP VI CO-INVEST ALONGSIDE CEP VI/CEP VI-A/CEP V-B						
SunSystem Technology ⁽¹⁸⁾	Renewable Energy	United States	18.2%	48.9%	67.1%	A solar operations and maintenance company serving both commercial and residential sector in the United States.

(7) Clairvest held 4,994,907 Class A-1 Shares, 244,675 Class A-2 Shares, and 299,052 private warrants of Accel Entertainment.

(8) Clairvest held 1,013,062 Class A Preferred Stock, 45,181 Class A Common Stock and 11,037 Class B Preferred Stock of Also Energy and a promissory note with a stated interest rate of 10% per annum from Also Energy.

(9) Clairvest held 11,836,135 Class B preferred units of ChildSmiles Group.

(10) Clairvest held 6,150,000 Class B units of Digital Media Solutions.

(11) Clairvest held 8,657,622 Class A convertible preferred shares of DTG Recycle.

(12) Clairvest held 217,721.20 LLC Units of Durante Rentals.

(13) Clairvest held 6,935,287 Class A Shares and 420,804 Preferred Shares of FSB Technology.

(14) Clairvest held 202,230 common shares of Head Digital Works and INR₹657.9 million in compulsory convertible debentures with a stated interest rate of 16% per annum.

(15) Clairvest held 5,250 common shares of Meriplex Communications.

(16) Clairvest held 6,375,000 Class A preferred shares of Right Time HVAC.

(17) Clairvest held 1,487,773 Class C units of Winters Bros. of LI., 256,037 units of WBLI II, LLC, and 1,398 units in WBLI III, LLC, affiliates to Winters Bros. of LI which are owned proportionately by the same unitholders as Winters Bros. of LI.

(18) Clairvest held 3,030,588 Class A Preferred Stock of SunSystem Technology.

(19) Ownership percentage calculated on a fully diluted basis as at March 31, 2020.

OVERVIEW OF FISCAL 2020

An overview of the significant events during fiscal 2020 and those which occurred subsequent to year end follows:

Overall and Corporate

- Clairvest's book value increased by \$58.7 million, or \$4.11 per share, to \$837.4 million or \$55.55 per share. The increase was primarily due to net income and comprehensive income ("net income") of \$4.60 per share, net of \$0.5144 per share in dividends paid. Inclusive of dividends paid, Clairvest's book value increased by 9.0% during fiscal 2020. For the fiscal year ended March 31, 2020, Clairvest recorded \$129.3 million in total revenue and \$69.5 million in net income, compared to \$204.2 million and \$119.2 million, respectively, in the prior fiscal year.
- During fiscal 2020, 61,194 common shares were purchased and cancelled under the various normal course issuer bids at an average price of \$48.84 per share, reducing the number of common shares outstanding to 15,075,301. On March 7, 2020, Clairvest filed a new normal course issuer bid enabling it to make market purchases of up to 759,984 of its common shares in the 12-month period commencing March 7, 2020, 743,084 of which remained available as at March 31, 2020. A further 9,000 common shares were purchased and cancelled subsequent to year end and up to June 24, 2020.
- During fiscal 2020, Clairvest paid an annual ordinary dividend of \$0.10 per share and a special dividend of \$0.4144 per share. The dividends were paid on July 25, 2019 to common shareholders of record as of July 5, 2019. The dividends were eligible dividends for Canadian income tax purposes.

Clairvest/CEP III Co-Invest and CEP III

- As at March 31, 2020 and June 24, 2020, CEP III had returned 2.3 times invested capital to its third-party investors, after consideration of general partner priority distributions, carried interest and expenses ("on a net basis"). CEP III continues to hold one investment as at June 24, 2020. Based on the fair value as at March 31, 2020, CEP III is expected to generate approximately 2.5 times invested capital or an IRR of over 18% for its third-party investors on a net basis.

Clairvest/CEP IV Co-Invest and the CEP IV Fund

- In January 2020, Clairvest and the CEP IV Fund completed the sale of County Waste of Virginia, a regional solid waste collection company servicing customers in the states of Virginia and Pennsylvania. As at March 31, 2020, Clairvest and the CEP IV Fund had received cash proceeds on the sale totalling US\$170.5 million and an additional US\$2.2 million subsequent to year end. Clairvest and the CEP IV Fund are also entitled to a deferred payment which is contingent on achieving certain corporate milestones. Cash proceeds received during fiscal 2020 and subsequently, in U.S. dollar terms, generated 3.6 times invested capital, or a 32% IRR over the 7-year holding period. In Canadian dollar terms, CEP IV Co-Invest received total sale proceeds of \$60.1 million against the cost of its investment of \$14.8 million, or 4.1 times invested capital. The probability of achieving the required corporate milestones for the deferred payment is currently unknown and as a result, no value has been assigned to this deferred payment as at March 31, 2020.
- Upon the sale of County Waste of Virginia, Clairvest and the CEP IV Fund has exited 8 of its 12 investments, generating \$1.48 billion of total sale proceeds against \$263 million of invested capital. As at March 31, 2020, the CEP IV Fund had returned over 2.8 times invested capital to its third-party investors on a net basis.
- Remaining investments include Top Aces, New Meadowlands and our residual interest in Davenport Land Investments and Northco. Based on the fair values as at March 31, 2020, the CEP IV Fund is expected to generate approximately 3.3 times invested capital or an IRR of approximately 26% for its third-party investors on a net basis.

Clairvest/CEP V Co-Invest and the CEP V Fund

- The CEP V Fund was active during fiscal 2020, completing four new investments, as well as realizing one investment, completing one merger between a portfolio company and a publicly-traded company, and another proposed merger with a publicly traded company currently in progress for another portfolio company.
- In February 2020, the CEP V Fund completed its investment period, with 12 investments to date, representing approximately 77% of its committed capital. Following the completion of its investment period, the CEP V Fund is only permitted to make follow-on investments in these 12 investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

- In June 2019, CEP V Co-Invest and the CEP V Fund invested US\$34.5M (C\$45.1 million) in Durante Rentals, a construction equipment rental provider in the New York Metropolitan area. CEP V Co-Invest invested US\$10.4 million (C\$13.6 million) for common equity representing a 21.5% ownership interest in Durante Rentals.
- In July 2019, CEP V Co-Invest and the CEP V Fund invested £23.1 million (C\$37.9 million) in FSB Technology, a B2B sports and internet gaming technology supplier based in London, UK. An additional £1.4 million (C\$2.4 million) of follow-on investments was made in FSB Technology following the initial investment and up to March 31, 2020. In totality, CEP V Co-Invest invested £7.4 million (C\$12.1 million) in FSB Technology in the form of 6,935,287 Class A common shares and 420,804 Class B convertible preferred shares for a 24.5% ownership interest in FSB Technology.
- In November 2019, CEP V Co-Invest and the CEP V Fund realized its investment in GTA Gaming for aggregate cash proceeds of \$52 million. CEP V Co-Invest received \$15.5 million in cash proceeds against the cost of its investment of \$9.0 million.
- In November 2019, Accel Entertainment completed a business combination with a public company whereby CEP V Co-Invest and the CEP V Fund rolled 100% of its equity interest in Accel Entertainment into the new combined entity which is traded on the New York Stock Exchange under the symbol ACEL.
- In January 2020, CEP V Co-Invest and the CEP V Fund invested US\$28.9M (C\$37.7 million) in DTG Recycle, a waste hauling and recycling company with operations in the greater Seattle-Tacoma area of Washington State. CEP V Co-Invest invested US\$8.7 million (C\$11.3 million) in DTG Recycle in the form of 8,657,622 Class A convertible preferred shares which are convertible into a 14.6% ownership interest.
- In February 2020, Digital Media Solutions, a portfolio company of CEP V Co-Invest and the CEP V Fund, announced it is exploring a business combination with Leo Holdings Corp. ("Leo"), an agreement of which was signed in April 2020. Clairvest's obligation to consummate the transaction is subject to, among other things, the delivery by Leo of a minimum cash amount.
- In March 2020, CEP V Co-Invest and the CEP V Fund invested US\$39.5M (C\$53.0 million) in ChildSmiles Group, a multi-specialty dental practice providing oral health care with operations in various locations across the state of New Jersey. CEP V Co-Invest invested US\$11.8 million (C\$15.9 million) in ChildSmiles Group in the form of 11,836,165 Class B preferred units representing a 15.0% ownership interest.
- Subsequent to year end, CEP V Co-Invest and CEP V Fund made a US\$12.0 million (C\$16.2 million) follow-on investment to acquire 1,775 Class A common shares of Also Energy from a minority investor. CEP V Co-Invest invested US\$3.6 million (C\$4.9 million), increasing its ownership interest to 18.0%.
- Based on the fair values as at March 31, 2020, the CEP V Fund is tracking to 1.2 times invested capital to its third-party investors on a net basis.

Clairvest/CEP VI Co-Invest and the CEP VI Fund

- The CEP VI Fund was formed in April 2019 with US\$230 million commitment by Clairvest through CEP VI Co-Invest, and US\$620 million of third-party capital.
- In February 2020, upon the completion of the CEP V Fund investment period, the investment period of the CEP VI Fund commenced. The commencement of the CEP VI Fund investment period brings an enhanced level of fees as described in the Outlook section of the MD&A.
- With the commencement of the CEP VI Fund, Clairvest allocated its US\$11.2 million investment in SunSystem Technology ("SST") amongst CEP VI Co-Invest and the CEP VI Fund on a pro-rata basis, with CEP VI Co-Invest retaining US\$3.0 million of the investment.
- Subsequent to year end, CEP VI Co-Invest and the CEP VI Fund invested US\$30.2 million to acquire the solar operations and maintenance business of SunPower Corporation. Upon closing the business was renamed as NovaSource Power Services ("NovaSource"). CEP VI Co-Invest invested US\$9.2 million for a 29.2% ownership interest in NovaSource.
- Also subsequent to year end, CEP VI Co-Invest and the CEP VI Fund invested US\$10.0 million in Arrowhead Environmental Partners ("AEP"), a non-hazardous waste-by-rail operator in the Northeastern United States. CEP VI Co-

Invest invested US\$2.7 million in AEP in the form of 2,706 Class A preferred units representing a 11.3% ownership interest.

OUTLOOK

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. As at March 31, 2020 and June 24, 2020, the duration and impact of COVID-19 pandemic on Clairvest and its investee companies are unknown. A number of the Company's investee companies are located in jurisdictions or are in segments of the economy which have been severely impacted by COVID-19, where some have suffered a temporary 100% decline in revenue as a result of a shutdown of all non-essential businesses as mandated by the relevant local or federal government.

The Company and its investee companies have taken and will continue to take actions to mitigate the effects of COVID-19, keeping in mind the interests of the various stakeholders. These changes and any additional changes in operations by Clairvest and its investee companies in response to COVID-19 could materially impact the financial results of the Company. In recent weeks, some of these businesses have begun re-opening; however, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of Clairvest and its investee companies.

Uncertain economic conditions resulting from the COVID-19 outbreak have materially impacted the debt and equity markets, which could materially impact the ultimate exit value of the Company's investee companies. A number of the Company's investments are structured with a preferred position in the capital structure, providing additional downside protection against temporary fluctuations of value.

As at March 31, 2020, Clairvest and its controlled acquisition entities had \$1.6 billion of capital available for future acquisitions through its cash, cash equivalents and temporary investments ("treasury funds"), credit facilities and uncalled capital in the CEP Funds. The current economic and capital markets environment may present unique opportunities for the Company's existing investee companies to complete acquisitions or for the Company and the CEP VI Fund to acquire new businesses that it may not be able to acquire otherwise. As the Company's investment mission is to partner with existing entrepreneurs to help build strategically significant businesses, the Company and the CEP Funds intend to continue supporting their investee companies providing them with the opportunity to realize on their investment thesis through this pandemic and beyond.

With the commencement of the CEP VI Fund investment period, the Company is benefiting from the additional fees and priority distributions over the next few years, currently estimated to be approximately \$13 million per annum, subject to foreign exchange rate fluctuations and reductions as CEP III, CEP IV and CEP V continue to realize on their respective portfolio, thereby reducing the asset base of which fees and priority distributions are calculated. These additional fees and priority distributions will ensure that the Company can continue to grow its human resource capital and infrastructure to maintain the rigorous standards in identifying, qualifying and closing on new investment opportunities, and to continue to support our existing investee companies.

From inception, the Company has invested its own capital in every investment. Clairvest's team of professionals have all invested significant amounts of capital in the Company which allows Clairvest to approach each investment as owners and shareholders. As a long-term investor, Clairvest is focused on building value in its investee companies by contributing strategic expertise, advising on operational improvement and helping its investee companies capitalize on new opportunities that arise. As at June 24, 2020, Clairvest's current management team has made 54 platform investments and has realized or partially realized on 37 investments which have in aggregate generated 3.6 times invested capital.

The table below summarizes the status of the CEP Funds as at June 24, 2020:

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

Status of Clairvest Equity Partnerships as at June 24, 2020

(\$millions, except year of fund and number of investments)						Number of Investments	
	Year of Fund	Third-Party Capital	Clairvest Commitment	Total Capital	Capital Called	Total	Currently Held
Clairvest Equity Partners III ("CEP III")	2006	C\$225	C\$75	C\$300	79.8%	8	1
Clairvest Equity Partners IV ("CEP IV")	2010	C\$342	C\$125	C\$467	91.2%	11	4
Clairvest Equity Partners V ("CEP V")	2015	C\$420	C\$180	C\$600	76.5%	12	11
Clairvest Equity Partners VI ("CEP VI")	2020	US\$620	US\$230	US\$850	6.3%	3	3

FINANCIAL POSITION AND BOOK VALUE

The following table summarizes the Company's financial position and book value as at March 31, 2020 and 2019:

Financial Position

As at, (\$000's, except number of shares and per share amounts)	March 31, 2020	March 31, 2019
Cash, cash equivalents and temporary investments ("treasury funds")	\$ 428,856	\$ 452,325
Carried interest from Clairvest Equity Partners III and IV	44,409	56,484
Corporate investments, including carried interest from Clairvest Equity Partners V and VI, and net of corresponding management participation	400,291	366,279
Total assets	944,878	911,253
Management participation from Clairvest Equity Partners III and IV	34,115	42,599
Total liabilities	107,463	132,561
Book value	837,415	778,692
Book value per share	55.55	51.44
Dividends per share paid during the fiscal year ended	0.5144	0.4401
Number of common shares outstanding	15,075,301	15,136,495

ASSETS

As at March 31, 2020, Clairvest had total assets of \$944.9 million, an increase of \$33.6 million during fiscal 2020. The increase was primarily due to net gain on investment realizations and a net increase in the fair value of Clairvest's investee companies.

As at March 31, 2020, the Company's treasury funds of \$428.9 million were held in cash and money market savings accounts rated not below R1-High, investment savings accounts and guaranteed investment certificates rated not below A-, marketable securities, and other fixed income securities as permitted by the Company's treasury policy. 2141788 Ontario also held \$43.6 million in cash, investment savings accounts and guarantee investment certificates with consistent ratings to the Company's treasury funds. Clairvest also had access to \$12.8 million in cash held in various other acquisition entities which are controlled by Clairvest.

Clairvest maintains a \$100.0 million revolving credit facility which is participated in by several Schedule 1 Canadian chartered banks. The credit facility, which has an expiry of December 2024 and is eligible for a one-year extension on each

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

anniversary date, bears interest at the bank prime rate plus 1.25% per annum on drawn amounts and a standby fee of 0.70% per annum on undrawn amounts. The amount available under the credit facility as at March 31, 2020 was \$100.0 million, which is based on debt covenants and certain restrictions within the banking arrangement. No amounts had been drawn on the facility during the year and as at March 31, 2020.

As at March 31, 2020, Clairvest had corporate investments with a fair value of \$400.3 million, an increase of \$34.0 million during fiscal 2020, \$367.6 million of which represented the fair value of Clairvest's investee companies, \$3.6 million of which represented carried interest from Clairvest Equity Partners V and VI net of management participation, and the remaining \$29.1 million of which represented other net assets (liabilities) held by Clairvest's acquisition entities.

Excluding the carried interest and management participation from Clairvest Equity Partners V and VI and the net assets (liabilities) held by Clairvest's acquisition entities, the aggregate carrying value of Clairvest's investee companies increased by \$28.0 million during fiscal 2020, which primarily comprised the following:

- Net increase in unrealized gain on investee companies of \$31.0 million;
- An investment of \$15.9 million in ChildSmiles Group;
- An investment of \$13.6 million in Durante Rentals;
- An investment of \$12.1 million in FSB Technology;
- An investment of \$11.3 million in DTG Recycle;
- An investment of \$4.0 million in SST;
- Follow-on investment in existing investee companies totalling \$2.6 million;
- Accrued interest on debt investments and dividends totalling \$1.4 million;
- Foreign exchange revaluation gains on invested companies totalling \$0.4 million; partially offset by
- The sale of County Waste which had a fair value of \$31.2 million as at March 31, 2019;
- Reclassification of CIBC common shares from corporate investment to temporary investment upon the expiry of the trading restrictions. The carrying value of the CIBC common shares on the date of reclassification was \$23.2 million;
- The sale of GTA Gaming which had a fair value of \$9.0 million as at March 31, 2019;
- The sale of Impero Waste which had a fair value of \$0.5 million as at March 31, 2019.

Clairvest has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada. In order to limit its exposure to changes in the value of these investments denominated in foreign currencies relative to the Canadian dollar, Clairvest and its acquisition entities consider and if determined appropriate, enter into hedging positions against these foreign denominated currencies. For the year ended March 31, 2020, the foreign exchange adjustments made in Clairvest's valuation of its investee companies is primarily offset by the foreign exchange adjustments made in the forward exchange forward contracts used to support its foreign exchange hedging strategy, except for its foreign exchange exposure in its investment in Chilean Gaming Holdings denominated in Chilean Pesos ("CLP") and its equity investment in Head Digital Works denominated in Indian Rupees ("INR"), both of which are unhedged. Forward exchange forward contracts are described in *note 15* to the consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

The table below details the cost and fair value of Clairvest's investee companies, aggregated by industry concentration, as at March 31, 2020 and 2019:

	March 31, 2020			March 31, 2019		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Dental services	16,636	15,902	734	—	—	—
Equipment rental	7,102	13,591	(6,489)	—	—	—
Financial services	3,009	—	3,009	22,634	154	22,480
Gaming	186,484	120,688	65,796	177,319	117,565	59,754
Information technology	8,602	6,732	1,870	7,016	6,732	284
Marketing services	7,471	995	6,476	10,055	995	9,060
Renewable energy	18,523	16,185	2,338	12,463	11,621	842
Residential services	6,375	6,375	—	6,375	6,375	—
Specialty aviation and defence services	81,016	60,304	20,712	56,687	59,100	(2,413)
Waste management	27,117	21,951	5,166	43,390	28,486	14,904
Other investments	5,257	2,346	2,911	3,609	2,651	958
	367,592	265,069	102,523	339,548	233,679	105,869

The cost and fair value of these investee companies do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as economic hedges against the Company's foreign currency-denominated investments. Significant activities of each investee company during fiscal 2020 are further described in *note 5* to the consolidated financial statements.

LIABILITIES

As at March 31, 2020, Clairvest had \$107.5 million in total liabilities, which included \$8.3 million in accrued management and director compensation, \$39.0 million in share-based compensation, \$34.1 million in management participation from Clairvest Equity Partners III and IV and \$14.1 million in current and deferred tax liability. \$48.6 million of these liabilities were payable only upon the cash realization of certain investments of Clairvest or the CEP Funds.

FINANCIAL RESULTS

Clairvest's operating results reflect revenue earned from its corporate investments and treasury funds and realized gains and net change in unrealized gains and losses on its corporate investments. These results are net of all costs incurred to manage these assets.

Net income for the year ended March 31, 2020 was \$69.5 million compared with net income of \$119.2 million for the year ended March 31, 2019. The following table summarizes the composition of net income for the years ended March 31:

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

Financial Results

Year ended March 31, (\$000's, except per share amounts)	2020	2019
Net investment gain (loss)		
- Investee companies inclusive of foreign exchange hedging activities	\$ 58,412	\$ 119,114
- Carried interest less management participation from Clairvest Equity Partners V and VI	3,560	—
- Acquisition entities including distributions, interest, dividends and fees received from investee companies and net of taxes paid or payable by these acquisition entities	(40,396)	(242,266)
	21,576	(123,152)
Distributions, interest income, dividends and fees		
- CEP Funds	10,370	9,974
- Investee companies	4,509	3,460
- Treasury funds	10,424	8,029
- Acquisition entities and other	59,804	258,205
	85,107	279,668
Carried interest from Clairvest Equity Partners III and IV	22,615	47,691
Total expenses	50,014	66,329
Income before income taxes	79,284	137,878
Income tax expense	9,786	18,636
Net income and comprehensive income	69,498	119,242
Net income and comprehensive income per share - basic and fully diluted	4.60	7.87

The Company fair values its acquisition entities which hold Clairvest's investee companies as well as other assets and liabilities. Distributions, interest, dividends and fees earned from and realized gains and net change in unrealized gains on the investee companies held by acquisition entities, including foreign exchange fluctuations and the hedging activities related to managing the foreign currency exposure of these investments, and income taxes incurred by these acquisition entities, are reflected in net investment gain until the proceeds are distributed out of these acquisition entities, at which point the Company would record a distribution or a dividend from acquisition entities and reverse the net investment gain or loss which had previously been recorded.

