SONOR INVESTMENTS LIMITED

Management's Discussion & Analysis of Financial Condition and Results of Operations

For the year ended December 31, 2025

SONOR INVESTMENTS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025

The following discussion and analysis provide a review of the activities and a comparison of the results of operations and financial condition of Sonor Investments Limited ("Sonor" or the "Company") for the years ended December 31, 2025 and December 31, 2024. Sonor is incorporated under the laws of the Province of Ontario. The address of the Company's registered office is 130 Adelaide Street West, Suite 2120, Toronto, Ontario M5H 3P5. Sonor is in the business of making portfolio investments in public and private equity and fixed income securities with the objective of preserving its capital and growing it over the long term. This Management Discussion and Analysis ("MD&A") is prepared as of April 24, 2026. All dollar figures stated herein are expressed in Canadian dollars.

This MD&A should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2025. The annual audited financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "propose", "expect", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. There can be no assurance that it will be completed as proposed or at all. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

OVERALL RESULTS

Income before taxes for the year ended December 31, 2025, was $5.90 million, representing an increase of $0.87 million compared to $5.07 million in 2024. The 2025 results benefited from a 0.53 million increase in realized gains on the sale of investments. In addition, unrealized gains rose by $1.23 million due to market value adjustments on the remaining equity holdings. These gains were partially offset by an $0.83 million decrease in interest income, resulting from the disposition of fixed-income investments used to fund previously distributed dividends.

The Company reported income before taxes of $ 4.00 million for the fourth quarter of 2025, compared to $3.51 million for the same period in 2024. The increase was primarily driven by $0.76 million in realized gains on the sale of investments, compared to realized gains of $0.14 million in the fourth quarter of 2024.

The Company's only significant liability is the $0.98 million relating to the First Preference Shares that under IFRS Accounting Standards are classified as liability. There are no unrecorded liabilities or contingencies. The Company believes that the current balance of $1.43 million in cash and cash equivalents and $0.66 million in fixed income securities are sufficient to meet the capital needs of the Company, including potential unforeseen expenditures.

ASSETS

Total assets decreased from $63.96 million in 2024 to $48.52 million in 2025 as set out in the following table:

Asset	December 31, 2025 - at fair value		December 31, 2024 - at fair value	
	$000	% of Total Assets	$000	% of Total Assets
Fairwater Capital Corporation shares	35,596	73.4	35,596	55.7
Common share investments	8,985	18.5	8,698	13.6
Preferred share investments	1,723	3.6	1,384	2.2
Fixed income investments	662	1.3	5,759	9.0
Cash and short-term interest bearing	1,427	2.9	12,244	19.1
Other assets	129	0.3	278	0.4
Total assets	**$48,522**	**100.0**	**$63,959**	**100.0**

There was a decrease in total assets of $15.44 million. The decrease in total assets is primarily due to the Company using the proceeds from the sale of investments to pay dividends. The Company paid dividends totalling $21.37 million during the year (2024 - $11.49 million) to the common shareholder. The decrease in total assets was partially offset by the net comprehensive income of $5.69 million for the year ended December 31, 2025 which was reinvested.

Cash and Cash Equivalents and Fixed Income Investments

These was a decrease in these categories of $15.91 million in 2025 from 2024 primarily due to dividend payments of $21.37 million in 2025.

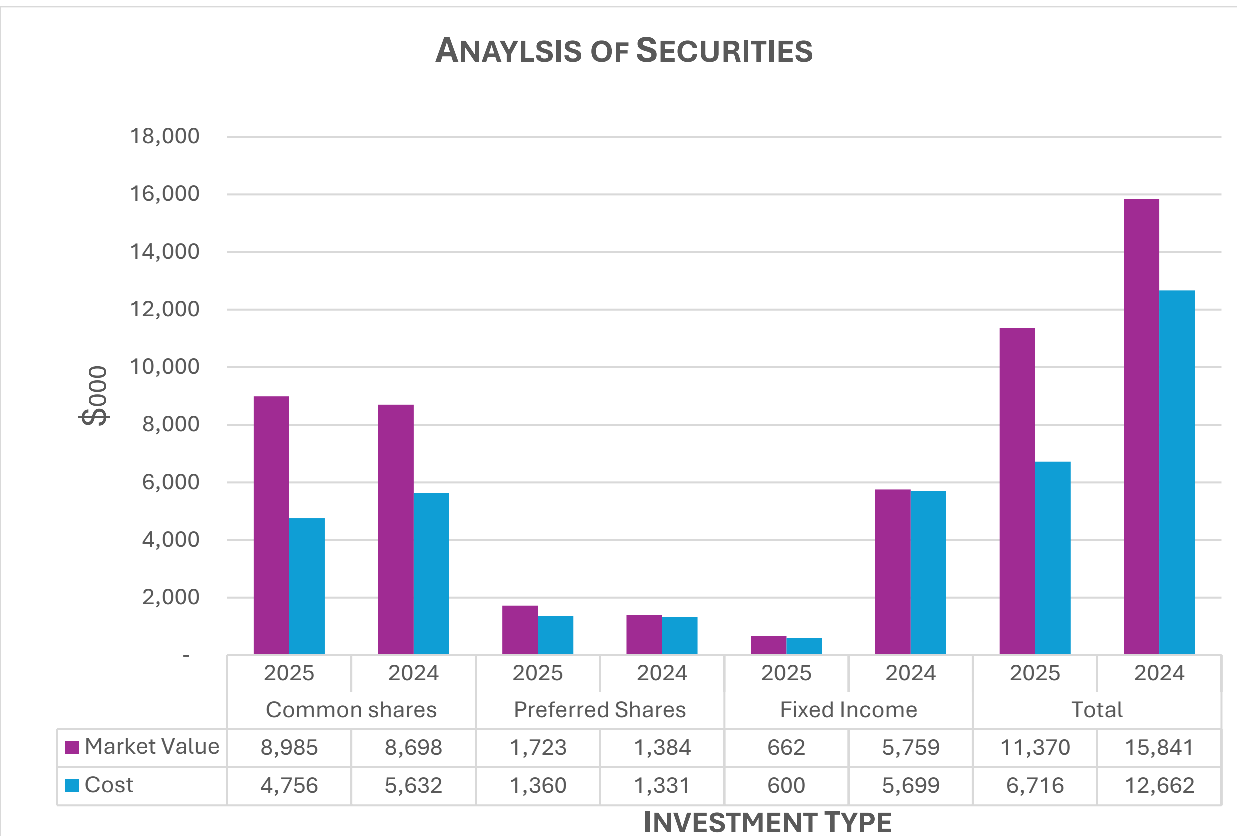
Common and Preferred Share Investments

The Company's investments in common and preferred share investments increased by $0.63 million in 2025. During the year, the Company had a net sales of assets totaling $0.85 million and an increase in the fair value of the marketable securities in the investment portfolio of $1.47 million. The effect of the net sales of assets together with the increase in unrealized gains in the portfolio has had a negative impact on the asset value in the portfolio. For full details of the Company's investments, refer to the Schedule of Investments included in the audited financial statements for the year ended December 31, 2025, which accompany this document. It was determined that there were no material embedded derivatives within these investments.

The Company has always endeavored to utilize high quality, liquid, income yielding investments to minimize the risk of loss of capital and to provide positive returns for its shareholders. Such investments are managed by a professional money manager, who was selected and is evaluated by the Company's management team.

Investment Portfolio

The investments are comprised of common shares and fixed income securities. Fixed income is comprised of guaranteed investment certificates ("GIC's") and bonds. The investments are shown in the following chart:



	Common shares		Preferred Shares		Fixed Income		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Market Value	8,985	8,698	1,723	1,384	662	5,759	11,370	15,841
Cost	4,756	5,632	1,360	1,331	600	5,699	6,716	12,662

Management, in concurrence with the Board of Directors, determines the guidelines for the management of the Company's investment portfolio. These investment guidelines were designed to identify and procure safe and liquid fixed income securities and common and preferred share investments in publicly traded companies whose strong management and financial condition should ensure consistent and competitive returns for the Company. Sonor's investment guidelines were reviewed by Management and the Board during 2025.