During fiscal 2020, CEP IV Co-Invest realized on its investment in Impero Waste and County Waste of Virginia and received interest payments and other partial sale proceeds from other investee companies. In aggregate, CEP IV Co-Invest received total cash proceeds of \$62.7 million during fiscal 2020. CEP IV Co-Invest made distributions totalling \$62.2 million, \$56.2 million of which were paid to Clairvest, \$0.9 million were paid to an acquisition entity of Clairvest and \$5.1 million were paid as management participation.

During fiscal 2020, CEP V Co-Invest realized on its investment in GTA Gaming and received distributions from other investee companies. In aggregate, CEP V Co-Invest received total proceeds of \$18.0 million during fiscal 2020, the proceeds of which were retained and used to fund expenses and other investments made by CEP V Co-Invest.

The following tables summarize, by industry concentration, the net investment gain or loss of investee companies for the years ended March 31, 2020 and 2019. The net investment gain or loss is inclusive of the impact on the foreign exchange hedging activities related to these investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

Net investment gain (loss), by industry concentration

Year ended March 31, 2020 (\$000's)	Net realized gains (losses)	Net unrealized gains (losses)	Foreign exchange gain (loss)⁽¹⁾	Total
Dental services	—	—	(26)	(26)
Equipment rental	—	(6,974)	(564)	(7,538)
Financial services	—	2,871	—	2,871
Gaming	6,812	9,419	(9,639)	6,592
Information Technology	—	1,223	(41)	1,182
Marketing Services	—	(2,987)	(12)	(2,999)
Renewable energy	—	—	(106)	(106)
Specialty aviation and defence services	551	23,279	—	23,830
Waste management	30,837	2,579	(412)	33,004
Other investments	—	1,628	(26)	1,602
Net investment gain (loss) on investee companies	\$ 38,200	31,038	(10,826)	58,412

⁽¹⁾ Inclusive of foreign exchange hedging activities

Year ended March 31, 2019 (\$000's)	Net realized gains (losses)	Net unrealized gains (losses)	Foreign exchange gain (loss)⁽¹⁾	Total
Financial services	—	(2,418)	—	(2,418)
Gaming	49,859	29,602	(3,811)	75,650
Information Technology	—	—	(19)	(19)
Marketing Services	—	7,914	71	7,985
Renewable energy	—	—	(64)	(64)
Specialty aviation and defence services	21,097	11,725	154	32,976
Waste management	434	5,282	(672)	5,044
Other investments	—	—	(40)	(40)
Net investment gain (loss) on investee companies	\$ 71,390	\$ 52,105	\$ (4,381)	\$ 119,114

⁽¹⁾ Inclusive of foreign exchange hedging activities

During fiscal 2020, the net impact of foreign exchange on the investee companies included a \$5.9 million loss (2019 – \$2.4 million) on the Chilean Pesos denominated investment, a \$3.2 million loss (2019 – \$0.7 million gain) on U.S. Dollar denominated investments, a \$1.5 million loss (2019 – \$2.7 million) on the Indian Rupee denominated investment, and a \$0.2 million loss (2019 – nil) on the British Pound denominated investment.

The Company and its acquisition entities also receive distributions, interest, dividends or fees from various investee companies. The following table summarizes the income earned by the Company and its acquisition entities for the years ended March 31:

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

Distributions, Interest, Dividends, and Fees from Investee Companies

Year ended March 31, (\$000's)	2020			2019		
	Earned directly by Clairvest	Earned through acquisition entities	Total	Earned directly by Clairvest	Earned through acquisition entities	Total
Distributions and interest income						
Financial services	2,108	—	2,108	113	—	113
Gaming	30	3,112	3,142	522	8,048	8,570
Marketing Services	—	3,276	3,276	—	6,209	6,209
Renewable energy	—	570	570	—	288	288
Specialty aviation and defence services	—	1,012	1,012	391	3,834	4,225
Waste management	—	655	655	—	369	369
Other investments	—	148	148	—	126	126
	2,138	8,773	10,911	1,026	18,874	19,900
Dividend Income						
Financial services	898	—	898	1,094	—	1,094
Gaming	—	6,400	6,400	—	1,421	1,421
	898	6,400	7,298	1,094	1,421	2,515
Advisory and Other Fees	1,473	—	1,473	1,340	603	1,943
Distributions, interest, dividends and fees from investee companies	4,509	15,173	19,682	3,460	20,898	24,358

The Company and its acquisition entities also receive distributions, fees and interest from the CEP Funds as described in the Transaction with Related Parties section of the MD&A. The following table summarizes the distributions, fees and interest earned from the CEP Funds for the years ended March 31:

Distributions, Fees and Interest from the CEP Funds

Year ended March 31, (\$000's)	2020			2019		
	Earned directly by Clairvest	Earned through acquisition entities	Total	Earned directly by Clairvest	Earned through acquisition entities	Total
Priority distributions	\$ 7,591	\$ —	\$ 7,591	\$ 8,164	\$ —	\$ 8,164
Management fees	2,025	—	2,025	1,259	—	1,259
Interest on loans advanced	754	14	768	551	33	584
Distributions, fees and interest from the CEP Funds	\$ 10,370	\$ 14	\$ 10,384	\$ 9,974	\$ 33	\$ 10,007

Carried interest from Clairvest Equity Partners III and IV during fiscal 2020 and 2019 was \$22.6 million and \$47.7 million respectively. Carried interest from Clairvest Equity Partners V and VI during fiscal 2020 was \$14.5 million. During fiscal 2020, the Company received \$34.7 million in carried interest from Clairvest Equity Partners III and IV and none from Clairvest Equity Partners V and VI.

Included in distributions and interest income for the year ended March 31, 2020 and 2019 was interest earned from treasury funds of \$10.1 million and \$8.0 million respectively. Acquisition entities of Clairvest earned interest from its treasury funds totalling \$1.5 million and \$0.9 million respectively during fiscal 2020 and 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

Total expenses for the year were \$50.0 million, compared with \$66.3 million for the year ended March 31, 2019. The following table summarizes expenses incurred by the Company for the years ended March 31:

Total Expenses, excluding Income Taxes

Year ended March 31, (\$000's)	2020	2019
Employee compensation and benefits	\$ 22,056	\$ 12,200
Share-based compensation expenses	4,161	11,332
Administration and other expenses	5,338	8,515
Finance and foreign exchange expenses	489	809
Management participation from Clairvest Equity Partners III and IV	17,970	33,473
Total expenses, excluding income taxes	\$ 50,014	\$ 66,329

Included in employee compensation and benefits during fiscal 2020 was a \$7.4 million bonus paid to management upon the final closing of the fundraising of the CEP VI Fund.

The following table summarizes share-based compensation expenses incurred by the Company for the year ended March 31:

Total Share-Based Compensations Expenses

Year ended March 31, (\$000's)	2020	2019
Non-voting options expense (recovery)	\$ (985)	\$ 3,436
Book value appreciation rights expense	7,411	6,825
Deferred share units and appreciation deferred share units expense (recovery)	(1,618)	931
Employee deferred shares units expense (recovery)	(647)	140
Total share-based compensation expense	\$ 4,161	\$ 11,332

The share price of a Clairvest common share decreased between March 31, 2019 and March 31, 2020, resulting in a recovery of expenses on certain share-based compensation.

Management participation is further described in *note 7* to the consolidated financial statements.

The Company recorded \$9.8 million in income tax expenses, and its acquisition entities recovered \$4.3 million in income tax expenses during fiscal 2020, compared with \$18.6 million in income taxes expenses incurred by the Company and \$3.6 million in income tax expense incurred by the acquisition entity during the prior fiscal year. Income tax expense incurred or recovered by the Company's acquisition entities are reflected in net investment gain (loss).

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

SUMMARY OF QUARTERLY RESULTS

	Gross revenue \$	Net income (loss) \$	Net income (loss) per common share* \$	Net income (loss) per common share fully diluted* \$
(\$000's except per share information)				
March 31, 2020	(38,036)	(24,937)	(1.65)	(1.65)
December 31, 2019	110,770	73,046	4.83	4.83
September 30, 2019	28,283	15,511	1.03	1.03
June 30, 2019	28,281	5,878	0.39	0.39
March 31, 2019	53,684	27,182	1.80	1.80
December 31, 2018	34,532	24,032	1.59	1.59
September 30, 2018	26,753	13,373	0.88	0.88
June 30, 2018	89,238	54,655	3.61	3.61

* The sum of quarterly net income (loss) per common share may not equal to the full year net income per common share due to rounding and the dilutive effect on any quarters which may not be applicable for the full year.

Significant variations arise in the quarterly results due to net investment gains, net carried interest and management participation which are revalued on a quarterly basis when conditions warrant an adjustment to the fair value of the corporate investments and due to realizations, and share-based compensation due to the movement in the trading price and book value of Clairvest's common shares.

FOURTH QUARTER RESULTS

Net loss for the fourth quarter of fiscal 2020 was \$24.9 million compared with a net income of \$27.2 million for the fourth quarter of fiscal 2019.

Revenue for the fourth quarter of fiscal 2020 comprised \$98.9 million in net investment loss, \$60.7 million in distributions, interest, dividends and fees, and \$0.1 million in net carried interest from Clairvest Equity Partners III and IV. This compares with \$14.5 million in net investment loss, \$50.5 million in distributions, interest, dividends and fees and \$17.7 million in net carried interest for the fourth quarter of fiscal 2019.

The net investment loss of \$98.9 million for the fourth quarter of fiscal 2020 resulted from \$36.7 million in net unrealized loss from Clairvest's investee companies inclusive of foreign exchange hedging activities, reduction in net carried interest of \$5.6 million from Clairvest Equity Partners V and VI and \$56.6 million in net unrealized loss from Clairvest's acquisition entities. This compared with \$28.2 million in net unrealized gain from Clairvest's investee companies and \$42.7 million in net unrealized loss from Clairvest's acquisition entities for the fourth quarter of fiscal 2019. During the fourth quarter of fiscal 2020, Clairvest received distributions totalling \$52.6 million from CEP IV Co-Invest primarily as a result of the realization of County Waste. During the fourth quarter of fiscal 2019, Clairvest received distributions totalling \$43.7 million from CEP IV Co-Invest primarily as a result of the realization of Rivers Casino. Accordingly, Clairvest's fair value in CEP IV Co-Invest decreased in both the fourth quarter of fiscal 2020 and 2019.

Distributions, interest, dividends and fees for the fourth quarter of fiscal 2020 included income on treasury funds of \$2.3 million, general partner distributions and interest earned from the CEP Funds of \$2.2 million, distributions and interest earned from investee companies of \$0.7 million and \$53.5 million in distributions from acquisition entities. This compared with income on treasury funds of \$2.7 million, general partner distributions and interest earned from the CEP Funds of \$2.1 million, distributions and interest earned from investee companies of \$0.1 million and \$44.6 million in distributions from acquisition entities for the same quarter last year.

Carried interest from Clairvest Equity Partners III and IV of \$0.1 million for the fourth quarter of fiscal 2020 comprised \$32.0 million in realized carried interest and a corresponding reduction of \$31.9 million in unrealized carried interest. Carried interest of \$17.7 million for the fourth quarter of fiscal 2019 comprised \$25.3 million in realized carried

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at, and for the year ended, March 31, 2020

June 24, 2020

interest from CEP Funds, \$6.9 million in realized carried interest from other co-investors and a reduction of \$14.5 million in carried interest from the CEP Funds. Carried interest from Clairvest Equity Partners III and IV is further described in *note 7* to the consolidated financial statements.

Expenses for the fourth quarter of fiscal 2020 included an expense recovery of \$8.6 million in management and director compensation expenses, an expense recovery of \$0.1 million in management participation from Clairvest Equity Partners III and IV, an expense recovery of \$1.1 million in administrative and other expenses, an expense recovery of \$0.3 million in finance and foreign exchange expenses and an expense recovery of \$3.0 million in income tax expense. This compares with \$7.2 million in management and director compensation expenses, \$11.7 million in management participation, \$4.0 million in administrative and other expenses, \$0.2 million in finance and foreign exchange expenses recoveries, and \$3.4 million in income tax expense recovery for the fourth quarter of fiscal 2019. The share price of a Clairvest common share fell by \$9.30 per share during the fourth quarter of fiscal 2020.

Management participation is further described in *note 7* to the consolidated financial statements.

EQUITY AND SHARE INFORMATION

As at March 31, 2020, Clairvest had 15,075,301 common shares issued and outstanding.

During fiscal 2020, Clairvest purchased and cancelled 61,194 common shares under the Company's normal course issuer bids. An additional 9,000 shares were purchased and cancelled between April 1, 2020 and June 24, 2020. As at June 24, 2020, Clairvest had 15,066,301 common shares issued and outstanding.

No Series 1 or Series 2 Shares had been issued as at March 31, 2020 and June 24, 2020.

Options granted under the stock option plan (the "Non-Voting Option Plan") are exercisable for Series 2 Shares, which are non-voting and have a two times preference over the common shares. The Non-Voting Option Plan has a cash settlement feature. Options granted under this plan vest at a rate of one-fifth of the grant at the end of each year over a five-year period. As at March 31, 2020, 518,758 options were outstanding and 193,685 had vested.

The EDSU Plan provides, among other things, that participants may elect annually to receive all or a portion of their annual bonus amounts that would otherwise be payable in cash in the form of EDSUs. EDSUs may be redeemed for cash or for common shares of the Company in accordance with the terms of the plan. Clairvest is required to reserve one common share for each EDSU issued under the EDSU Plan. The maximum number of Clairvest common shares reserved for the EDSU Plan is 200,000 which represented approximately 1.3% of the outstanding number of common shares as at March 31, 2020 and June 24, 2020. As at March 31, 2020 and June 24, 2020, 107,496 EDSUs had been issued based on the terms and conditions of the EDSU Plan, and none of which had been redeemed.

Clairvest paid an ordinary dividend of \$0.10 per share on the common shares in each of fiscal 2020, fiscal 2019 and fiscal 2018. During fiscal 2020, and 2019 and 2018, Clairvest also paid a special dividend of \$0.4144 and, \$0.3401 and \$0.2621 per share respectively.

Subsequent to year-end, Clairvest declared an annual ordinary dividend of \$0.10 per share, and a special dividend of \$0.4555 per share. The dividends will be payable to common shareholders of record as of July 3, 2020. The dividend will be paid on July 24, 2020. Both dividends are eligible dividends for Canadian income tax purposes.

CRITICAL ACCOUNTING ESTIMATES

For a discussion of all significant accounting policies, refer to *note 2* to the consolidated financial statements.

Fair value of financial instruments

When a financial asset or liability is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange on which the investment is traded. Investments that are escrowed or otherwise restricted on sale or transfer are recorded at amounts at fair values which take into account the escrow terms or other restrictions. In

determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private market transaction multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

A change to an estimate with respect to Clairvest's privately-held corporate investments or publicly-traded corporate investments would impact corporate investments and net investment gain.

Recognition of carried interest and corresponding expenses

The Company recognizes unrealized carried interest from Clairvest Equity Partners III and IV on its consolidated statements of financial position which is based on the fair values of the financial instruments held by those funds. As discussed previously, fair values of certain financial instruments are determined using valuation techniques which by their nature involve the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of these financial instruments. Imprecision in determining fair value using valuation techniques may affect the calculation of carried interest receivable and the resulting accrued liabilities for future payouts relating to these carried interest receivables at the statement of financial position date. In accordance with IFRS 15, the Company would only recognize unrealized carried interest from Clairvest Equity Partners III and IV in the event a significant reversal during a future period is highly improbable. The unrealized carried interest from Clairvest Equity Partners V and VI and the amounts ultimately payable to the limited partners of the corresponding MIPs are accounted for at fair value through profit or loss in accordance with IFRS 10 and included in Corporate Investments.

Deferred income taxes

The process of determining deferred income tax assets and liabilities requires management to exercise judgment while considering the anticipated timing of disposal of corporate investments, and proceeds thereon, tax planning strategies, changes in tax laws and rates, and loss carryforwards. Deferred income tax assets are only recognized to the extent that in the opinion of management, it is probable that the deferred income tax asset will be realized. A change to an accounting estimate with respect to deferred income taxes would impact deferred income tax liability and income tax expense.

Impact on COVID-19 on Significant Estimates

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. A number of the Company's investee companies are located in jurisdictions or are in segments of the economy which have been severely impacted by COVID-19, where some have suffered a temporary 100% decline in revenue as a result of a shutdown of all non-essential businesses as mandated by the local or federal government. As a result, the fair value estimates of the Company's corporate investments as at March 31, 2020 were impacted due to cash flow forecasts and risk premiums implied by equity and credit markets. These fair value estimates required significant judgment given the uncertainty regarding the long-term

impact of COVID-19 and the ultimate impact of COVID-19 on the Company's investee companies are unknown. If the duration or the spread of the pandemic, the related advisories and restrictions are significantly longer than the Company's estimate, or the impact on the equity or credit markets or the economy in general is significantly worse than the Company's estimate, the fair value of its corporate investments may be materially adversely affected resulting in a material adverse impact to the Company's financial results.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective April 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16") on a modified retrospective basis. The Company has identified that it has approximately \$4.2 million in right of use assets and \$4.2 million in lease liabilities which were identified from adoption of IFRS 16, and in accordance with transitional provisions, has chosen to not restate its comparative information. Accordingly, the comparative information continues to be presented in accordance with the Company's previous accounting policy. Clairvest recognized right-of-use assets and their corresponding lease liabilities for all significant lease contracts. In applying IFRS 16, Clairvest has used the following practical expedients as permitted by the standard: 1) Operating leases with a remaining lease term of less than 12 months as at April 1, 2019 were treated as short-term leases under IFRS 16; and 2) Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of comprehensive income.

TRANSACTIONS WITH RELATED PARTIES

Clairvest is entitled to other various entitlements from its acquisition entities as described in *note 10* to the condensed consolidated financial statements.

As at March 31, 2020, Clairvest had accounts receivable from its investee companies totalling \$2.9 million, from CEP III totalling \$0.3 million, from CEP IV totalling \$37 thousand, from CEP IV-A totalling \$27 thousand, from CEP V totalling \$3.7 million, from CEP V India totalling \$1.6 million, from CEP V-A totalling \$4.6 million, from CEP VI totalling \$3.5 million, from CEP VI-A totalling \$4.8 million and CEP VI-B totalling \$3.1 million. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS held receivables from CEP V-A totalling \$1.3 million.

In addition, the Company advances loans to its acquisition entities, the CEP Funds and short-term loans to investee companies. During fiscal 2020, the Company advanced net loans of \$10.3 million, such that \$20.1 million in loans remained outstanding as at March 31, 2020. Further details are described in *note 10(e)* to the consolidated financial statements.

As at March 31, 2020, Clairvest had advanced share purchase loans to certain employees of Clairvest totalling \$2.7 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest owned by the employees with a market value of \$3.3 million. None of these loans were made to key management. Interest of \$63 thousand was earned on these loans during the year.

Key management at Clairvest includes the Chief Executive Officer ("CEO"), the Vice Chairman, the President and its directors. The CEO and the President are entitled to annual discretionary cash bonuses of up to 175% of their individual annual salary based on individual performance. The Vice Chairman is entitled to annual discretionary cash bonuses of up to 100% of annual salary based on individual performance. There is also an annual objective cash bonus which is based on Clairvest's Incentive Bonus Program, the stock option plans, the BVAR Plan and the EDSU Plan. Total aggregate cash compensation paid under these plans to the CEO, the Vice Chairman, and the President during fiscal 2020 were \$8.3 million. As at March 31, 2020, the total amounts payable to the CEO, the Vice Chairman, and the President under the aforementioned plans was \$14.2 million. During fiscal 2020, no cash compensation was paid to directors under the BVAR, DSU or ADSU plans. As at March 31, 2020, the total amounts payable to the directors of Clairvest under the DSU, ADSU and Non-Voting Option plans was \$15.8 million.

During fiscal 2020, Clairvest earned \$2.1 million in distributions and interest income, \$1.2 million in dividend income and \$1.5 million in advisory and other fees from its investee companies. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS earned \$8.8 million in distributions and interest income and \$6.4 million in dividend income.

Clairvest and a related party of Clairvest, through a limited partnership, owns an aircraft that is available for use by both parties. Clairvest and the related party each hold a 50% limited partnership interest. As Clairvest, through a wholly-owned subsidiary, is the general partner of the limited partnership, Clairvest has recognized 100% of the net book value of the aircraft and a liability for the 50% ownership held by the related party. The cost of the aircraft had been included in fixed assets and the liability in accounts payable and accrued liabilities.

OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

Clairvest has committed a total of \$55.5 million in various Wellington Financial funds, all of which was unfunded as at March 31, 2020. As a result of the sale of Wellington Financial to CIBC in January 2018, these Wellington Financial funds are in the process of being wound up and may no longer invest in new investments.

Under Clairvest's Bonus Program, a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management annually as applicable (the "Realized Amount"). As at March 31, 2020, the Realized Amount under the Bonus Program was \$2.3 million and had been accrued under accrued compensation expense liability. In accordance with IFRS, Clairvest is also required to record a liability equal to a bonus of 10% of the after-tax cash income and realizations which are applicable, but which have yet to be realized. Accordingly, Clairvest also recorded a \$2.3 million accrued compensation expense liability that would only be payable to management when the corresponding realization events have occurred. The Bonus Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest, CEP IV Co-Invest, CEP V Co-Invest and CEP VI Co-Invest.

In conjunction with the sale of Casino New Brunswick, Clairvest provided a guarantee which as at March 31, 2020 was \$1.6 million to fund any valid claims made by the purchaser under the indemnity provisions of the sale for a specified period of time. Any funding pursuant to the guarantee will be allocated 25% to CEP III Co-Invest and 75% to CEP III. As at March 31, 2020, no amounts with respect to this guarantee had been funded.

As part of the holding structure of Chilean Gaming Holdings, acquisition entities of CEP III Co-Invest had loans totalling \$39.5 million as at March 31, 2019 from an unrelated financial institution, while another acquisition entity of CEP III Co-Invest held term deposits totalling \$39.5 million as at March 31, 2019 with the same financial institution as security for these loans. The deposits were redeemed and used to repay the loans in full during fiscal 2020.

Clairvest has guaranteed up to US\$2.5 million to support SST's credit facility with its bank. The guarantee is callable by the lender under certain circumstances and should it be called, Clairvest will assume the lender's security position that supports the loans provided by the lender. Clairvest intends to allocate any amounts called under this guarantee to CEP VI Co-Invest, CEP VI, CEP VI-A and CEP VI-B on a pro-rata basis in accordance with their respective capital commitments in the CEP VI Fund. As at March 31, 2020, the total contingent exposure under this guarantee is US\$2.0 million, US\$0.5 million of which would be assumed by CEP VI Co-Invest if called. Any additional guarantee is subject to Clairvest's consent at its sole discretion.

As at March 31, 2020, the Company had an accrued liability resulting from future minimum annual lease payments for the use of office space totalling \$4.5 million, of which \$0.6 million is due within one year, \$2.5 million is due after one year but not more than five years and \$1.4 million is due after five years.

In connection with its normal business operations, Clairvest is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, Clairvest does not believe that it will incur any material loss in connection with such actions.

RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of risk factors. These factors, categorized as market risk, investing process risk and other risks, are described below. Additional risks not currently known to us or that we currently believe to be immaterial may also have a material adverse effect on future business of the Company.

Market risk***Fair Value risk***

Fair value risk includes exposure to fluctuations in the fair market value of the Company's investments. Included in corporate investments are investee companies for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable inputs for fair value measurement are earnings before interest, taxes, depreciation and amortization ("EBITDA") and the earnings multiple which is applied to the EBITDA in valuing each individual investee company. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses; ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii) multiples at which Clairvest invested directly or indirectly in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies. The potential effects to the carrying value of the Company's investments are further described in *note 18* to the consolidated financial statements.

Clairvest may also use information with respect to recent transactions for valuations of private equity investments. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value for a period of up to 12 months. The fair value of corporate bonds, debentures or loans is primarily determined using the discounted cash flow technique. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows. For those investments valued based on recent transactions, Clairvest has determined that there are no reasonable alternative assumptions that would change the fair value materially as at March 31, 2020.

The Company's corporate investment portfolio was diversified across 17 investee companies in 10 industries and 5 countries as at March 31, 2020. The Company has considered current economic events indicators, including an estimate of the potential impact of COVID-19, in the valuation of its investee companies.

Interest rate risk

Fluctuations in interest rates affect the Company's income derived from its treasury funds. For financial instruments which yield a floating interest rate, the income received is directly impacted by the prevailing interest rate. The fair value of financial instruments which yield a fixed interest rate would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on its treasury funds by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

The potential effect on the Company's treasury funds from fluctuations in interest rates are further described in *note 17* to the consolidated financial statements.

Certain of the Company's corporate investments are also held in the form of debentures and loans. Significant fluctuations in market interest rates can have a material impact on the carrying value of these investments.

Currency risk

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States, India, Chile and the United Kingdom. The Company has also advanced loans to investee companies which are denominated in foreign currency. In order to limit its exposure to changes in the value of foreign-denominated currencies relative to the Canadian dollar, Clairvest and its acquisition entities, subject to certain exceptions, entered into foreign exchange hedging positions against these foreign-denominated currencies. As at March 31, 2020, the Company's foreign exchange exposure with respect to the CLP and with respect to its equity investment in India

are unhedged. Significant depreciation in value in these currencies could result in a material impact to the performance of Clairvest's investment portfolio and the carried interest the Company could earn from the CEP Funds.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact on the profitability of these entities and in turn the Company's carrying value of these corporate investments, and could impact the carried interest the Company could earn from the CEP Funds. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Commodity price risk

Certain of Clairvest's investee companies may be subject to price fluctuations in commodities. Clairvest understands the risk of investing in cyclical industries which are largely tied to commodity prices and takes such risk into account in making these investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Investing process risk***Competition risk***

Clairvest and the CEP Funds compete for acquisition of investments with many other investors, some of which may have greater depth of investment experience in particular industries or segment or greater financial resources. There may be intense competition for investments in which Clairvest intends to invest, and such competition may result in less favorable investment terms than would otherwise be the case. There can, therefore, be no assurance that the investments ultimately acquired by Clairvest will meet all the investment objectives of Clairvest, or that Clairvest will be able to invest all of the capital it has committed to invest alongside the CEP Funds. The Company manages this risk through a disciplined approach to investing its capital and that of the CEP Funds and has strict investment policies where investments above a certain threshold require the approval of the Board of Directors.

Uncompleted and unspecified investment risk

The due diligence of each specific investment opportunity that Clairvest looks at and the negotiation, drafting and execution of the relevant agreements require substantial management time and attention and may incur substantial third-party costs. In the event that Clairvest elects not to complete a specific investment, the costs incurred up to that point for the proposed transaction are often not recoverable by Clairvest and the CEP Funds. Furthermore, in the event that Clairvest reaches an agreement relating to a specific investment, it may fail to complete such an investment for any number of reasons, including those beyond Clairvest's control. Any such occurrence could similarly result in a financial loss to Clairvest and the CEP Funds due to the inability to recoup any of the related costs incurred to complete a transaction. A shareholder must rely upon the ability of Clairvest's management in making investment decisions consistent with its investment objectives and policies. Shareholders will not have the opportunity to evaluate personally the relevant economic, financial and other information which is utilized by Clairvest in its selection of investments.

Minority investment risk

Clairvest and the CEP Funds may make minority equity investments in entities in which they do not legally control all aspects of the business or affairs of such entities. As at March 31, 2020, 8 of the 17 investments made by Clairvest were minority equity investments. In all investments, Clairvest monitors the performance of each investment, maintains an ongoing dialogue with each investee company's management team and seeks board representation and negative controls as conditions of each investment.

Gaming investment risk

As at March 31, 2020, Clairvest's exposure to the gaming industry represented 22.3% of its net book value. These investments are subject to the risks of any other investment but have heightened exposure to political and regulatory risk whereby a change in the political or regulatory regime governing the gaming industry in a particular jurisdiction where Clairvest's gaming assets are located could have an impact on the ultimate returns of that investment. In addition, these investments may involve the construction of a gaming facility whereby not only is Clairvest underwriting the risk of completing the facility on budget, but it is also relying on forecasted gaming revenue, versus historical results, which is only a best estimate. While a project is in construction and for a specified period thereafter, the owners of a newly constructed gaming facility may have to guarantee some or all of the bank facility or agree to fund any operating shortfall. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly. Historically, Clairvest has been able to manage all of these risks but past performance of Clairvest provides no assurance of future success.

Risks upon sale of investments

In connection with the disposition of an investee company, Clairvest and the CEP Funds may be required to make representations about the business and financial affairs of the business. Clairvest and the CEP Funds may also be required to indemnify the purchasers of such investee companies to the extent that any such representation turns out to be incorrect, inaccurate or misleading.

Investment structure and taxation risks

Clairvest structures its investments in a manner that is intended to achieve its investment objectives. There can be no assurance that the structure of any investment will be as tax efficient as designed or that any particular tax result will be achieved, due to unanticipated tax law changes or unforeseen circumstances during the planning phase of the tax structuring. Furthermore, Clairvest's returns in respect of its investments may be reduced by withholding or other taxes imposed by jurisdictions in which Clairvest's investee companies are organized.

Other risks***Credit risk***

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the year ended March 31, 2020, there were no material income effects on changes of credit risk on financial assets. The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of its investee companies regularly.

The Company is also subject to credit risk on its accounts receivable and loans receivable, a significant portion of which are with its investee companies and its CEP Funds. The Company manages this risk through its oversight responsibilities with existing investee companies by reviewing their financial conditions regularly, and through its fiduciary duty as manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages counterparty credit risk on derivative instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks.

The Company manages credit risk on its treasury funds by conducting activities in accordance with the fixed income securities policy which is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds

are segregated and held in trust for Clairvest's benefit. With respect to the other fixed income securities under temporary investments, the Company reviews the credit quality of the counterparties through underwriting information provided by agents or brokers which are specialized in brokering these investments and in each case the Company's investment in these counterparties represents the most senior security in the counterparty's capital structure. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Financial obligations arising from off-statement of financial position arrangements have been previously discussed. Accounts payable, loans payable, and derivative instruments have maturities of less than one year. Management participation liability, share-based compensation liability, and amounts accrued under the Bonus Program are only due upon cash realization or completion of the respective vesting periods. Total unfunded commitments to co-invest alongside the CEP Funds, as described were \$404.6 million as at March 31, 2020. The timing of any amounts to be funded under these commitments is dependent upon the timing of investment acquisitions, which are made at the sole discretion of the Company.

The Company manages liquidity risk by maintaining a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests treasury funds in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a \$100.0 million credit facility which was undrawn as at March 31, 2020.

As at March 31, 2020, Clairvest had treasury funds of \$428.9 million and access to \$100.0 million in credit to support its obligations and current and anticipated corporate investments. Clairvest also had access to \$56.4 million in treasury funds held by its acquisition entities and \$1.0 billion in uncalled committed third-party capital through the CEP Funds as at March 31, 2020 to invest along with Clairvest's capital.

Conflicts of interest risk

Clairvest's primary business is that of a private equity investor investing its own capital but it also manages third-party capital through the CEP Funds. In accordance with the various fund agreements for the CEP Funds, Clairvest is required to invest alongside the CEP Funds unless the relevant CEP Fund investor committee approves such an investment to be invested by Clairvest without the CEP Funds' participation. Accordingly, Clairvest shareholders may not realize the full benefit of Clairvest investment opportunities as such opportunities are required to be shared with the CEP Funds.

Risk of CEP Fund Limited Partners' failure to meet capital calls

The general partner of the CEP Funds is responsible to manage the affairs of the CEP Funds, which includes calling capital for investments made by the CEP Funds. If a limited partner of the CEP Funds fails to make the required capital contribution when due, Clairvest could be required to increase its investment under certain conditions. The general partner of the CEP Funds manages this risk through designing the terms of the CEP Funds appropriately and due diligence of potential limited partners of the CEP Funds prior to admitting them to the partnership.

Minority shareholder risks

As at March 31, 2020, Clairvest's Board of Directors and employees owned approximately 76% of Clairvest's common shares and the CEO owned or controlled over 50% of the total common shares of the Company. Accordingly, the CEO and other insider shareholders have the ability to exercise substantial influence with respect to Clairvest's affairs and can usually dictate the outcome of shareholder votes and may have the ability to prevent certain fundamental transactions.

Accordingly, Clairvest shares may be less liquid and trade at a relative discount compared to circumstances where such large shareholders did not have the ability to significantly influence or determine matters affecting Clairvest.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company and its acquisition entities entered into foreign exchange forward contracts as economic hedges against the fair value of its foreign-denominated investments and loans in accordance with its foreign exchange hedging policy. Foreign exchange hedging activities during fiscal 2020 are further described in *note 15* to the consolidated financial statements.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA"), Management has evaluated the effectiveness of Clairvest's disclosure controls and procedures as of March 31, 2020 and concluded that the disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended.

National Instrument 52-109 also requires certification from the CEO and the Chief Financial Officer to certify their responsibilities for establishing and maintaining internal controls with regards to the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management has evaluated Clairvest's design and operational effectiveness of internal controls over financial reporting for the year ended March 31, 2020. Management has concluded that the design of internal controls over financial reporting were effective and operated as designed as at March 31, 2020 based on this evaluation. There were no changes in internal controls during the most recent interim period that has materially affected, or is reasonably likely to materially affect, internal controls over financial reporting. The Company has not identified any weakness that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

A number of the matters discussed in this MD&A deal with potential future circumstances and developments and may constitute "forward-looking" statements. These forward-looking statements can generally be identified as such because of the context of the statements and often include words such as the Company "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature.

The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general and economic business conditions and regulatory risks. The impact of any one risk factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future, considering all information then available.

All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Company assumes no obligation to update forward-looking statements should circumstances, management's estimates, or opinions change.

REGULATORY FILINGS

The Company's continuous disclosure materials, including interim filings, annual MD&A and audited consolidated financial statements, Annual Information Form, Notice of Annual Meeting of Shareholders and Proxy Circular are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

USE OF NON-IFRS MEASURES

This MD&A contains references to "book value" and "book value per share" which are non-IFRS financial measures. Book value is calculated as the value of total assets less the value of total liabilities. Book value per share is calculated as book value divided by the total number of common shares of the Company outstanding as at a specific date. The terms book value and book value per share do not have any standardized meaning according to IFRS. There is no comparable IFRS financial measure presented in the Company's consolidated financial statements and thus no applicable quantitative reconciliation for such non-IFRS financial measure. The Company believes that the measure provides information useful to its shareholders in understanding our performance, and may assist in the evaluation of the Company's business relative to that of its peers.

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of Clairvest Group Inc. were prepared by management, which is responsible for the integrity and fairness of the financial information presented. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the consolidated financial statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized and that financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. Under the supervision of management, an evaluation of the effectiveness of the Company's internal control over financial reporting was carried out for the year ended March 31, 2020. Based on that evaluation, management concluded that the Company's internal control over financing reporting was effective for the year ended March 31, 2020.

The Board of Directors carries out its responsibility for the consolidated financial statements in this annual report principally through its Audit Committee. The Audit Committee, which comprised three non-management Directors during the year ended March 31, 2020, meets periodically with management and with external auditors to discuss the scope and results with respect to financial reporting of the Company. The Audit Committee has reviewed the consolidated financial statements with management and with the independent auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ernst & Young LLP, appointed external auditors by the shareholders, have audited the consolidated financial statements and their report is included herewith.



B. Jeffrey Parr
Vice Chairman



Daniel Cheng
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CLAIRVEST GROUP INC.

OPINION

We have audited the consolidated financial statements of **Clairvest Group Inc.** and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

INDEPENDENT AUDITOR'S REPORT

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Gary Chin.

Toronto, Canada
June 24, 2020

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31

\$000s	2020	2019
ASSETS		
Cash and cash equivalents (notes 3 and 14)	\$ 272,938	\$ 288,922
Temporary investments (note 3)	155,918	163,403
Accounts receivable and other assets (note 10(f))	33,695	19,869
Loans receivable (note 10(e))	20,063	9,727
Derivative instrument (note 15)	85	—
Income taxes recoverable	8,000	—
Deferred income tax asset (note 11)	417	—
Carried interest from Clairvest Equity Partners III and IV (note 7)	44,409	56,484
Corporate investments (note 5)	400,291	366,279
Fixed assets (notes 8 and 16(f))	9,062	6,569
	\$ 944,878	\$ 911,253
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities (note 10(h))	\$ 11,861	\$ 10,586
Income taxes payable	1,998	22,331
Accrued compensation expense (notes 13 and 16(b))	8,317	13,001
Share-based compensation (note 13)	39,039	40,265
Management participation from Clairvest Equity Partners III and IV (note 7)	34,115	42,599
Deferred income tax liability (note 11)	12,133	3,779
	\$ 107,463	\$ 132,561
Contingencies, commitments and guarantees (note 16)		
Shareholders' equity		
Share capital (note 12)	\$ 80,917	\$ 81,245
Retained earnings	756,498	697,447
	837,415	778,692
	\$ 944,878	\$ 911,253

See accompanying notes

On behalf of the Board:



MICHAEL BREGMAN
Director



JOSEPH J. HEFFERNAN
Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended March 31

\$000s (except per share information)	2020	2019
REVENUE		
Net investment gain (loss) (notes 4 and 5)	\$ 21,576	\$ (123,152)
Distributions and interest income (notes 5, 6 and 10)	80,397	275,975
Carried interest from Clairvest Equity Partners III and IV (note 7)	22,615	47,691
Dividend income (note 10(g))	1,212	1,094
Management fees (note 6)	2,025	1,259
Advisory and other fees (note 10(g))	1,473	1,340
	129,298	204,207
EXPENSES		
Employee compensation and benefits (notes 13 and 16(b))	22,056	12,200
Share-based compensation expenses (note 13)	4,161	11,332
Administration and other expenses	5,338	8,515
Finance and foreign exchange expenses	489	809
Management participation from Clairvest Equity Partners III and IV (note 7)	17,970	33,473
	50,014	66,329
Income before income taxes	79,284	137,878
Income tax expense (note 11)	9,786	18,636
Net income and comprehensive income for the year	\$ 69,498	\$ 119,242
Basic and fully diluted net income and comprehensive income per share (note 12)	\$ 4.60	\$ 7.87

See accompanying notes

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended March 31

\$000s	Share capital	Retained earnings	Total shareholders' equity
As at April 1, 2019	\$ 81,245	\$ 697,447	\$ 778,692
Changes in shareholders' equity			
Net income and comprehensive income for the year		69,498	69,498
Dividends declared (\$0.5144 per share)		(7,786)	(7,786)
Purchase and cancellation of shares (note 12)	(328)	(2,661)	(2,989)
As at March 31, 2020	\$ 80,917	\$ 756,498	\$ 837,415
As at April 1, 2018	\$ 81,388	\$ 585,933	\$ 667,321
Changes in shareholders' equity			
Net income and comprehensive income for the year		119,242	119,242
Dividends declared (\$0.4401 per share)		(6,671)	(6,671)
Purchase and cancellation of shares (note 12)	(143)	(1,057)	(1,200)
As at March 31, 2019	\$ 81,245	\$ 697,447	\$ 778,692

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31

\$000s	2020	2019
OPERATING ACTIVITIES		
Net income and comprehensive income for the year	\$ 69,498	\$ 119,242
Add (deduct) items not involving a current cash outlay:		
Amortization and impairment of fixed assets	1,216	867
Share-based compensation	6,034	13,105
Deferred income tax expense (recovery)	7,937	(20,165)
Net investment (gain) loss	(21,576)	123,152
Carried interest and management participation from Clairvest Equity Partners III and IV	3,591	22,748
Non-cash items relating to foreign exchange forward contracts	883	8
Non-cash items relating to corporate investments	21,101	(965)
	88,684	257,992
Adjustments for:		
Net proceeds on sale (cost of acquisition) of temporary investments	7,485	(126,821)
Net loans repaid by (advanced to) acquisition entities or the CEP Funds (note 10(e))	(10,336)	3,874
Cost of settlement of realized foreign exchange forward contracts	(968)	(8)
Decrease in restricted cash	—	15,750
Investments made in investee companies or acquisition entities	(57,524)	(15,104)
Proceeds on sale of investee companies	154	—
Distribution or return of capital from investee companies or acquisition entities	23,833	41,810
Settlement of share-based compensation liability	(7,260)	(4,166)
	(44,616)	(84,665)
Net change in non-cash working capital balances related to operations (note 14)	(49,709)	33,814
Cash provided by (used in) operating activities	(5,641)	207,141
INVESTING ACTIVITIES		
Sale (purchase) of fixed assets	432	(5,940)
Cash provided by (used in) investing activities	432	(5,940)
FINANCING ACTIVITIES		
Cash dividends paid	(7,786)	(6,671)
Purchase and cancellation of shares (note 12)	(2,989)	(1,200)
Cash used in financing activities	(10,775)	(7,871)
Net increase (decrease) in cash during the year	(15,984)	193,330
Cash and cash equivalents, beginning of year (note 14)	288,922	95,592
Cash and cash equivalents, end of year	\$ 272,938	\$ 288,922
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest received	\$ 10,652	\$ 10,260
Distributions received (notes 5 and 10)	\$ 106,321	\$ 356,625
Income taxes paid	\$ 29,902	\$ 20,569
Interest paid	\$ 700	\$ 698

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

1. NATURE OF ACTIVITIES

Clairvest Group Inc. ("Clairvest" or the "Company") is a private equity management firm that specializes in partnering with management teams and other stakeholders of both emerging and established companies. The Company's shares are traded on the Toronto Stock Exchange ("TSX") under the symbol CVG. The Company, which operates in only one business segment, actively seeks to form mutually beneficial investments with entrepreneurial businesses. As at March 31, 2020, Clairvest invests its own capital, and that of third parties, through Clairvest Equity Partners III Limited Partnership ("CEP III"), Clairvest Equity Partners IV Limited Partnership ("CEP IV"), Clairvest Equity Partners IV-A Limited Partnership ("CEP IV-A"), Clairvest Equity Partners V Limited Partnership ("CEP V"), CEP V HI India Investment Limited Partnership ("CEP V India"), Clairvest Equity Partners V-A Limited Partnership ("CEP V-A"), Clairvest Equity Partners VI Limited Partnership ("CEP VI"), Clairvest Equity Partners VI-A Limited Partnership ("CEP VI-A") and Clairvest Equity Partners VI-B Limited Partnership ("CEP VI-B") (together, the "CEP Funds"). CEP III, CEP IV and CEP IV-A are herein referred to as Clairvest Equity Partners III and IV. CEP V, CEP V India, CEP V-A, CEP VI, CEP VI-A and CEP VI-B are herein referred to as Clairvest Equity Partners V and VI.

Clairvest contributes financing and strategic expertise to support the growth and development of its investee companies in order to create realizable value for shareholders.

Clairvest is incorporated under the laws of the Province of Ontario. The Company's head office is located at 22 St. Clair Avenue East, Suite 1700, Toronto, Ontario, Canada, M4T 2S3.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and adoption of new accounting standard

The consolidated financial statements of Clairvest are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Effective April 1, 2019, the Company adopted IFRS 16, Leases on a modified retrospective basis. The Company has identified that it has approximately \$4.2 million in right of use assets and \$4.2 million in lease liabilities which were identified from adoption of IFRS 16, and in accordance with transitional provisions, has chosen to not restate its comparative information. Accordingly, the comparative information continues to be presented in accordance with the Company's previous accounting policy. The Company recognized right-of-use assets and their corresponding lease liabilities for all significant lease contracts. In applying IFRS 16, the Company has used the following practical expedients as permitted by the standard: 1) Operating leases with a remaining lease term of less than 12 months as at April 1, 2019 were treated as short-term leases under IFRS 16; and 2) Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of comprehensive income.

Other than noted above, the Company has consistently applied the same accounting policies throughout all periods presented in these consolidated financial statements, as if these policies had always been in effect.

These consolidated financial statements and related notes of Clairvest for the years ended March 31, 2020 and 2019 ("consolidated financial statements") were authorized for issuance by the Board of Directors on June 24, 2020.

The consolidated financial statements have been presented on a historical cost basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is the functional currency of the Company. All values are rounded to the nearest thousand dollars (\$000s), except where otherwise indicated.

Basis of consolidation

The consolidated financial statements have been prepared in accordance with IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), as issued by the IASB and include the accounts of the Company and its consolidated subsidiaries. As discussed under critical accounting estimates and judgments, the Company has determined it meets the definition of an investment entity.

Consolidated subsidiaries

In accordance with IFRS 10, subsidiaries are those entities that provide investment-related services and that the Company controls by having the power to govern the financial and operating policies of these entities. Such entities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

would include those which earn priority distributions or management fees from the CEP Funds and carried interest from Clairvest Equity Partners III and IV. All intercompany amounts and transactions amongst these consolidated entities have been eliminated upon consolidation. The existence and effect of potential voting rights that are currently exercisable and shareholder agreements are considered when assessing whether the Company controls an entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

The following entities, which are significant in nature, do not meet the definition of an investment entity and provide investment-related services on behalf of the Company.

- Clairvest GP Manageco Inc.
- Clairvest GP (GPLP) Inc.
- CEP MIP GP Corporation
- Clairvest USA Limited
- Clairvest General Partner Limited Partnership
- Clairvest General Partner III Limited Partnership ("Clairvest GP III")
- Clairvest General Partner IV Limited Partnership ("Clairvest GP IV")

Interests in unconsolidated subsidiaries ("acquisition entities")

In accordance with IFRS 10, interests in subsidiaries other than those that provide investment-related services are accounted for at fair value through profit or loss ("FVTPL") rather than consolidating them. As discussed under critical accounting estimates and judgments, management exercised judgment when determining whether subsidiaries are investment entities.

On November 22, 2019, the Company determined that Clairvest General Partner V Limited Partnership ("Clairvest GP V") met the definition of an investment entity, as defined in IFRS 10. This change in status resulted from an amendment to the business purpose of Clairvest GP V for it to invest directly in CEP V Co-Investment Limited Partnership.

As a result of this change in status, the assets and liabilities of Clairvest GP V have been derecognized from the Company's consolidated statement of financial position and the Company's investment in Clairvest GP V has been recognized in corporate investments as at November 22, 2019, with an initial fair value of \$0.1 million. There was no material transition gain or loss on the change. Effective November 22, 2019, Clairvest GP V is considered an acquisition entity of Clairvest and investments made by Clairvest GP V in CEP V Co-Investment Limited Partnership are measured at FVTPL. The change in status of Clairvest GP V has been accounted for prospectively from November 22, 2019, in accordance with IFRS 10.

The following entities, which are significant in nature, are controlled by Clairvest either directly or indirectly and are used as acquisition entities of the Company. The entities' principal place of business is in Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

2141788 Ontario Corporation ("2141788 Ontario")
2486303 Ontario Inc. ("2486303 Ontario")
CEP III Co-Investment Limited Partnership ("CEP III Co-Invest")
MIP III Limited Partnership ("MIP III")
CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest")
MIP IV Limited Partnership ("MIP IV")
CEP V Co-Investment Limited Partnership ("CEP V Co-Invest")
Clairvest GP V
MIP V Limited Partnership ("MIP V")
CEP VI Co-Investment Limited Partnership ("CEP VI Co-Invest")
MIP VI Limited Partnership ("MIP VI")
Clairvest SLP VI Limited Partnership ("Clairvest SLP VI")

The Company may also use intermediate subsidiaries whose sole purpose is to hold investments for the Company, and therefore, are not included in the list above.

Interests in the CEP Funds

Clairvest manages and invests alongside the CEP Funds, which meet the definition of structured entities under IFRS. Clairvest provides loans to and earns priority distributions or management fees and carried interest from the CEP Funds, which are further described in *notes 6 and 7*. The Company concluded that its ownership interests in the CEP Funds do not meet the definition of control under IFRS. Accordingly, the financial positions and operating results of the CEP Funds and other funds it manages for certain co-investors are not included in Clairvest's consolidated financial statements.

(a) Classification and recognition of financial instruments

In accordance with IFRS 9, *Financial Instruments* ("IFRS 9"), financial instruments classified as FVTPL would include cash and cash equivalents, temporary investments, loans receivable, derivative instruments and corporate investments. These financial instruments are classified at initial recognition at FVTPL on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The Company does not apply hedge accounting to its derivative instruments. Accounts receivable and other assets would include balances relating to its acquisition entities, indirect investee companies ("investee companies") and the CEP Funds as well as other short-term receivables. These receivable balances are recognized at amortized cost in accordance with IFRS 9. Accounts payable and accrued liabilities are considered to be payable in respect of goods or services received up to the balance sheet date and are recognised at amortised cost in accordance with IFRS 9.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

(c) Temporary investments and corporate investments

The Company carries its temporary investments and its corporate investments at fair value. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, the fair value of an investment quoted on an active market is generally the closing traded price on the principal exchange on which the investment is traded. Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at a value which takes into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly traded investments could be disposed of may differ from this fair value and the differences could be material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

Differences could arise as the value at which significant ownership positions are sold is often different from the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transaction multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

(d) Foreign currency translation

Income and expenses denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars using exchange rates in effect as at the consolidated statement of financial position dates. Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars using the exchange rate at the date of transaction. Non-monetary assets and liabilities that are carried at fair value are translated into Canadian dollars using exchange rates at the date the fair value was determined. Exchange gains and losses are included in income in the period in which they occur. Foreign currency transaction gains and losses on financial instruments classified as FVTPL are included in the consolidated statements of comprehensive income as part of net investment gain (loss).

(e) Derivative instruments

The Company and its acquisition entities enter into foreign exchange forward contracts to hedge their exposure to exchange rate fluctuations on their foreign currency-denominated investments and loans. These foreign exchange forward contracts and their underlying investments and loans are valued at exchange rates in effect as at the consolidated statement of financial position dates.

Foreign exchange forward contracts entered into by the Company are included in the consolidated statements of financial position as derivative instruments and are valued at fair value representing the estimated amount that the Company would have been required to pay, or received, had the Company settled the outstanding contracts as at the consolidated statement of financial position dates. Any unrealized gains or losses are included in finance and foreign exchange expense in the consolidated statements of comprehensive income.

Foreign exchange forward contracts entered into by the Company's acquisition entities are included in the fair value determination of these acquisition entities.

(f) Income recognition

Realized gains or losses on disposition of corporate investments and change in unrealized gains or losses in the value of corporate investments are calculated based on weighted average cost and are included in net investment gain (loss) in the consolidated statements of comprehensive income. Management fees and advisory and other fees are recorded as income on an accrual basis when earned. Distributions and interest income are recognized on an accrual basis and dividend income is recognized on the ex-dividend date. Carried interest includes amounts receivable from Clairvest Equity Partners III and IV. Each Clairvest Equity Partners III and IV Fund is separately reviewed as at the consolidated statement of financial position date and an accrual for carried interest is made when the performance conditions are achieved in accordance with IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") based on the assumption that the remaining underlying investments are realized at their estimated fair values. The fair value of the underlying investments is determined consistently with the Company's valuation methodology and is measured as at the consolidated statement of financial position date. Carried interest is accrued only in the event that it is highly probable that there will not be a significant reversal in future financial periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

(g) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company and its acquisition entities operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

The Company records deferred income tax expense or recovery using the asset and liability method. Under this method, deferred income taxes reflect the expected deferred tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective income tax bases, as well as certain carryforward items. Deferred income tax assets and liabilities are determined for each temporary difference based on the income tax rates that are expected to be in effect when the asset or liability is settled. Deferred income tax assets are only recognized to the extent that, in the opinion of management, it is probable that the deferred income tax asset will be realized.

(h) Stock-based compensation plans

The Company's stock option plans allow for a cash settlement of stock options. As the economics to choose cash or shares as settlement is the same for all holders, compensation expense is recognized over the applicable vesting period and a corresponding liability is recorded based on the fair value of the outstanding stock options as at the consolidated statement of financial position dates. Fair value is measured by use of an appropriate option-pricing model. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees is credited to share capital. On the exercise of stock options for cash, the liability recorded is reduced and any difference between the liability accrued and the amount paid is charged to share-based compensation expense.

(i) Deferred share unit plans

Directors of the Company may elect annually to receive all or a portion of their compensation in deferred share units ("DSUs") based on the closing price of a Clairvest common share on the date directors' fees are payable. Upon redemption of DSUs, the Company pays to the participant a lump sum cash payment equal to the number of DSUs to be redeemed multiplied by the closing price of a Clairvest common share on the redemption date. A participant may redeem his or her DSUs only following termination of board service. Under the Company's DSU plan, a change to the fair value of the DSUs is charged to share-based compensation expense and recorded as a liability.

Certain directors were also granted appreciation deferred share units ("ADSUs"). Upon redemption of the ADSUs, the Company pays to the participant a lump sum cash payment equal to the number of ADSUs to be redeemed multiplied by the difference between the closing price of a Clairvest common share on the redemption date and the closing price of a Clairvest common share on the grant date. A participant may redeem his or her ADSUs only following termination of board service. Under the Company's ADSU plan, a change to the fair value of the ADSUs is charged to share-based compensation expense and recorded as a liability.

Certain employees of the Company may elect annually to receive all or a portion of their annual bonuses in employee deferred share units ("EDSUs"). The number of EDSUs granted to a participant is determined by dividing the amount of the elected bonuses to be received by way of EDSUs by the five-day volume-weighted average closing price of the Clairvest common shares. EDSUs may be redeemed for cash or for common shares of the Company. A participant may redeem his or her EDSUs only following termination of employment. Under the Company's EDSU plan, a change to the fair value of the EDSUs is charged to share-based compensation expense and recorded as a liability.

(j) Book value appreciation rights plan

The Company may elect to issue all or a portion of a participant's stock option grant by way of book value appreciation rights units ("BVARs"). Upon redemption of BVARs, the Company pays to the participant a lump sum cash payment equal to the number of BVARs to be redeemed multiplied by the increase in book value per share between the grant date and the redemption date, and grossed up such that the participant's after-tax proceeds equate to an amount as if

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

the proceeds were taxed at the capital gains rate. The BVARs vest over a five-year period and the participant may only redeem his or her BVARs at the earlier of (i) five years from the grant date or (ii) cessation of employment with the Company.

Fair value of the BVARs is calculated based on the latest book value per share published at the time the value is being determined. As the Company's BVAR plan is a cash-settled plan, a change to the fair value of the BVARs is charged to share-based compensation expense and recorded as a liability.

(k) Entitlements of partners of a limited partnership

The Company consolidates subsidiaries which includes various limited partnerships and the entitlements of partners of these limited partnerships that are external to the consolidated group of the Company are recorded as a liability and an expense of the Company. Accordingly, that portion of the carried interest from Clairvest Equity Partners III and IV which are ultimately paid to the limited partners of the corresponding MIP partnerships which are external to the consolidated group are recorded as a management participation liability and a management participation expense on the consolidated financial statements. The amounts ultimately paid to the limited partners of the corresponding MIP Partnerships resulting from carried interest from Clairvest Equity Partners V and VI are accounted for at FVTPL.

(l) Leases

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. Each lease payment is allocated between the repayment of the lease liability and finance expenses. Finance expenses are charged to the consolidated statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The associated right-of-use assets were measured at an amount equal to the lease liabilities, adjusted for previously recognized lease accruals, in accordance with the transitional provisions of IFRS 16, and comprised entirely real estate premises. The right-of-use assets are included within fixed assets in the consolidated statement of financial position and amortized on a straight-line basis over the shorter of the asset's useful life and the lease term. There was no impact to retained earnings on April 1, 2019 resulting from the adoption of IFRS 16.

(m) Fixed assets

Fixed assets are accounted for at cost less accumulated amortization. Leasehold improvements are amortized on a straight-line basis over the lease term including reasonably assured renewal options. All other fixed assets are amortized on a straight-line basis at the following rates per year:

Aircraft	10%
Computer equipment	30%
Computer software	50%
Furniture, fixtures and equipment	20%
Leasehold improvements	Term of lease
Right-of-use asset	Term of lease

The computer assesses, at each reporting date, whether there is an indication that a fixed asset may be impaired. If any indication exists, the Company estimates the fixed asset's recoverable amount. The recoverable amount is the higher of its fair value less cost of disposal and its value in use. When the carrying amount exceeds its recoverable amount, the fixed asset is considered impaired and is written down to its recoverable amount.

(n) Net income and comprehensive income per share

Basic net income and comprehensive income per share is determined by dividing net income and comprehensive income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Fully diluted net income and comprehensive income per share are determined in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

(o) Critical accounting estimates, assumptions and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates could materially differ from the related actual results. The following estimates, assumptions and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year:

Determination of investment entity

Judgment is required when making the determination that the Company or its various subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties. The Company has historically invested alongside third-party capital in the CEP Funds that it manages. In determining its status as an investment entity, the Company has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

Fair value of financial instruments

Certain financial instruments are recorded in the Company's consolidated statements of financial position at values that are representative of or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations. The fair values of certain other financial instruments are determined using valuation techniques. By their nature, these valuation techniques require the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect net investment gain (loss) reported in a particular period.

The Company assesses, at each reporting date, whether there is any objective evidence to revise the fair values of its financial instruments. The assessment of the fair value of a financial instrument requires significant judgment, where management evaluates, among other factors, the financial health and business outlook of their investees. Fair value information is presented in note 17.

Recognition of carried interest and corresponding expenses

The determination of the Company's carried interest is recorded on the consolidated statements of financial position is based on the fair values of the financial instruments held by Clairvest Equity Partners III and IV. In accordance with IFRS 15, the calculated carried interest can only be recognized to the extent to which it is highly probable that there will not be a significant reversal when the relevant uncertainty is resolved. This judgement is made on a fund-by-fund basis, based on its specific circumstances, including consideration of: remaining duration of the fund, position in relation to the cash hurdle, the number of assets remaining in the fund and the potential for clawback. The actual amounts of carried interest received and paid will depend on the cash realizations of Clairvest Equity Partners III and IVs' portfolio investments and valuations may change significantly in future financial periods. As discussed previously, fair values of certain financial instruments are determined using valuation techniques and by their nature, the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of these financial instruments. Imprecision in determining fair value using valuation techniques may affect the calculation of carried interest and the resulting accrued liabilities for future payouts relating to the carried interest as at the consolidated statement of financial position dates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

Income taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated statements of financial position. Deferred income tax assets are recognized to the extent that the Company believes it is probable that the deferred income tax asset will be realized. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that may differ significantly from estimates recorded in deferred tax balances.

Impact on COVID-19 on Significant Estimates

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. A number of the Company's investee companies are located in jurisdictions or are in segments of the economy which have been severely impacted by COVID-19, where some have suffered a temporary 100% decline in revenue as a result of a shutdown of all non-essential businesses as mandated by the local or federal government. As a result, the fair value estimates of the Company's corporate investments as at March 31, 2020 were impacted due to cash flow forecasts and risk premiums implied by equity and credit markets. These fair value estimates required significant judgment given the uncertainty regarding the long-term impact of COVID-19 and the ultimate impact of COVID-19 on the Company's investee companies are unknown. If the duration or the spread of the pandemic, the related advisories and restrictions are significantly longer than the Company's estimate, or the impact on the equity or credit markets or the economy in general is significantly worse than the Company's estimate, the fair value of its corporate investments may be materially adversely affected resulting in a material adverse impact to the Company's financial results.

3. CASH EQUIVALENTS AND TEMPORARY INVESTMENTS

Cash equivalents consist of deposits in investment and money market savings accounts which have maturities of less than 90 days from the date of acquisition. As at March 31, 2020, the pre-tax weighted average yield was 0.8% (2019 – 2.2%) per annum.

As at March 31, 2020, temporary investments comprised guaranteed investment certificates, corporate bonds, marketable securities and other fixed income securities as permitted by the Company's treasury policy which in aggregate may not exceed 10% of book value and with no single issue greater than 1.5% of book value. Guaranteed investment certificates and corporate bonds have maturities greater than 90 days from the date of acquisition and through to December 2021. The pre-tax weighted average yield was 2.6% (2019 – 3.5%) per annum. The composition of Clairvest's temporary investments as at March 31 was as follows:

	March 31, 2020			March 31, 2019
	Due in 1 year or less	Due after 1 year	Total	Total
Guaranteed investment certificates	\$ 123,503	\$ 3,900	\$ 127,403	\$ 126,231
Corporate bonds	3,012	—	3,012	6,003
Marketable securities ⁽¹⁾	—	17,964	17,964	—
Other fixed income securities ⁽²⁾	7,539	—	7,539	31,169
	\$ 134,054	\$ 21,864	\$ 155,918	\$ 163,403

(1) 215,245 common shares of Canadian Imperial Bank of Commerce ("CIBC", TSX:CM), comprised 194,876 common shares received on the sale of Wellington Financial during fiscal 2018, where the sale restriction ended in January 2020, plus dividends received in the form of 20,369 CIBC common shares to March 31, 2020.

(2) The pre-tax weighted average yield on other fixed income securities was 6.8% (2019 – 7.5%).

Additionally, Clairvest's acquisition entities held \$30.1 million (2019 – \$28.3 million) in cash and cash equivalents and \$26.4 million (2019 – \$19.7 million) in temporary investments as described in *note 5*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

4. NET INVESTMENT GAIN (LOSS)

Net investment gain (loss) for the year ended March 31, 2020 and 2019 comprised the following:

\$000's	2020	2019
Net investment gain on investee companies (note 5)	\$ 58,412	\$ 119,114
Net investment loss on the fair value revaluation of acquisition entities	(40,396)	(242,266)
Net change in unrealized gain (loss) on corporate investments	18,016	(123,152)
Carried interest from Clairvest Equity Partners V and VI (note 7)	14,453	—
Management participation from Clairvest Equity Partners V and VI (note 7)	(10,893)	—
	\$ 21,576	\$ (123,152)

5. CORPORATE INVESTMENTS

In accordance with IFRS 10, the fair value of the Company's corporate investments includes the fair value of the net assets of its acquisition entities that are controlled by the Company. Accordingly, Clairvest's direct corporate investments comprise these acquisition entities, which invest directly or indirectly in various investee companies and other investee companies where Clairvest made an investment directly.

The following table details the fair value of Clairvest's direct investments and acquisition entities, which are controlled by Clairvest, but which are not part of the consolidated group:

	March 31, 2020			March 31, 2019		
	Investee companies	Acquisition entities net assets (liabilities)	Total	Investee companies	Acquisition entities net assets (liabilities)	Total
Held directly by Clairvest Group Inc.	\$ 3,787	\$ —	\$ 3,787	\$ 25,077	\$ —	\$ 25,077
Held through the following acquisition entities:						
2141788 Ontario	51,197	38,684	89,881	59,664	29,519	89,183
2486303 Ontario	2,186	(3,113)	(927)	6,263	(8,357)	(2,094)
CEP III Co-Invest	13,843	4,531	18,374	22,929	2,960	25,889
MIP III	554	(10)	544	918	(17)	901
CEP IV Co-Invest	107,392	(711)	106,681	108,563	(1,013)	107,550
MIP IV	1,627	(6)	1,621	1,645	(7)	1,638
CEP V Co-Invest	166,954	(10,190)	156,764	111,031	3,721	114,752
Clairvest GP V	12,056	7,190	19,246	—	—	—
MIP V	3,737	(80)	3,657	3,458	(75)	3,383
CEP VI Co-Invest	2,839	(7,226)	(4,387)	—	—	—
MIP VI	1,420	3,630	5,050	—	—	—
Total	\$ 367,592	\$ 32,699	\$ 400,291	\$ 339,548	\$ 26,731	\$ 366,279

2141788 Ontario, a limited partner of CEP III Co-Invest and CEP V Co-Invest, is a wholly-owned acquisition entity of Clairvest. 2486303 Ontario is a wholly-owned acquisition entity of Clairvest, which together with Clairvest holds a 100% interest in Clairvest Equity Partners Limited Partnership ("CEP"). CEP was an investment fund held by third-party investors until December 2015. Clairvest's relationship with CEP III Co-Invest and MIP III, CEP IV Co-Invest and MIP IV, CEP V Co-Invest, Clairvest GP V and MIP V, and CEP VI Co-Invest, Clairvest SLP VI and MIP VI are described in *notes 10(a), 10(b), 10(c) and 10(d)*.

During the year ended March 31, 2020, Clairvest made an additional investment of \$5.0 million in 2486303 Ontario. Also during the year ended March 31, 2020, Clairvest made net investment of \$27.1 million in CEP V Co-Invest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

2141788 Ontario and Clairvest GP V also made net investment of \$2.6 million and \$7.5 million, respectively, in CEP V Co-Invest during fiscal 2020.

During fiscal 2020, CEP IV Co-Invest received total cash proceeds of \$62.7 million primarily as a result of the realizations of County Waste of Virginia and Impero Waste. Accordingly, during fiscal 2020, CEP IV Co-Invest declared distributions totalling \$62.2 million, \$56.2 million of which were paid to Clairvest, \$0.9 million of which were paid to an acquisition entity of Clairvest and \$5.1 million of which were paid as management participation. During fiscal 2020, CEP V Co-Invest received total cash proceeds of \$15.5 million as a result of the realization of GTA Gaming, the proceeds of which were retained by CEP V Co-Invest and used to fund other investments made by CEP V Co-Invest.

The following table details the assets and liabilities included in the determination of the fair value of the net assets of acquisition entities excluding the investee companies held by these acquisition entities:

	March 31, 2020	March 31, 2019
Assets		
Cash and cash equivalents	\$ 30,070	\$ 28,275
Temporary investments	26,362	19,662
Accounts receivable and other assets	1,326	435
Derivative instruments	—	1,619
Income taxes recoverable	491	128
Carried interest from Clairvest Equity Partners V and VI	14,453	—
Loans receivable	540	—
Deferred income tax asset	1,286	640
	\$ 74,528	\$ 50,759
Liabilities		
Accounts payable and accrued liabilities	\$ 5,915	\$ 1,805
Derivative instruments	11,407	3,240
Income taxes payable	82	648
Management participation from Clairvest Equity Partners V and VI	10,893	—
Loans payable	8,209	8,759
Deferred income tax liability	5,323	9,576
	\$ 41,829	\$ 24,028
Net assets	\$ 32,699	\$ 26,731

Excluding the net assets from acquisition entities summarized in the table above, the difference between the cost and the fair value of the Company's investee companies, aggregated by industry concentration, are summarized below.

	March 31, 2020			March 31, 2019		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Dental services	\$ 16,636	\$ 15,902	\$ 734	\$ —	\$ —	\$ —
Equipment rental	7,102	13,591	(6,489)	—	—	—
Financial services	3,009	—	3,009	22,634	154	22,480
Gaming	186,484	120,688	65,796	177,319	117,565	59,754
Information technology	8,602	6,732	1,870	7,016	6,732	284
Marketing services	7,471	995	6,476	10,055	995	9,060
Renewable energy	18,523	16,185	2,338	12,463	11,621	842
Residential services	6,375	6,375	—	6,375	6,375	—
Specialty aviation and defence services	81,016	60,304	20,712	56,687	59,100	(2,413)
Waste management	27,117	21,951	5,166	43,390	28,486	14,904
Other investments	5,257	2,346	2,911	3,609	2,651	958
	\$ 367,592	\$ 265,069	\$ 102,523	\$ 339,548	\$ 233,679	\$ 105,869

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

During fiscal 2020, the aggregate fair value of Clairvest's investee companies increased by \$28.0 million, comprised \$59.5 million in new and follow-on investments, \$31.0 million in net changes in unrealized gains in investee companies, \$1.4 million in interest accrued on debt investments and dividends accrued, \$0.5 million of gains in foreign exchange revaluation, net of investment realizations which had an aggregate fair value of \$41.2 million as at March 31, 2019 and \$23.2 million in corporate investments reclassified as temporary investments.

The fair value of each investee company reflected valuation methodologies as described in *note 18*. The cost and fair value of investee companies do not reflect foreign exchange gains or losses on the foreign exchange forward contracts entered into as economic hedges against these investments (*note 15*). For those investments which are hedged by acquisition entities, the fair value of these foreign exchange forward contracts was included in the net assets (liabilities) of these acquisition entities. Details of each investee company are described below.

(a) Investments made by CEP III Co-Invest alongside CEP III

As at March 31, 2020 and 2019, CEP III Co-Invest had one investment remaining in Chilean Gaming Holdings, which has a 50% ownership interest in each of Casino Marina del Sol in Concepcion, Chile and Casino Chillan in Chillán, Chile, and a 73.8% ownership interest in each of Casino Osorno in Osorno, Chile, and Casino Sol Calama in Calama, Chile. As at March 31, 2020 and 2019, CEP III Co-Invest held 30,446,299 limited partnership units of Chilean Gaming Holdings, representing a 36.8% equity interest.

During fiscal 2020, CEP III Co-Invest earned dividends totalling \$6.4 million (2019 – \$1.4 million) through its investment in Chilean Gaming Holdings, bringing dividends earned to March 31, 2020 to \$21.8 million (2019 – \$15.4 million).

(b) Investments made by CEP IV Co-Invest alongside CEP IV

As at March 31, 2020, CEP IV Co-Invest had four (2019 – seven) investments remaining. Significant activities of CEP IV Co-Invest portfolio companies were as follows:

Gaming

New Meadowlands Racetrack

New Meadowlands Racetrack (the "Meadowlands") operates a standardbred horse racing track located in East Rutherford, New Jersey. As at March 31, 2020 and 2019, CEP IV Co-Invest had invested US\$5.4 million (C\$5.6 million) in the Meadowlands in the form of secured convertible debentures. CEP IV Co-Invest also holds warrants which entitle it to invest in equity securities of the Meadowlands subject to certain conditions. CEP IV Co-Invest also invested US\$0.7 million (C\$0.9 million) in the Meadowlands in the form of preferred debt, which is junior to the Meadowlands Debentures.

Centaur Gaming

Centaur Gaming was the owner and operator of Hoosier Park Racing & Casino in Anderson, Indiana, and Indiana Grand Casino and Indiana Downs Racetrack in Shelbyville, Indiana. During fiscal 2019, CEP IV Co-Invest realized its interest in Centaur Gaming for aggregate proceeds of US\$166.8 million (C\$219.4 million) and is entitled to deferred consideration of US\$8.4 million through to July 2021. There was no change to the entitlement of the deferred consideration during fiscal 2020 and as such, remained outstanding as at March 31, 2020.

Specialty aviation and defence services

Northco / Top Aces

Northco is a specialty aviation services company operating across Canada and in selected locations internationally. As at March 31, 2020 and 2019, CEP IV Co-Invest held \$22.9 million in Northco debentures and 3,867 common shares of Northco at a cost of \$0.4 million which represented 38.7% ownership interest on a fully diluted basis. During fiscal 2020, CEP IV Co-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

Invest received payments on the Northco debentures totalling \$1.1 million. Subsequent to year end, the interest rate on the Northco debentures were amended from 10% per annum to 2% per annum.

Top Aces is a supplier of advanced adversary services across three continents. As at March 31, 2019, CEP IV Co-Invest held 667.9553 common shares of Top Aces at a cost of \$32.1 million, representing a 23.9% ownership interest on a fully diluted basis. During fiscal 2020, Top Aces completed an equity financing of \$100.0 million which comprised \$20 million from existing shareholders and \$80 million from a new investor. CEP IV Co-Invest made a \$2.1 million investment for 17.8271 common shares of Top Aces in support of this equity financing. As at March 31, 2020, CEP IV Co-Invest held 685.7824 common shares of Top Aces, representing a 18.7% ownership interest on a fully diluted basis.

Subsequent to year end, Top Aces completed an additional \$60 million equity financing, where CEP IV Co-Invest acquired an additional 37.1895 common shares of Top Aces for \$4.3 million, increasing total shares held to 722.9719 shares which represented a 17.3% ownership interest on a fully diluted basis.

Momentum Solutions

Momentum Solutions is an inter-connected global network of leading strategic support companies which was spun out of MAG Aerospace following its realization in fiscal 2018. As at March 31, 2020 and 2019, CEP IV Co-Invest had a 4.4% ownership interest of Momentum Solution.

Waste management

Impero Waste

Impero Waste was originally called Winters Bros. Waste Systems of CT, a regional solid waste collection, recycling and disposal company based in Danbury, Connecticut, an investment made by CEP IV Co-Invest during fiscal 2014. During fiscal 2018, the investment was partially realized and renamed as Impero Waste. As at March 31, 2019, CEP IV Co-Invest held 4,817.86 Class A units of Impero Waste, representing a 6.0% ownership interest on a fully diluted basis. During fiscal 2020, CEP IV Co-Invest realized on its interest in Impero Waste for US\$2.3 million (C\$3.0 million).

County Waste of Virginia

County Waste of Virginia ("County Waste") is a regional solid waste collection company servicing customers in the states of Virginia and Pennsylvania. As at March 31, 2019, CEP IV Co-Invest held 7,374.67 Class B units of County Waste and 174.3 units of Spare Lots, LLC ("Spare Lots"), a company affiliated with County Waste, collectively representing a 13.0% ownership interest on a fully diluted basis. In addition, CEP IV Co-Invest also held a US\$1.7 million 12% per annum promissory note and a US\$2.7 million 15% convertible promissory note, which can be redeemed at two times of the cost upon a sale or change of control, from County Waste.

During fiscal 2020, CEP IV Co-Invest realized its investment in County Waste and received total cash proceeds of US\$45.6 million (C\$59.3 million) on the equity interest and the promissory notes. Subsequent to year end, an additional US\$0.6 million (C\$0.8 million) in sale proceeds was received from the sale. CEP IV Co-Invest is also entitled to a deferred payment which is contingent on achieving certain corporate milestones, the probability of which is currently unknown.

Other investments

As at March 31, 2020 and 2019, CEP IV Co-Invest has an investment of \$1.6 million in Davenport Land Developments which hold real estate surrounding a casino development in Davenport, Iowa.

Additionally, CEP IV Co-Invest had advanced US\$0.6 million in the form of a promissory note from a partner to help fund its 50% ownership in Davenport North.

(c) Investments made by CEP V Co-Invest alongside CEP V

As at March 31, 2020, CEP V Co-Invest had eleven (2019 – eight) investments. Significant activities of CEP V Co-Invest portfolio companies were as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

Dental services

ChildSmiles Group, a new investment made during fiscal 2020, is a multi-specialty dental practice with various offices across New Jersey providing families with accessible oral health care. The investment was made in the form of 11,836,165 Class B preferred units for US\$11.8 million (C\$15.9 million) representing a 15.0% ownership interest on a fully diluted basis. The Class B preferred units are entitled to a liquidity preference over all other equity of ChildSmiles Group.

Equipment rental

Durante Rentals, a new investment made during fiscal 2020, is a construction equipment rental provider in the New York Metropolitan area. The investment in Durante Rentals was made in the form of 217,721.20 LLC units for US\$10.4 million (C\$13.6 million) representing a 21.5% ownership interest on a fully diluted basis.

Gaming

Accel Entertainment

Accel Entertainment is a licensed video gaming terminal operator in Illinois. As at March 31, 2019, CEP V Co-Invest held 283,478 Class D preferred shares of Accel Entertainment at a cost of \$16.0 million, representing a 7.6% ownership interest on a fully diluted basis. The Class D preferred shares are entitled to a liquidity preference over all other equity of Accel Entertainment.

During fiscal 2020, Accel Entertainment completed a business combination with TPG Pace Holdings Corp. In support of the transaction, CEP V Co-invest rolled 100% of its equity interest in Accel Entertainment into the new combined entity ("Accel") and received 4,872,570 Class A-1 shares, 367,011 Class A-2 Shares and 299,052 private warrants of Accel. The Class A-1 shares held by CEP V Co-Invest are publicly listed on the NYSE under symbol ACEL. CEP V Co-Invest is subject to a hold period on the Class A-1 shares which expires subsequent to year end and have customary registration rights. The Class A-2 shares converts into Class A-1 shares subject to certain criteria based on share price or earnings. The private warrants have a strike price of US\$11.50 per share and expire in five years. As at March 31, 2020, 122,337 of the Class A-2 shares held by CEP V Co-Invest were converted to 122,337 Class A-1 shares such that as at March 31, 2020, CEP V Co-Invest held 4,994,907 Class A-1 shares, 244,674 Class A-2 shares and 299,052 private warrants of Accel Entertainment, together representing a 6.4% ownership interest on a fully diluted basis.

FSB Technology

During fiscal 2020, CEP V Co-Invest invested £7.4 million (C\$12.1 million) in FSB Technology, a Business-to-Business sports and internet gaming technology supplier based in London, United Kingdom. The investment was made in the form of 6,935,287 Class A common shares and 420,804 Class B convertible preferred shares for a 24.5% ownership interest on a fully diluted basis. The Class B convertible preferred shares are entitled to a liquidity preference over the Class A common shares.

Head Digital Works

Head Digital Works is an internet-based technology and gaming company with ownership interests in Ace2Three, a leading platform for online rummy, FanFight, a growing platform for Daily Fantasy Sports, and Cricket.com, a leading site for cricket analytics, and WittyGames, delivering a mobile social gaming experience.

As at March 31, 2020 and 2019, CEP V Co-Invest had investments totalling \$46.8 million in Head Digital Works. The investment comprised INR₹657.9 million (C\$13.7 million) in the form of compulsory convertible debentures ("CCD") which are denominated in INR and bear interest at a rate of 16.0% per annum, and INR₹1.6 billion (C\$33.1 million) in 39,412,175 common shares representing a 32.7% ownership interest on a fully diluted basis.

Subsequent to year end, the CCD was repaid in full.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

GTA Gaming

CEP V Co-Invest's investment in GTA Gaming comprised investments in two limited partnerships which operates various gaming assets in the Province of Ontario. As at March 31, 2019, CEP V Co-Invest had a \$9.0 million investment in GTA Gaming. During fiscal 2020, CEP V Co-Invest realized on its investment in GTA Gaming and received cash proceeds totalling \$15.5 million. CEP V Co-Invest also received distributions totalling \$1.6 million from GTA Gaming during its hold period.

Information technology

Meriplex Communications, an investment made during fiscal 2019, is a company based in Houston, Texas that designs, installs and manages complex networking solutions for businesses. As at March 31, 2020 and 2019, CEP V Co-Invest held 5,250 common shares of Meriplex Communications representing an 17.8% ownership interest on a fully diluted basis at a cost of \$6.7 million.

Marketing services

Digital Media Solutions, an investment made during fiscal 2016, operates as a lead generation engine for companies in a variety of different industries. As at March 31, 2020 and 2019, CEP V Co-Invest held 6,150,000 Class B units of Digital Media Solutions, representing a 13.8% ownership interest on a fully diluted basis.

During fiscal 2020, Digital Media Solutions completed a dividend recapitalization and made a distribution to its owners. CEP V Co-Invest received US\$2.3 million (C\$3.0 million) (2019 – US\$9.4 million (C\$12.3 million)) which was recorded as a distribution and a corresponding reduction to fair value. Also during fiscal 2020, CEP V Co-Invest earned quarterly distributions totalling \$0.3 million (2019 – \$1.2 million) from Digital Media Solutions, bringing total cash proceeds to March 31, 2020 to \$18.3 million (2019 – \$15.0 million).

Subsequent to year end, Digital Media Solutions entered into an agreement for a business combination with Leo Holdings Corp. ("Leo"), a publicly traded special purpose acquisition company. Clairvest's obligation to consummate the transaction is subject to, among other things, the delivery by Leo of a minimum cash amount.

Renewable energy

Also Energy, an investment made during fiscal 2017, is a provider of software and hardware solutions that enable the monitoring and control of power production and plant operations for commercial, industrial, and utility-scale solar plants in the United States and around the world.

As at March 31, 2019, CEP V Co-Invest had invested US\$5.0 million (C\$6.4 million) for various equity shares of Also Energy, representing a 10.0% ownership interest on a fully diluted basis.

During fiscal 2020, CEP V Co-invest invested an additional US\$0.4 million (C\$0.5 million) in Also Energy. As at March 31, 2020, CEP V Co-Invest held various equity shares together representing a 11.9% ownership interest on a fully diluted basis.

In addition, CEP V Co-Invest has also advanced US\$4.1 million (C\$5.2 million) to Also Energy in the form of a promissory note which accrues interest at 10% per annum. The promissory note had an initial maturity date of April 20, 2020 and was extended to December 31, 2020 subsequent to year end. During fiscal 2020, CEP V Co-Invest earned interest totalling US\$0.4 million (C\$0.6 million) on the promissory note.

Subsequent to year end, CEP V Co-Invest made a US\$3.6 million (C\$4.9 million) follow-on investment to acquire 532 Class A common shares of Also Energy from a minority investor. Following the transaction, CEP V Co-Invest's ownership interest increased to 18.0%.

Residential services

Right Time Heating and Air Conditioning ("Right Time HVAC"), an investment made during fiscal 2018, is a Canadian independent heating, ventilation and air-conditioning contractor operating out of seven locations in Ontario and Manitoba and focused on the residential replacement market. As at March 31, 2020 and 2019, CEP V Co-Invest held 6,375,000 Class A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

preferred shares which are convertible into a 15.0% ownership interest in Right Time HVAC on a fully diluted basis for \$6.4 million.

Waste management

DTG Recycle

During fiscal 2020, CEP V Co-Invest invested US\$8.7 million (C\$11.3 million) in DTG Recycle, a waste hauling and recycling company with operations concentrated in the greater Seattle-Tacoma area of Washington State. The investment was made in the form of 8,657,622 Class A convertible preferred shares of DTG Recycle representing a 14.6% ownership interest on a fully diluted basis.

Winters Bros. Waste Systems of Long Island

Winters Bros. Waste Systems of Long Island ("Winters Bros. of LI") is a regional solid waste collection, recycling and disposal company servicing customers in Long Island, New York. As at March 31, 2020 and 2019, CEP V Co-Invest held a 14.0% ownership in on a fully diluted basis in Winters Bros. of LI and its various affiliates.

(d) Investments made by CEP VI Co-Invest alongside CEP VI

Renewable energy

As at March 31, 2020, CEP VI Co-Investment has one (2019 – nil) investment, SunSystem Technology, a solar operations and maintenance company serving both the commercial and residential sector in the United States. The investment was made in the form of 3,030,588 Class A preferred stock for US\$3.0 million (C\$4.0 million) for a 18.2% ownership interest on a fully diluted basis.

(e) Investments directly held

Financial services

As at March 31, 2020, the Company has a residual interest in Wellington Financial, which was realized during fiscal 2018 and currently comprise the residual warrants portfolio which is being liquidated over time.

During fiscal 2018, Clairvest received a full return of capital on its investment of \$17.3 million in Wellington Financial and 194,876 CIBC common shares as a result of CIBC acquiring the loan portfolio of Wellington Fund V and certain assets of the general partner of Wellington Fund V. The CIBC common shares were restricted for sale subject to certain conditions until January 7, 2020. In conjunction with the lifting of the sales restriction in January 2020, the CIBC common shares were reclassified as marketable securities and included as temporary investments on the Consolidated Statement of Financial Position.

During fiscal 2020, Clairvest received distributions totalling \$2.1 million (2019 – \$0.1 million) from Wellington Financial. As at March 31, 2020, Clairvest had received distributions totalling \$57.9 million (2019 – \$55.8 million) from Wellington Financial.

Gaming

As at March 31, 2020 and 2019, the Company has an investment in Grey Eagle Casino, which is located on the Tsuu T'ina First Nation reserve lands, southwest of the City of Calgary, Alberta. As at March 31, 2020 and 2019, Clairvest held units of a limited partnership which operates Grey Eagle Casino, entitling Clairvest to between 2.8% and 9.6% of the earnings of the casino until December 18, 2022. Additionally, CEP is entitled to between 8.5% and 28.7% of the earnings of the Grey Eagle Casino until December 18, 2022. As described previously, 2486303 Ontario and Clairvest collectively hold a 100% interest in CEP.

During fiscal 2020, Clairvest earned \$31 thousand (2019 – \$0.5 million) and CEP earned \$0.1 million (2019 – \$1.6 million) in equity distributions from Grey Eagle Casino.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

The following tables summarize, by industry concentration, the net investment gain or loss on investee companies for the years ended March 31, 2020 and 2019. The net investment gain or loss is inclusive of the impact on the foreign exchange hedging activities related to these investments.

Net investment gain (loss), by industry concentration

Year ended March 31, 2020 (\$000's)	Net realized gains (losses)	Net unrealized gains (losses)	Foreign exchange gain (loss) ⁽¹⁾	Total
Dental services	—	—	(26)	(26)
Equipment rental	—	(6,974)	(564)	(7,538)
Financial services	—	2,871	—	2,871
Gaming	6,812	9,419	(9,639)	6,592
Information Technology	—	1,223	(41)	1,182
Marketing Services	—	(2,987)	(12)	(2,999)
Renewable energy	—	—	(106)	(106)
Specialty aviation and defence services	551	23,279	—	23,830
Waste management	30,837	2,579	(412)	33,004
Other investments	—	1,628	(26)	1,602
Net investment gain (loss) on investee companies	\$ 38,200	31,038	(10,826)	58,412

⁽¹⁾ Inclusive of foreign exchange hedging activities

Year ended March 31, 2019 (\$000's)	Net realized gains (losses)	Net unrealized gains (losses)	Foreign exchange gain (loss) ⁽¹⁾	Total
Financial services	—	(2,418)	—	(2,418)
Gaming	49,859	29,602	(3,811)	75,650
Information Technology	—	—	(19)	(19)
Marketing Services	—	7,914	71	7,985
Renewable energy	—	—	(64)	(64)
Specialty aviation and defence services	21,097	11,725	154	32,976
Waste management	434	5,282	(672)	5,044
Other investments	—	—	(40)	(40)
Net investment gain (loss) on investee companies	\$ 71,390	\$ 52,105	\$ (4,381)	\$ 119,114

⁽¹⁾ Inclusive of foreign exchange hedging activities

The Company and its acquisition entities entered into foreign exchange forward contracts as economic hedges against the fair value of its foreign currency-denominated investments and loans in accordance with its foreign exchange hedging policy as approved by the Board of Directors. During fiscal 2020, the net impact of foreign exchange on the investee companies included a \$5.9 million loss (2019 – \$2.4 million) on Chilean Pesos denominated investment, a \$3.2 million loss (2019 – \$0.7 million gain) on U.S. Dollar denominated investments, a \$1.5 million loss (2019 – \$2.7 million) on Indian Rupee denominated investment, and a \$0.2 million loss (2019 – nil) on British Pound denominated investment.

6. GENERAL PARTNER PRIORITY DISTRIBUTIONS AND MANAGEMENT FEES

Clairvest derives revenue from its investment management services for the CEP Funds in the form of general partner priority distributions or management fees. The priority distributions and management fees are charged as a percentage of committed capital on the most recent CEP Fund and of invested capital less write-downs on the other CEP Funds. The priority distributions and management fees received by Clairvest are reduced proportionately by fees earned by Clairvest

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

from corporate investments of the CEP Funds and other amounts as provided in the respective Limited Partnership Agreements.

During fiscal 2020, Clairvest completed the fundraising of Clairvest Equity Partners VI, a new private equity investment pool which comprised a US\$230.0 million co-investment commitment from Clairvest through CEP VI Co-Invest (see *note 10(d)*), and US\$620.0 million of commitments from third-party investors through CEP VI, CEP VI-A and CEP VI-B. Clairvest Equity Partners VI is the successor fund to Clairvest Equity Partners V. The General Partner of CEP V delivered a notice to CEP V pursuant to its Limited Partnership Agreement which terminated the Commitment Period of CEP V effective February 28, 2020. Accordingly, general partner priority distributions and management fees on Clairvest Equity Partners VI commenced March 1, 2020.

For the year ended March 31, 2020 and 2019, general partner priority distributions and management fees from the CEP Funds were as follows:

Priority Distributions

\$000's	2020	2019
CEP III	\$ 370	\$ 525
CEP IV	1,235	1,776
CEP V	4,957	5,223
CEP V India	629	640
CEP VI	400	—
	\$ 7,591	\$ 8,164

Management Fees

\$000's	2020	2019
CEP IV-A	\$ 195	\$ 291
CEP V-A	914	968
CEP VI-A	560	—
CEP VI-B	356	—
	\$ 2,025	\$ 1,259

7. CARRIED INTEREST AND MANAGEMENT PARTICIPATION

As governed by the respective CEP Fund Limited Partnership Agreements, certain Clairvest consolidated subsidiaries and acquisition entities are entitled to participate in distributions equal to 20% of all net gains (“carried interest”), which is subject to the respective investors of each CEP Fund achieving a minimum net return on their investment. On Clairvest Equity Partners VI, the carried interest increases from 20% to 25% once their investors achieve a net return of two times their aggregate capital contributions.

Clairvest is entitled to 50% of the carried interest realized in each CEP Fund and Clairvest management is entitled to the other 50% of the carried interest through their limited partnership interests in the various MIP partnerships. Clairvest management is also entitled to an 8.25% carried interest from the various CEP Co-Invest partnerships as governed by their respective Limited Partnership Agreements. Clairvest management is required to purchase limited partnership units of the various MIP partnerships at fair market value.

As described in *note 2(k)*, Clairvest records the carried interest from Clairvest Equity Partners III and IV and records an expense and a liability on that portion of the carried interest which is payable to Clairvest management. In accordance with IFRS 10, the carried interest from Clairvest Equity Partners V and VI and the corresponding management participation has been included in net investment gain as described in *note 4*.

Carried interest from Clairvest Equity Partners III and IV for fiscal 2020 and 2019 comprised the following:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

\$000's	2020	2019
Realized carried interest	\$ 34,690	\$ 119,107
Net change in unrealized carried interest	(12,075)	(71,416)
	\$ 22,615	\$ 47,691

The following tables detail the carried interest received from Clairvest Equity Partners III and IV and management participation paid for fiscal 2020 and 2019 and the corresponding receivable and payable balances as at the respective balance sheet dates:

\$000's	Realized carried interest		Unrealized carried interest	
	Received during fiscal		As at March 31	
	2020	2019	2020	2019
CEP	\$ 24	\$ 350	\$ 515	\$ 1,333
CEP III	960	—	7,971	11,969
CEP IV	28,950	94,731	30,927	37,112
CEP IV-A	4,756	17,093	4,996	6,070
Co-Investors	—	6,933	—	—
	\$ 34,690	\$ 119,107	\$ 44,409	\$ 56,484

\$000's	Management participation		Management Participation	
	Paid during fiscal		Payable as at March 31	
	2020	2019	2020	2019
CEP III	480	—	3,986	5,985
CEP IV	14,475	47,366	15,463	18,556
CEP IV-A	2,378	8,547	2,498	3,035
CEP III Co-Invest	470	—	3,233	4,889
CEP IV Co-Invest	5,128	22,630	8,935	9,008
CEP V Co-Invest ⁽¹⁾	—	—	—	1,126
Co-Investors	—	3,600	—	—
	\$ 22,931	\$ 82,143	\$ 34,115	\$ 42,599

⁽¹⁾ Effective November 22, 2019, management participation from CEP V Co-Invest were accounted for in accordance with note 2(k).

During fiscal 2020, no carried interest was received from Clairvest Equity Partners V and VI and no management participation payments were made by Clairvest related to Clairvest Equity Partners V and VI. The following tables detail the carried interest receivable from Clairvest Equity Partners V and VI and management participation payable balances, as at the respective balance sheet dates, which have been included in corporate investments:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

Unrealized Carried Interest \$000's	As at March 31	
	2020	2019
CEP V and CEP V India	\$ 11,090	\$ —
CEP V-A	3,363	—
	\$ 14,453	\$ —

Management Participation \$000's	As at March 31	
	2020	2019
CEP V and CEP V India	\$ 5,546	\$ —
CEP V-A	1,681	—
CEP V Co-Invest ⁽¹⁾	3,666	—
	\$ 10,893	\$ —

⁽¹⁾ Prior to November 22, 2019, management participation from CEP V Co-Invest were accounted for in accordance with note 2(k).

8. FIXED ASSETS

The composition of Clairvest's fixed assets was as follows:

	Aircrafts ⁽¹⁾	IT equipment	Furniture, fixtures and equipment	Leasehold improvements	Right-of-use asset ⁽²⁾	Total
At cost						
Balance as at April 1, 2019	\$ 9,528	\$ 16	\$ 295	\$ 708	\$ 4,175	\$ 14,722
Additions	66	—	1	—	—	67
Disposals	(3,603)	—	—	—	—	(3,603)
Balance as at March 31, 2020	\$ 5,991	\$ 16	\$ 296	\$ 708	\$ 4,175	\$ 11,186
Accumulated amortization						
Balance as at April 1, 2019	\$ 3,367	\$ 15	\$ 230	\$ 366	\$ —	\$ 3,978
Amortization expense	594	1	25	182	414	1,216
Disposals	(3,070)	—	—	—	—	(3,070)
Balance as at March 31, 2020	\$ 891	\$ 16	\$ 255	\$ 548	\$ 414	\$ 2,124
Carrying amount as at March 31, 2020	\$ 5,100	\$ —	\$ 41	\$ 160	\$ 3,761	\$ 9,062
At cost						
Balance as at April 1, 2018	\$ 3,603	\$ 16	\$ 280	\$ 708	\$ —	\$ 4,607
Additions	5,925	—	15	—	—	5,940
Balance as at March 31, 2019	\$ 9,528	\$ 16	\$ 295	\$ 708	\$ —	\$ 10,547
Accumulated amortization						
Balance as at April 1, 2018	\$ 2,715	\$ 11	\$ 203	\$ 182	\$ —	\$ 3,111
Amortization expense	652	4	27	184	—	867
Balance as at March 31, 2019	\$ 3,367	\$ 15	\$ 230	\$ 366	\$ —	\$ 3,978
Carrying amount as at March 31, 2019	\$ 6,161	\$ 1	\$ 65	\$ 342	\$ —	\$ 6,569

(1) A corresponding payable equal to 50% of the net book value of the aircrafts had been recorded to reflect the ownership interest of the related parties.

(2) As a result of adopting *IFRS 16: Leases*, Clairvest included an accrued liability resulting from future minimum annual lease payments for the use of office space. \$0.6 million is due within one year, \$2.5 million due after one year but no more than five years, and \$1.4 million due after five years. Refer to *note 16(f)* for further details.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

9. CREDIT FACILITIES

As at March 31, 2020 and 2019, Clairvest maintained a \$100.0 million revolving credit facility which is participated in by several Schedule 1 Canadian chartered banks. The credit facility, which has a current expiry of December 2024 (2019 – December 2023) and is eligible for a one-year extension on each anniversary date, bears interest at the prime rate plus 1.25% per annum on drawn amounts and a standby fee of 0.70% per annum on undrawn amounts. The prime rate as at March 31, 2020 was 2.45% (2019 – 3.95%) per annum. The amount available under the credit facility as at March 31, 2020 and 2019 was \$100.0 million. No amounts had been drawn on the facility during fiscal 2020 and 2019 and as at March 31, 2020 and 2019.

10. RELATED PARTY DISCLOSURES

Investments in acquisition entities and investment-related transactions with acquisition entities are further described in note 5.

- (a) CEP III Co-Invest, an investment vehicle established in fiscal 2007, has committed to co-invest alongside CEP III in all investments undertaken by CEP III. CEP III Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

CEP III Co-Invest's co-investment commitment is \$75.0 million, \$15.2 million (March 2019 – \$15.2 million) of which remained unfunded as at March 31, 2020. CEP III Co-Invest is capitalized by three limited partners, Clairvest, 2141788 Ontario and MIP III. In accordance with the co-investment agreement, the proportion of the commitment amongst its three limited partners is at their own discretion. As at March 31, 2020, MIP III had invested \$1.1 million in CEP III Co-Invest. Clairvest, as the general partner of MIP III, is entitled to participate in distributions equal to the realizable value on the \$1.1 million invested by MIP III in CEP III Co-Invest. During fiscal 2020, MIP III distributed \$78 thousand (2019 – nil) to Clairvest. As at March 31, 2020, \$2.4 million (2019 – \$2.3 million) had been received by Clairvest.

- (b) CEP IV Co-Invest, an investment vehicle established in fiscal 2010, has committed to co-invest alongside CEP IV and CEP IV-A in all investments undertaken by CEP IV and CEP IV-A. CEP IV Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV and CEP IV-A if it concurrently sells a proportionately number of securities of that corporate investment held by CEP IV and CEP IV-A.

CEP IV Co-Invest's co-investment commitment is \$125.0 million, \$11.7 million (2019 – \$12.7 million) of which remained unfunded as at March 31, 2020. CEP IV Co-Invest is capitalized by two limited partners, Clairvest and MIP IV. In accordance with the co-investment agreement, the proportion of the commitment amongst its two limited partners is at their own discretion. As at March 31, 2020, MIP IV had invested \$1.6 million in CEP IV Co-Invest. Clairvest, as the general partner of MIP IV, is entitled to participate in distributions equal to the realizable value on the \$1.6 million invested by MIP IV in CEP IV Co-Invest. During fiscal 2020, MIP IV distributed \$0.8 million (2019 – \$5.4 million) to Clairvest. As at March 31, 2020, \$6.2 million (2020 – \$5.4 million) had been received by Clairvest.

- (c) CEP V Co-Invest, an investment vehicle established in fiscal 2015, has committed to co-invest alongside CEP V, CEP V India and CEP V-A in all investments undertaken by CEP V, CEP V India CEP V-A. CEP V Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP V, CEP V India and CEP V-A if it concurrently sells a proportionately number of securities of that corporate investment held by CEP V, CEP V India and CEP V-A.

CEP V Co-Invest's co-investment commitment is \$180.0 million, \$45.0 million (2019 – \$85.7 million) of which remained unfunded as at March 31, 2020. CEP V Co-Invest is capitalized by four limited partners, Clairvest, 2141788 Ontario, Clairvest GP V and MIP V. In accordance with the co-investment agreement, the proportion of the commitment amongst its four limited partners is at their own discretion. Clairvest, as the general partner of Clairvest GP V and MIP V, is entitled to participate in distributions equal to the realizable value on the amounts invested by Clairvest GP V and MIP V in CEP V Co-Invest. As at March 31, 2020, Clairvest GP V and MIP V had invested \$7.5 million and 2.4 million, respectively, in CEP V Co-Invest. No distribution was made from Clairvest GP V and MIP V to Clairvest

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

during fiscal 2020. As at March 31, 2020, Clairvest had received no distributions from Clairvest GP V and \$9 thousand (2019 – \$9 thousand) from MIP V.

- (d) CEP VI Co-Invest, an investment vehicle established in fiscal 2020, has committed to co-invest alongside CEP VI, CEP VI-A and CEP VI-B in all investments undertaken by CEP VI, CEP VI-A and CEP VI-B. CEP VI Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP VI, CEP VI-A and CEP VI-B if it concurrently sells a proportionately number of securities of that corporate investment held by CEP VI, CEP VI-A and CEP VI-B.

CEP VI Co-Invest's co-investment commitment is US\$230.0 million (C\$323.3 million), all of which remained unfunded as at March 31, 2020. CEP VI Co-Invest is capitalized by three limited partners, Clairvest, Clairvest SLP VI and MIP VI. In accordance with the co-investment agreement, the proportion of the commitment amongst its three limited partners is at their own discretion. Clairvest, as the general partner of Clairvest SLP VI and MIP VI, is entitled to participate in distributions equal to the realizable value on the amounts invested by MIP VI in CEP VI Co-Invest. As at March 31, 2020, no investments had been made by Clairvest, Clairvest SLP VI and MIP VI into CEP VI Co-Invest.

- (e) Changes in loans receivable for the years ended March 31, 2020 and 2019 were as follows:

	April 1, 2019	Net loan advanced (repaid)	March 31, 2020
CEP V ⁽¹⁾	\$ 658	\$ (285)	\$ 373
CEP V-A ⁽¹⁾	125	(125)	—
CEP VI ⁽¹⁾	—	3,491	3,491
CEP VI-A ⁽¹⁾	—	4,885	4,885
CEP VI-B ⁽¹⁾	—	3,106	3,106
CEP V Co-Invest ⁽²⁾	—	190	190
CEP VI Co-Invest ⁽²⁾	—	4,259	4,259
2486303 Ontario ⁽³⁾	8,759	(5,000)	3,759
	9,542	10,521	20,063
Other	185	(185)	—
	\$ 9,727	\$ 10,336	\$ 20,063

	April 1, 2018	Net loan advanced (repaid)	March 31, 2019
CEP V ⁽¹⁾	\$ 794	\$ (136)	\$ 658
CEP V-A ⁽¹⁾	151	(26)	125
CEP IV Co-Invest ⁽²⁾	2,700	(2,700)	—
CEP V Co-Invest ⁽²⁾	405	(405)	—
2486303 Ontario ⁽³⁾	9,551	(792)	8,759
	13,601	(4,059)	9,542
Other	—	185	185
	\$ 13,601	\$ (3,874)	\$ 9,727

(1) Loans advanced to CEP IV, CEP IV-A, CEP V, CEP V India, CEP V-A, CEP VI, CEP VI-A and CEP VI-B bear interest at the reference rate in accordance with the respective Limited Partnership Agreements. Interest of \$0.8 million (2019 – \$0.5 million) was earned from loans advanced to these counterparties during fiscal 2020.

(2) Loans advanced to these acquisition entities are non-interest bearing.

(3) Loans advanced to 2486303 Ontario bear interest at 10.0% per annum. Interest of \$0.6 million (2019 – \$0.9 million) was earned from these loans during fiscal 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

(f) Accounts receivable and other assets comprised the following:

	March 31, 2020	March 31, 2019
Clairvest's investee companies	\$ 2,948	\$ 1,213
CEP III	275	430
CEP IV	37	86
CEP IV-A	27	39
CEP V	3,680	6,315
CEP V India	1,563	839
CEP V-A	4,574	4,591
CEP VI	3,509	—
CEP VI-A	4,832	—
CEP VI-B	3,073	—
	24,518	13,513
Other accounts receivable and prepaid expenses	6,494	3,052
Share purchase loans	2,683	3,304
	\$ 33,695	\$ 19,869

Included in accounts receivable and other assets as at March 31, 2020 were share purchase loans made to certain employees of the Company totalling \$2.7 million (2019 – \$3.3 million). The share purchase loans bear interest which is paid annually, have full recourse and are collateralized by the common shares of the Company purchased by the employees with a market value of \$3.3 million (2019 – \$6.4 million) as at March 31, 2020. None of these loans were made to key management. Interest of \$63 thousand (2019 – \$66 thousand) was earned on these loans during the year.

Additionally, acquisition entities of the Company which were not consolidated by the Company as described in *note 5* held receivables from CEP V-A totalling \$1.3 million (2019 – \$5 thousand). As at March 31, 2019, these acquisition entities held receivable from CEP IV totalling \$31 thousand, from CEP V totalling \$25 thousand and from Clairvest's investee companies totalling \$0.4 million, all of which were repaid during fiscal 2020.

- (g) During fiscal 2020, Clairvest earned \$2.1 million (2019 – \$1.0 million) in distributions and interest income, \$1.2 million (2019 – \$1.1 million) in dividend income and \$1.5 million (2019 – \$1.3 million) in advisory and other fees from its investee companies. Additionally, acquisition entities of the Company which were not consolidated by the Company as described in *note 5* earned \$8.8 million (2019 – \$18.9 million) in distributions and interest income and \$6.4 million (2019 – \$1.4 million) in dividend income. These acquisition entities did not receive any advisory or other fees from its investee companies (2019 – \$0.6 million).
- (h) Clairvest and a related party of Clairvest, through a limited partnership, owns an aircraft that is available for use by both parties. Clairvest and the related party each hold a 50% limited partnership interest. As Clairvest, through a wholly-owned subsidiary, is the general partner of the limited partnership, Clairvest had recognized 100% of the net book value of the aircraft and a liability for the 50% ownership held by the related party. The cost of the aircraft had been included in fixed assets and the liability in accounts payable and accrued liabilities.

11. INCOME TAXES

Income tax expense for the years ended March 31, 2020 and 2019 comprised the following:

	2020	2019
Current income tax expense	\$ 1,849	\$ 38,801
Deferred income tax expense (recovery)	7,937	(20,165)
	\$ 9,786	\$ 18,636

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

A reconciliation of the income tax expense for the years ended March 31, 2020 and 2019 based on the Federal and Ontario statutory rate and the effective rate was as follows:

	2020		2019	
	\$	%	\$	%
Income before income taxes	79,284		137,878	
Statutory Federal and Ontario income tax rate		26.50		26.50
Statutory Federal and Ontario income taxes	21,010	26.50	36,538	26.50
Non-taxable portion of net investment gains and distributions	(7,482)	(9.44)	(13,214)	(9.58)
Non-taxable portion of carried interest net of management participation	(2,255)	(2.84)	(7,098)	(5.15)
Non-deductible portion of other expenses	(600)	(0.76)	898	0.65
Foreign income tax rate differences	(154)	(0.19)	220	0.16
Tax recoveries and loss carryforwards	(792)	(1.00)	126	0.09
Other	59	0.07	1,166	0.85
	9,786	12.34	18,636	13.52

In addition to the income tax expense recorded by Clairvest, acquisition entities of Clairvest recorded an income tax expense recovery of \$4.3 million (2019 – expense of \$3.6 million) during fiscal 2020, which had been included in the fair value determination of these acquisition entities.

Net deferred income tax liabilities relate to temporary differences on corporate and temporary investments, derivative instruments, accounts payable and accrued liabilities, income, and unrealized carried interest income. The composition was as follows:

	March 31, 2020	March 31, 2019
Temporary differences on corporate and temporary investments	\$ 17,417	\$ 6,690
Temporary differences on derivative instruments	11	—
Temporary differences on accrued compensation and share-based compensation	(8,931)	(7,905)
Temporary differences on income	(1,427)	489
Temporary differences on unrealized carried interest net of management participation	2,096	2,085
Other	2,550	2,420
	\$ 11,716	\$ 3,779

All deferred income tax expenses (recoveries) were recognized in net income during fiscal 2020 and 2019.

12. SHARE CAPITAL

Authorized

Unlimited number of preference shares issuable in series, with the designation, rights, privileges, restrictions, and conditions to be determined by the Board of Directors prior to the issue of the first shares of a series.

Unlimited number of common shares

10,000,000 non-voting shares (Series 1)

1,000,000 non-voting shares (Series 2)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

Issued and outstanding	March 31, 2020		March 31, 2019	
	Shares	Amount	Shares	Amount
Common shares, beginning of year	15,136,495	\$ 81,245	15,162,995	\$ 81,388
Purchased and cancelled under normal course issuer bid	(61,194)	(328)	(26,500)	(143)
Common shares, end of year	15,075,301	\$ 80,917	15,136,495	\$ 81,245

In March 2020, the Company filed a normal course issuer bid enabling it to make market purchases of up to 759,984 (2019 – 760,747) of its common shares in the 12-month period ending March 6, 2021. During fiscal 2020, the Company purchased and cancelled 16,900 common shares under the current normal course issuer bid and purchased and cancelled 44,294 common shares under a previous normal course issuer bid for an aggregate cost of \$3.0 million.

Common shares of 15,075,301 (2019 – 15,136,495) were outstanding as at March 31, 2020. The weighted average number of common shares outstanding during fiscal 2020 was 15,110,507 (2019 – 15,151,018).

The basic and fully diluted net income per share computations for 2020 and 2019 were as follows:

	2020			2019		
	Net income and comprehensive income (000s)	Weighted average number of shares	Per share amount	Net income and comprehensive income (000s)	Weighted average number of shares	Per share amount
Basic and fully diluted	\$ 69,498	15,110,507	4.60	\$ 119,242	15,151,018	7.87

No Series 1 or Series 2 Shares had been issued as at March 31, 2020 and 2019.

13. SHARE-BASED COMPENSATION

The Company has a stock option plan (the "Legacy Option Plan") in place which had no options outstanding as at March 31, 2020 and 2019. As at March 31, 2020 and 2019, 558,856 options under the Legacy Option Plan are available for future grants and 558,856 common shares of the Company have been made available for issuance to eligible participants.

Options granted under the stock option plan (the "Non-Voting Option Plan") are exercisable for Series 2 Shares, which are non-voting and have a two times preference over the common shares. The Non-Voting Option Plan has a cash settlement feature. Options granted under this plan vest at a rate of one-fifth of the grant at the end of each year over a five-year period. During fiscal 2020, Clairvest granted 106,667 (2019 – 49,487) options under the Non-Voting Option Plan. None of the options were exercised or forfeited during fiscal 2020 and 2019. As at March 31, 2020, 518,758 (2019 – 412,091) options were outstanding, 193,685 (2019 – 111,269) of which had vested.

Clairvest recognized stock-based compensation expense based upon the fair value of the outstanding stock options as at March 31, 2020 using the Black-Scholes option pricing model with the following assumptions:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

As at March 31, 2020

Year of grant	2019	2018	2017	2016
Number of options granted	106,667	49,487	168,829	193,775
Price (\$) ⁽¹⁾	95.95	92.51	70.39	54.97
Black-Scholes assumptions used				
Expected volatility	20%	20%	20%	20%
Expected forfeiture rate	5%	5%	5%	5%
Expected dividend yield	1.00%	1.00%	1.00%	1.00%
Risk-free interest rate	2.00%	1.93%	1.92%	1.94%
Expected life (years)	4.25	3.25	2.25	1.25
Value using Black-Scholes (000s)⁽²⁾	\$ 348	\$ 261	\$ 2,287	\$ 4,996

(1) Based on two times the five-day weighted average closing price of Clairvest common shares at date of grant and is adjusted for special dividends paid by the Company.

(2) Share price for a Clairvest common share as at March 31, 2020 was \$43.00 (TSX: CVG).

During fiscal 2020, Clairvest recognized a share-based compensation expense recovery of \$1.0 million (2019 – expense of \$3.4 million) with respect to the Non-Voting Option Plan, as the price of a Clairvest common share decreased during fiscal 2020.

The Company has an EDSU plan which provides, among other things, that participants may elect annually to receive all or a portion of their annual bonus amounts that would otherwise be payable in cash in the form of EDSUs. EDSUs may be redeemed for cash or for common shares of the Company in accordance with the terms of the plan. Clairvest is required to reserve one common share for each EDSU issued under the EDSU Plan. The maximum number of Clairvest common shares reserved for the EDSU Plan is 200,000, which represented approximately 1.3% of the outstanding number of common shares as at March 31, 2020. During fiscal 2020, 29,047 (2019 – 27,893) EDSUs were issued based on the terms and conditions of the EDSU Plan. As at March 31, 2020, a total of 107,496 (2019 – 78,449) EDSUs were outstanding, the accrual in respect of which was \$4.5 million (2019 – \$3.7 million) had been included in share-based compensation liability. During fiscal 2020, Clairvest recognized an expense recovery of \$0.6 million (2019 – expense of \$0.1 million) with respect to EDSUs, as the price of a Clairvest common share decreased during fiscal 2020.

As at March 31, 2020, a total of 422,584 (2019 – 595,948) BVARs were outstanding, the accrual in respect of which was \$11.5 million (2019 – \$11.4 million) and had been included in share-based compensation liability, and an additional \$5.6 million (2019 – \$7.2 million) not accrued as those BVARs had not vested. During fiscal 2020, 4,082 (2019 – 32,012) BVARs were granted and 177,446 (2019 – 120,984) BVARs were exercised. For the year ended March 31, 2020, Clairvest recognized an expense of \$7.4 million (2019 – \$6.8 million) with respect to BVARs.

Compensation paid and payable to key management

In addition to the directors, key management at Clairvest are the Chief Executive Officer ("CEO"), the Vice Chairman and the President. The CEO and the President are entitled to annual discretionary cash bonuses of up to 175% of their individual annual salary based on individual performance. The Vice Chairman is entitled to annual discretionary cash bonuses of up to 100% of annual salary based on individual performance. There is also an annual objective cash bonus which is based on Clairvest's Incentive Bonus Program as described in *note 16(b)*, the stock option plans, the BVAR Plan and the EDSU Plan. Aggregate compensation paid for the years ended March 31 to the CEO, the Vice Chairman, and the President was as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

	2020	2019
Paid		
Salaries	\$ 912	\$ 836
Annual incentive plans ⁽¹⁾	4,422	1,417
Book value appreciation rights	2,923	1,821
	\$ 8,257	\$ 4,074

(1) Included an aggregate bonus of \$2.9 million paid upon the final closing of the fundraising of CEP VI ("CEP VI bonus"). The total CEP VI bonus paid by the Company to management was \$7.4 million.

Compensation payable to the CEO, the Vice Chairman and the President as at the consolidated statement of financial position dates was as follows:

	March 31, 2020	March 31, 2019
Payable		
Annual incentive plans	\$ 2,464	\$ 5,095
Stock options	2,621	3,028
Book value appreciation rights	7,957	6,193
Employee deferred share units	1,204	1,069
	\$ 14,246	\$ 15,385

As at March 31, 2020, 266,673 (2019 – 257,573) DSUs were held by directors of the Company, the accrual in respect of which was \$12.0 million (2019 – \$12.7 million) and had been included in share-based compensation liability. During fiscal 2020, 9,100 (2019 – 9,766) DSUs were granted. For the year ended March 31, 2020, Clairvest recognized an expense recovery of \$0.7 million (2019 – expense of \$1.1 million) with respect to DSUs, as the price of a Clairvest common share decreased during fiscal 2020.

As at March 31, 2020 and 2019, 120,000 ADSUs were held by directors of the Company, the accrual in respect of which is \$3.1 million (2019 – \$3.6 million) and had been included in share-based compensation liability. For the year ended March 31, 2020, Clairvest recognized an expense recovery of \$0.5 million (2019 – expense of \$0.3 million) with respect to ADSUs, as the price of a Clairvest common share decreased during fiscal 2020.

During fiscal 2020, no compensation was paid to directors under the BVAR, DSU or ADSU plans (2019 – nil). In addition to the DSU and ADSU plans previously discussed, compensation payable to the directors of Clairvest included \$0.8 million (2019 – \$0.9 million) under the Non-Voting Option Plan.

14. CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash working capital balances related to operations was as follows:

	2020	2019
Accounts receivable and other assets	\$ (13,826)	\$ 8,533
Income taxes recoverable	(8,000)	394
Accounts payable and accrued liabilities	(2,866)	6,878
Income taxes payable	(20,333)	16,651
Accrued compensation expense	(4,684)	1,358
	\$ (49,709)	\$ 33,814

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

Cash and cash equivalents as at March 31, 2020 and 2019 comprised the following:

	March 31, 2020	March 31, 2019
Cash	\$ 246,621	\$ 262,286
Cash equivalents	26,317	26,636
	\$ 272,938	\$ 288,922

15. DERIVATIVE INSTRUMENTS

The Company and its acquisition entities entered into foreign exchange forward contracts as economic hedges against the fair value of its foreign currency-denominated investments and loans in accordance with its foreign exchange hedging policy. During fiscal 2020, the Company paid \$1.0 million (2019 – \$8 thousand) on the settlement of realized foreign exchange forward contracts.

As at March 31, 2020, the Company had an unexpired foreign exchange forward contract to sell US\$11.2 million (2019 – nil) at an average rate of C\$1.4141 per U.S. dollar (2019 – nil) through to April 2020. The fair value of the forward contract as at March 31, 2020 was a gain of \$0.1 million (2019 – nil).

The fair value of foreign exchange forward contracts entered into by the Company's acquisition entities to hedge against foreign-denominated investee companies had been included in the fair value of Clairvest's investment in these acquisition entities on the consolidated statements of financial position. The net impact of foreign exchange on the investee companies are described in *note 5 and 17* under *Currency Risk*.

No collateral was funded to the counterparties for Clairvest's foreign exchange forward contracts and those of its acquisition entities as at March 31, 2020 and 2019.

16. CONTINGENCIES, COMMITMENTS AND GUARANTEES

(a) Clairvest has committed a total of \$55.5 million (2019 – \$55.5 million) in the Wellington Funds, all of which was unfunded as at March 31, 2020 and 2019. As a result of the sale of Wellington Financial to CIBC in January 2018, the Wellington Funds are in the process of being wound up and may no longer invest in new investments.

(b) Under Clairvest's Bonus Program, a bonus of 10% of after-tax cash income and realizations on certain of Clairvest's corporate investments would be paid to management annually as applicable (the "Realized Amount"). As at March 31, 2020, the Realized Amount under the Bonus Program was \$2.3 million (2019 – \$7.0 million) and had been accrued under accrued compensation expense liability.

In accordance with IFRS, Clairvest is also required to record a liability equal to a bonus of 10% of the after-tax cash income and realizations which are applicable, but which have yet to be realized. Accordingly, Clairvest recorded a \$2.3 million (2019 – \$2.8 million) accrued compensation expense liability that would only be payable to management when the corresponding realization events have occurred. The Bonus Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest, CEP IV Co-Invest, CEP V Co-Invest and CEP VI Co-Invest.

(c) In conjunction with the sale of Casino New Brunswick, Clairvest provided a guarantee which as at March 31, 2020 was \$1.6 million (2019 – \$1.8 million) to fund any valid claims made by the purchaser under the indemnity provisions of the sale for a specified period of time. Any funding pursuant to the guarantee will be allocated 25% to CEP III Co-Invest and 75% to CEP III. As at March 31, 2020 and 2019, no amounts with respect to this guarantee have been funded.

(d) As part of the holding structure of Chilean Gaming Holdings, acquisition entities of CEP III Co-Invest had loans totalling \$39.5 million as at March 31, 2019 from an unrelated financial institution, while another acquisition entity of CEP III Co-Invest held term deposits totalling \$39.5 million as at March 31, 2019 with the same financial institution as security for these loans. During fiscal 2020, the deposits were redeemed and used to repay the loan in full.

(e) Clairvest has agreed to guarantee up to US\$2.5 million to support SunSystem Technology's credit facility with its bank. The guarantee is callable by the lender under certain circumstances and should it be called, Clairvest will assume the lender's security position that supports the loans provided by the lender. Clairvest intends to allocate any amounts called under this guarantee to CEP VI Co-Invest, CEP VI, CEP VI-A and CEP VI-B on a pro-rata basis in accordance with

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

their respective capital commitments in the CEP VI Fund. As at March 31, 2020, the total contingent exposure under this guarantee is US\$2.0 million, US\$0.5 million of which would be assumed by CEP VI Co-Invest if called. Any additional guarantee is subject to Clairvest's consent at its sole discretion.

- (f) As at March 31, 2020, the Company had an accrued liability resulting from future minimum annual lease payments for the use of office space. The detail of the lease liability recognized from April 1, 2019 is as follows:

\$000's

Operating lease commitment disclosed as at March 31, 2019	\$	5,144
Discount of future lease payments		(969)
Lease liability recognized as at April 1, 2019		4,175
Payments applied from April 1, 2019 to March 31, 2020		(414)
Lease liability as at March 31, 2020	\$	3,761

⁽¹⁾ As at March 31, 2020, the incremental borrowing rate was prime plus 1.25% per annum (April 1, 2019 - Prime plus 1.25%)

- (g) In connection with its normal business operations, the Company is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any material loss in connection with such actions.

17. RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of risk factors.

Fair value risk

Fair value risk includes exposure to fluctuations in the fair market value of the Company's investments as described in note 18.

The Company's corporate investment portfolio was diversified across 17 investee companies in 10 industries and 5 countries as at March 31, 2020. Concentration risk by industry and by country as at March 31, 2020 and 2019 was as follows:

	March 31, 2020				March 31, 2019			
	Canada	United States	International ⁽¹⁾	Total	Canada	United States	International ⁽¹⁾	Total
Dental services	\$ —	\$ 16,636	\$ —	\$ 16,636	\$ —	\$ —	\$ —	\$ —
Equipment rental	—	7,102	—	7,102	—	—	—	—
Financial services	3,009	—	—	3,009	22,634	—	—	22,634
Gaming	2,914	72,594	110,976	186,484	17,323	54,591	105,405	177,319
Information technology	—	8,602	—	8,602	—	7,016	—	7,016
Marketing services	—	7,471	—	7,471	—	10,055	—	10,055
Renewable energy	—	18,523	—	18,523	—	12,463	—	12,463
Residential services	6,375	—	—	6,375	6,375	—	—	6,375
Specialty aviation and defence services	81,016	—	—	81,016	56,687	—	—	56,687
Waste management	—	27,117	—	27,117	—	43,390	—	43,390
Other investments	50	5,207	—	5,257	355	3,254	—	3,609
Total	\$ 93,364	\$ 163,252	\$ 110,976	\$ 367,592	\$ 103,374	\$ 130,769	\$ 105,405	\$ 339,548

⁽¹⁾ Includes investments in Chile, India and the UK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

The Company has considered current economic events and indicators, including an estimate on the impact of COVID-19, in the valuation of its investee companies.

Interest rate risk

Fluctuations in interest rates affect the Company's income derived from its cash, cash equivalents and temporary investments ("treasury funds"). For financial instruments which yield a floating interest rate, the income received is directly impacted by the prevailing interest rate. The fair value of financial instruments which yield a fixed interest rate would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on its treasury funds by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

As at March 31, 2020, \$270.9 million (2019 - \$285.9 million) of the Company's treasury funds are held in accounts which pay interest commensurate with prime rate changes, and \$127.4 million (2019 - \$126.2 million) of the Company's treasury funds are in guaranteed investment certificates with an average remaining duration of 0.6 years (2019 – 0.7 years). If interest rates were higher or lower by 1% per annum, and assuming the renewal rates of these guaranteed investment certificates commensurate with prime rate changes, the potential effect would have been an increase of \$4.0 million (2019 – \$4.4 million) per annum or decrease of \$4.0 million (2019 – \$4.3 million) per annum to distributions and interest income on a pre-tax basis.

Certain of the Company's investments in the investee companies are also held in the form of debentures and loans. Significant fluctuations in market interest rates can have a significant impact on the carrying value of these investments as described in *note 18*.

Currency risk

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States, India, Chile and the United Kingdom. The Company may also advance loans to investee companies which are denominated in foreign currency. In order to limit its exposure to changes in the value of foreign-denominated currencies relative to the Canadian dollar, Clairvest and its acquisition entities, subject to certain exceptions, entered into hedging positions against these foreign-denominated currencies. As at March 31, 2020, the Company foreign exchange exposure with respect to the CLP and with respect to its equity investment in India are unhedged. Significant depreciation in value in these currencies could result in a material impact to the performance of Clairvest's investment portfolio and potentially the carried interest it could earn from the CEP Funds.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact on the profitability of these entities and in turn the Company's carrying value of these investee companies. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Credit risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the years ended March 31, 2020 and 2019, there were no material income effects on changes of credit risk on financial assets. The carrying values of financial assets subject to credit exposure as at March 31, 2020 and 2019, net of any allowances for losses, were as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

	March 31, 2020			March 31, 2019		
	Clairvest	Acquisition entities	Total	Clairvest	Acquisition entities	Total
Financial assets						
Cash and cash equivalents	\$ 272,938	30,070	303,008	\$ 288,922	28,275	317,197
Temporary investments	137,954	26,362	164,316	163,403	19,662	183,065
Accounts receivable ⁽¹⁾	27,863	1,326	29,189	18,264	435	18,699
Loans receivable ⁽²⁾	11,855	540	12,395	968	–	968
Derivative instruments	85	–	85	–	1,619	1,619
Corporate investments ⁽³⁾	–	32,803	32,803	–	38,380	38,380
	\$ 450,695	91,101	541,796	\$ 471,557	88,371	559,928

(1) Account receivable from investee companies or the CEP Funds. Excludes prepaid expenses and other assets.

(2) Loans receivable from investee companies or the CEP Funds.

(3) Comprised debt investments made in investee companies.

The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of its investee companies regularly.

The Company is also subject to credit risk on its accounts receivable and loans receivable, a significant portion of which are with its investee companies and its CEP Funds. The Company manages this risk through its oversight responsibilities with existing investee companies by reviewing their financial conditions regularly, and through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages counterparty credit risk on derivative instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks. As at March 31, 2020, the Company held derivative instruments which had a net mark-to-market gain of \$0.1 million (2019 – nil). Additionally, the Company's acquisition entities held derivative instruments which had a net mark-to-market loss of \$11.4 million (2019 – \$1.6 million). The Company believes the counterparty risk with respect to its acquisition entities' derivative instruments is nominal.

The Company manages credit risk on its treasury funds by conducting activities in accordance with the fixed income securities policy which is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. With respect to the other fixed income securities under temporary investments, the Company reviews the credit quality of the counterparties through underwriting information provided by agents or brokers which are specialized in brokering these investments and in each case the Company's investment in these counterparties represents the most senior security in the counterparty's capital structure. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

The credit ratings, based on the Dominion Bond Rating Services rating scale, with the exception of corporate bonds and loans which are based on Standard & Poor's rating scale, were as follows:

	March 31, 2020			March 31, 2019		
	Clairvest	Acquisition entities	Total	Clairvest	Acquisition entities	Total
Cash	\$ 270,984	29,769	300,753	\$ 287,610	28,115	315,725
Money market savings accounts						
R1-High	389	279	668	283	154	437
R1-Low	235	—	235	—	—	—
Guaranteed investment certificates and investment savings accounts						
AA	122,093	16,195	138,288	107,618	10,465	118,083
A+	—	—	—	102	—	102
A	5,909	—	5,909	18,110	5,790	23,900
A-(¹)	311	—	311	513	406	919
BB+(¹)	—	—	—	102	—	102
BB-(¹)	105	—	105	102	—	102
BBB-(¹)	210	102	312	306	—	306
Not rated(¹)	105	306	411	407	—	407
Corporate bonds						
A+	3,012	—	3,012	2,997	—	2,997
A	—	—	—	3,006	—	3,006
Other fixed income securities						
Not rated(³)	7,539	9,781	17,320	31,169	3,007	34,176
Total cash, cash equivalents and fixed income securities	\$ 410,892	56,432	467,324	\$ 452,325	47,937	500,262

(1) Principal protected by the Canada Deposit Insurance Corporation.

(2) Comprised other fixed income securities as permitted by the Company's treasury policy which in aggregate may not exceed 10% of book value and with no single issue greater than 1.5% of book value.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Financial obligations arising from off-statement of financial position arrangements have been previously discussed. Accounts payable, loans payable, and derivative instruments have maturities of less than one year. Management participation liability, share-based compensation liability, and amounts accrued under the Bonus Program are only due upon cash realization or completion of the respective vesting periods. Total unfunded commitments to co-invest alongside the CEP Funds, as described were \$404.6 million (2019 – \$122.0 million) as at March 31, 2020. The timing of any amounts to be funded under these commitments is dependent upon the timing of investment acquisitions, which are made at the sole discretion of the Company.

The Company manages liquidity risk by maintaining a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests treasury funds in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a \$100.0 million (2019 – \$100.0 million) credit facility which was undrawn as at March 31, 2020.

As at March 31, 2020, Clairvest had treasury funds of \$410.9 million (2019 – \$452.3 million) and access to \$100.0 million (2019 – \$100.0 million) in credit to support its obligations and current and anticipated corporate investments. Clairvest also had access to \$56.4 million (2019 – \$47.9 million) in treasury funds held by its acquisition entities and \$1.0 billion (2019 – \$286.2 million) in uncalled committed third-party capital through the CEP Funds as at March 31, 2020 to invest along with Clairvest's capital.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash, cash equivalents, temporary investments, loans receivable, corporate investments, and derivative instruments are carried at fair value in accordance with the Company's accounting policy as described in *note 2(c)* to the consolidated financial statements. All other financial instruments, including receivables and payables, are short-term in nature.

(a) Fair value hierarchy

The Company classifies financial instruments measured at FVTPL according to the following hierarchy, based on the lowest level of significant input used in measuring fair value.

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted equity instruments Quoted corporate bonds Money market and investment savings accounts
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Quoted equity instruments which are not actively traded (i.e. significant ownership positions) Guaranteed investment certificates Quoted corporate bonds or loans which are not actively traded
Level 3	Inputs that are not based on observable market data	Unquoted equity instruments or partnership units Corporate bonds, debentures or loans not traded

The following table presents the financial instruments measured at fair value classified by the fair value hierarchy:

March 31, 2020				
	Fair value measurements using			Assets/liabilities at fair value
	Level 1	Level 2	Level 3	
Financial assets				
Cash equivalents				
Money market savings accounts	\$ 423	\$ —	\$ —	\$ 423
Investment savings accounts	25,894	—	—	25,894
	26,317	—	—	26,317
Temporary investments				
Guaranteed investment certificates	—	127,403	—	127,403
Corporate bonds	—	3,012	—	3,012
Marketable securities	17,964	—	—	17,964
Other fixed income securities	—	—	7,539	7,539
	17,964	130,415	7,539	155,918
Derivative instruments	—	85	—	85
Corporate investments	—	50,619	349,672	400,291
	\$ 44,281	\$ 181,119	\$ 357,211	\$ 582,611

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

March 31, 2019				
	Fair value measurements using			Assets/liabilities at fair value
	Level 1	Level 2	Level 3	
Financial assets				
Cash equivalents				
Money market savings accounts	\$ 283	\$ —	\$ —	\$ 283
Investment savings accounts	26,354	—	—	26,354
	26,637	—	—	26,637
Temporary investments				
Guaranteed investment certificates	—	126,231	—	126,231
Corporate bonds	—	6,003	—	6,003
Other fixed income securities	—	—	31,169	31,169
	—	132,234	31,169	163,403
Corporate investments	—	19,679	346,600	366,279
	\$ 26,637	\$ 151,913	\$ 377,769	\$ 556,319

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of event.

During fiscal 2020, the Company transferred the fair value pertaining to its investment in CIBC common shares to level 1 from level 2 of the fair value hierarchy as the sale restriction expired. Also during fiscal 2020, the Company transferred the fair value pertaining to its investment in Accel Entertainment to level 2 from level 3 of the fair value hierarchy upon completion of the business combination described in *note 5*.

(b) Level 3: Reconciliation between opening and closing balances

The following table presents the changes in fair value measurements for instruments included in Level 3 of the fair value hierarchy set out in IFRS 13, *Fair Value Measurement*:

	Fair value April 1, 2019	Transfer to (from) level 3	Amount included in earnings	Purchases of assets / issuances of liabilities	Sales of assets / settlements of liabilities	Fair value March 31, 2020
Financial assets						
Other fixed income securities	\$ 31,169	\$ —	\$ (2)	\$ —	\$ (23,628)	\$ 7,539
Corporate investments	346,600	(50,619)	20,154	57,524	(23,987)	349,672
	\$ 377,769	\$ (50,619)	\$ 20,152	\$ 57,524	\$ (47,615)	\$ 357,211

	Fair value April 1, 2018	Transfer to (from) level 3	Amount included in earnings	Purchases of assets / issuances of liabilities	Sales of assets / settlements of liabilities	Fair value March 31, 2019
Financial assets						
Other fixed income securities	\$ 17,305	\$ —	\$ 86	\$ 14,575	\$ (797)	\$ 31,169
Corporate investments	494,994	—	(121,688)	15,104	(41,810)	346,600
	\$ 512,299	\$ —	\$ (121,602)	\$ 29,679	\$ (42,607)	\$ 377,769

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

(c) Level 3: Fair value measurement based on reasonably possible alternative assumptions

While Clairvest considers its fair value measurements to be appropriate, the use of reasonably possible alternative assumptions could result in different fair values. On a given measurement date, it is possible that other market participants could measure a same financial instrument at a different fair value, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments.

Included in corporate investments are investee companies (refer to *note 5*) for which the fair values have been estimated based on assumptions that are not supported by observable inputs. The following tables present quantitative information on the primary valuation techniques and unobservable inputs based on the form of investment:

March 31, 2020	Valuation techniques	Significant unobservable input	Range
Unquoted equity instruments (including warrants) or partnership units	Public company comparables	EBITDA and Earnings multiples	3.9x to 9.2x
	Recent transactions	n/a	n/a
Corporate bonds, debentures or loans not traded or other finite set of cash flows	Discounted cash flows	Discount rates	6.0% to 20.0%

March 31, 2019	Valuation techniques	Significant unobservable input	Range
Unquoted equity instruments (including warrants) or partnership units	Public company comparables	EBITDA and Earnings multiples	3.5x to 9.0x
	Recent transactions	n/a	n/a
Corporate bonds, debentures or loans not traded or other finite set of cash flows	Discounted cash flows	Discount rates	6.0% to 20.0%

The most significant unobservable input for fair value measurement are earnings before interest, taxes, depreciation and amortization ("EBITDA") and the earnings multiple which is applied to the EBITDA in valuing each individual investee company. In determining the appropriate multiple, Clairvest considers (i) public company multiples for companies in the same or similar businesses; (ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and (iii) multiples at which Clairvest invested directly or indirectly in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment, including an estimate of the potential impact of COVID-19. As at March 31, 2020, 10 investee companies were valued using the earnings multiple approach. If the Company had used an earnings multiple for each investee company that was higher or lower by 0.5 times, the potential effect would be an increase of \$18.0 million or decrease of \$16.3 million to the carrying value of corporate investments and net change in unrealized gains or losses on corporate investments, on a pre-tax basis for the year ended March 31, 2020 (2019 – increase of \$16.8 million or decrease of \$16.8 million). Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies. Earnings are based on the last twelve-month EBITDA and if necessary, adjusted for any non-recurring items such as, restructuring expenses and annualized pro-forma adjustments from recently completed acquisitions. Adjustments to EBITDA may also consider forecasted impacts arising from the current economic environment or recent developments of the investee company.

Clairvest may also use information about recent transactions carried out in the market for valuations of private equity investments. When fair value is determined based on recent transaction information, this value is the most

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 and 2019 (tabular dollar amounts in thousands, except per share information)

representative indication of fair value for a period of up to 12 months. The fair value of corporate bonds, debentures or loans is primarily determined using a discounted cash flow technique. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as further cash flows. For those investments valued based on recent transactions, Clairvest has determined that there are no reasonable alternative assumptions that would change the fair value materially as at March 31, 2020 and 2019.

19. CAPITAL DISCLOSURES

Clairvest considers the capital it manages to be shareholders' equity. Clairvest also manages capital held in acquisition entities, the third-party capital committed or invested in the CEP Funds and co-investments made by other investors.

Clairvest's objectives in managing capital are to:

- Preserve a financially strong company with substantial liquidity to pursue new acquisitions and growth opportunities as well as to support its operations and the growth of its existing investee companies;
- Achieve an appropriate risk adjusted return on capital;
- Build long-term value in its investee companies to generate superior returns; and
- Have appropriate levels of committed third-party capital available to invest alongside Clairvest's capital. The management of third-party capital also provides management fees and/or priority distributions to Clairvest and the ability to enhance Clairvest's returns by offsetting a portion of its operating costs and by earning a carried interest.

As at March 31, 2020 and 2019, Clairvest had no external capital requirements, other than as disclosed in *note 16*.

20. SUBSEQUENT EVENTS

Since the outbreak of COVID-19, emergency measures taken in response to the spread of COVID-19 have resulted in significant disruption to business operations globally, resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. These developments are constantly evolving, and the duration and impact of the COVID-19 pandemic is highly uncertain and cannot be predicted at this time but could have a material impact on the future financial results of the Company. In the face of the current environment of heightened uncertainty, the Company continues to closely monitor its investee companies and its treasury funds.

Subsequent to year end, CEP VI Co-Invest and the CEP VI Fund invested US\$30.2 million to acquire the solar operations and maintenance business of SunPower Corporation. Upon closing the business was renamed as NovaSource Power Services ("NovaSource"). CEP VI Co-Invest invested US\$9.2 million (C\$13.0 million) for a 29.2% ownership interest in NovaSource.

Also subsequent to year end, CEP VI Co-Invest and the CEP VI Fund invested US\$10.0 million in Arrowhead Environmental Partners ("AEP"), a non-hazardous waste-by-rail operator in Northeastern United States markets. CEP VI Co-Invest invested US\$2.7million (C\$3.7M) in AEP in the form of 2,706 Class A preferred units representing a 11.3% ownership interest.

SHAREHOLDER INFORMATION

As at, and for the year ended, March 31, 2020
(unaudited)

SHAREHOLDER COMMUNICATION

Clairvest has both the obligation and desire to provide its shareholders with full and continuous disclosure, on a timely basis, throughout the fiscal year. Annual and quarterly reports are provided as part of this process and the company releases information on material events through the press, as required. Further disclosure can be found on the company's website, www.clairvest.com, and on the SEDAR website, www.sedar.com.

VALUATION MEASURES

Clairvest's focus is on building long-term value of its corporate investments. Accordingly, the results reflected the fair value of our investments. The fair value method, however, is not without its limitations. Clairvest's investments are often carried at values, which may vary from actual realizations.

OUTSTANDING SECURITIES

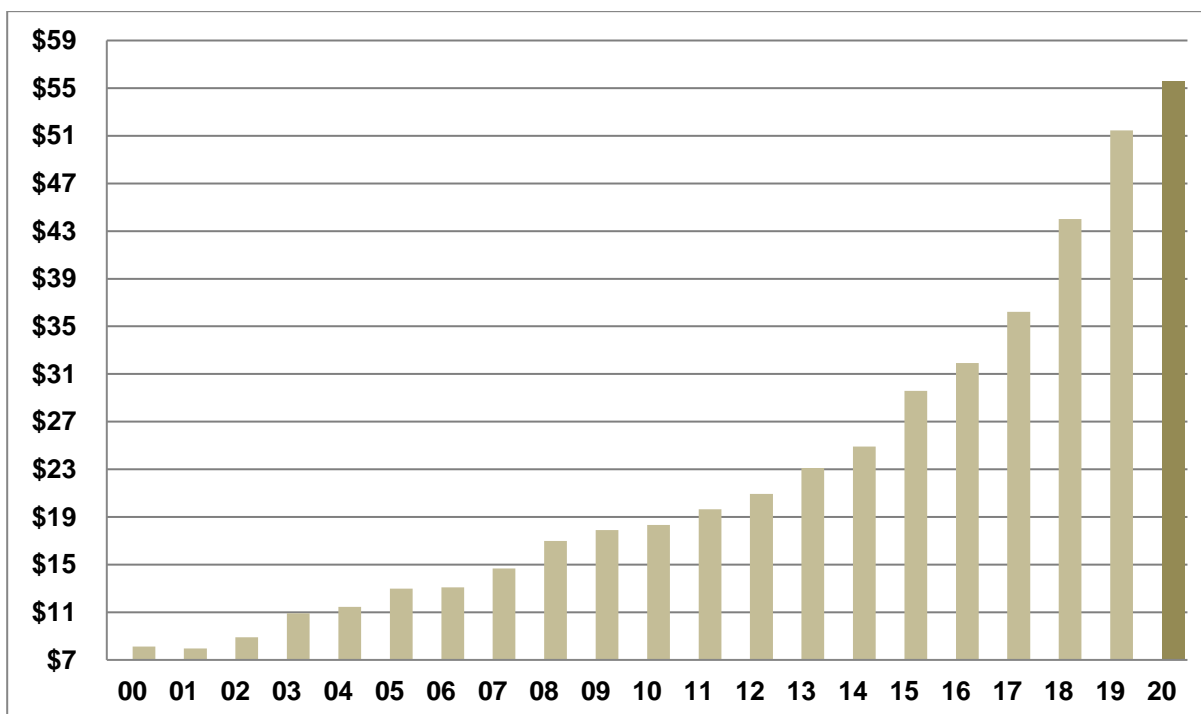
Share structure	Common Shares ⁽³⁾
Common shares outstanding	15,066,301
Less holders of 10% or more	9,582,440
Public float ^(1,2)	5,483,861
Market capitalization ⁽¹⁾	\$ 674,216,970
Market value of public float ^(1,2)	\$ 245,402,780
Stock market	Toronto Stock Exchange
Stock symbol	CVG

(1) As at June 23, 2020.

(2) Excludes holders of 10% or more of the outstanding common shares.

(3) During the year, Clairvest filed a new Normal Course Issuer Bid.

BOOK VALUE PER SHARE⁽¹⁾ AT MARCH 31

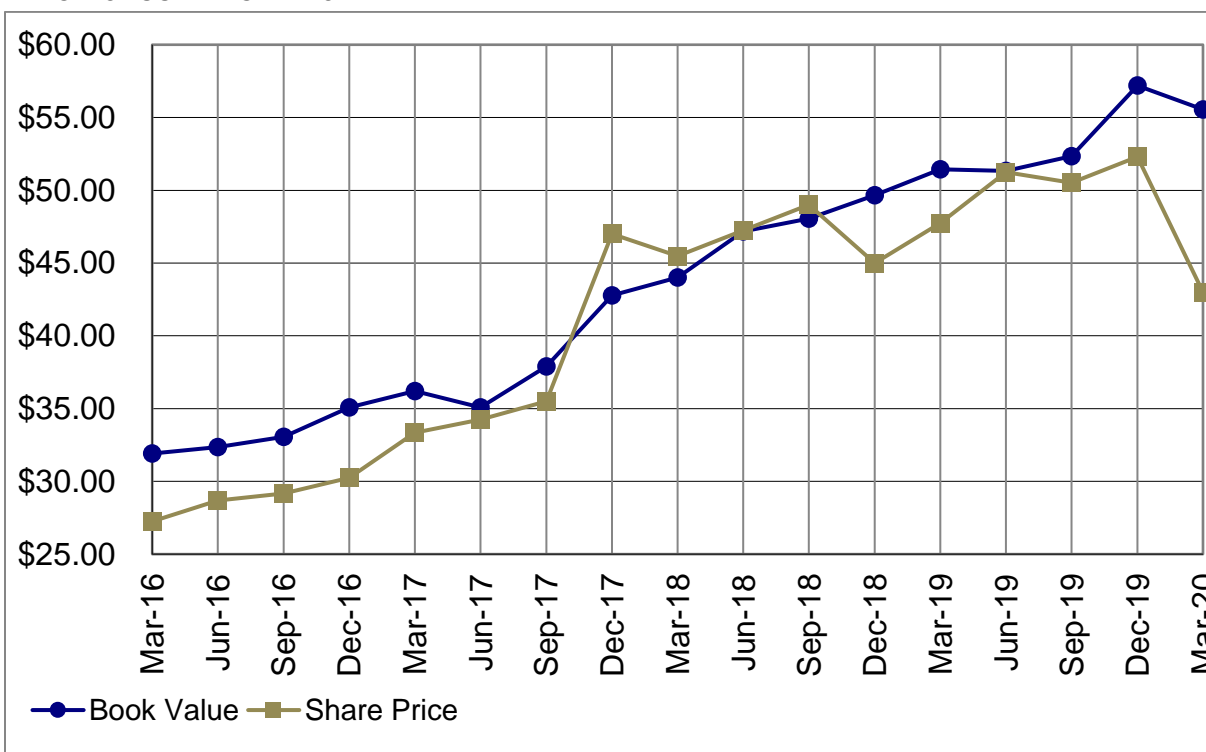


(1) Book value per share presented under Part V "Pre-changeover accounting standards" of the Handbook for Chartered Professional Accountants Canada ("Canadian GAAP") for all periods up to March 31, 2014.

SHAREHOLDER INFORMATION

As at, and for the year ended, March 31, 2020
(unaudited)

SHARE PRICE VS BOOK VALUE PER SHARE



SHARE TRADING VOLUME FISCAL 2020 and 2019

Common shares	High	Low	Close	Volume
Year to March 31, 2020				
First Quarter	50.87	46.82	51.25	43,249
Second Quarter	51.78	48.36	50.51	128,657
Third Quarter	54.00	49.61	52.30	44,107
Fourth Quarter	55.00	40.00	43.00	90,675
Year to March 31, 2019				
First Quarter	48.00	42.20	47.25	52,195
Second Quarter	51.75	47.50	48.99	55,394
Third Quarter	48.50	44.15	45.00	88,905
Fourth Quarter	50.48	45.45	47.75	39,977

SHAREHOLDER INQUIRIES

Maria Shkolnik, Director of Corporate Relations

tel: 416.925.9270

fax: 416.925.5753

email: marias@clairvest.com

TRANSFER AGENT AND REGISTRAR

Investors are encouraged to contact
AST Trust Company (Canada) for information
regarding their security holdings.

Information can be obtained at:

P.O. Box 700, Station B

Montréal, Québec H3B 3K3

Answerline: 1.800.387.0825

Web: www.astfinancial.com

Email: inquiries@astfinancial.com

CORPORATE INFORMATION

CORPORATE OFFICE

22 St. Clair Avenue East, Suite 1700

Toronto, Ontario M4T 2S3

Tel: 416.925.9270 Fax: 416.925.5753

Web: www.clairvest.com

AUDITORS

Ernst & Young LLP

THE ANNUAL MEETING OF SHAREHOLDERS

August 11, 2020 by way of a live audio webcast.

The link to join the live audio meeting can be found at:

www.clairvest.com/shareholders/annual-meeting

All Shareholders are encouraged to attend.