Independent Money Managers

Sonor relies upon an independent money manager to manage its marketable investments. Sonor's Management meets regularly with its money manager to discuss investment performance and to ensure the continued management of portfolios according to the Company's investment guidelines.

BMO Nesbitt Burns has been retained by the Company to invest in a portfolio of "blue chip", stable, high dividend yielding Canadian equities and the market value of these investments was $10.71 million at December 31, 2025 (2024 - $10.08 million). BMO Nesbitt Burns also manages the Company's fixed income securities portfolio.

Fairwater Capital Corporation

Sonor's investment in Fairwater Capital Corporation ("Fairwater") consists of 35,596 non-cumulative, redeemable, retractable First Preference shares. These shares are non-voting, except for the right to elect one member of the board of directors of Fairwater. In addition, the officers of Fairwater are also officers of Sonor. The shares are redeemable and retractable at a price of $1,000 per share, and carry the right to non-cumulative, preferential cash dividends of $95 per share. Fairwater is a private investment holding company incorporated under the laws of Ontario on March 23, 1979. Its net asset value at December 31, 2025, was $156.56 million of which Sonor's First Preference Shares, valued at $35.56 million have priority over any other shares. As at December 31, 2025, Fairwater's assets included approximately $35.85 million in cash and cash equivalents and other liquid securities with a fair value of approximately $280.83 million. Fairwater's investment criteria for its investment securities are comparable to those discussed under "Common and Preferred Share Investments" in this document. The remaining significant assets of Fairwater represent investments in private enterprises. The Company assesses the associated credit risk by conducting a liquidity and coverage ratio analysis on a quarterly basis to determine if there is any impairment in the Company's investment in the Fairwater Preferred shares. This analysis ensures that Fairwater's net liquid assets (comprised of investments with a quoted market value, cash and marketable securities less liabilities) are in excess of the carrying value of the investment in Fairwater shares.

The Company's auditors are engaged to perform a review of the annual financial statements of Fairwater for the fiscal period ended December 31, 2025, in accordance with Canadian Standard on Review Engagements ("CSRE") 2400.

As the investment in Fairwater represents a significant portion of the assets of the Company, the following is a summary of the unaudited balance sheets of Fairwater as at December 31, 2025 and December 31, 2024, which were prepared in accordance with Canadian accounting standards for private enterprises as issued by CPA Canada:

$000's	Dec. 31, 2025 $	Dec. 31, 2024 $
	[unaudited]	
ASSETS		
Investments		
Investments with a quoted market value	**252,127**	**214,846**
Investments with no quoted market value	**28,704**	**21,694**
Total investments	**280,831**	**236,540**
Fixed assets, net of accumulated depreciation of $nil [2024 - $702]	**585**	**30**
Due from related parties	**32,229**	**27,024**
Cash	**35,853**	**17,729**
Other assets	**1,372**	**1,090**
	350,870	**282,413**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued charges	**105**	**432**
Income taxes payable	**-**	**412**
Notes payable on demand to related parties	**139,202**	**135,572**
Series II second preference shares	**55,000**	**25,000**
Total liabilities	**194,307**	**161,416**
Shareholders' equity	**156,563**	**120,997**
	350,870	**282,413**

Share capital and Preference Shares

The issued and outstanding share capital and preference shares of Sonor as at December 31, 2025 and December 31, 2024 is as follows:

$000's	Dec. 31 2024 $	Dec. 31 2023 $
Authorized		
195,600 9% cumulative, redeemable, voting First preference shares		
Unlimited 9% non-cumulative, Second preference shares, redeemable at $100 per share		
Unlimited non-voting Class A common shares		
Unlimited voting Class B common shares		
Unlimited common shares		
Issued and outstanding		
195,600 First preference shares	**978**	978
1,861,730 common shares	**7,795**	7,795

RELATED PARTY TRANSACTIONS

Parties are related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. Transactions with related parties are conducted in the normal course of business and amounts are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year, the Company received common share dividends from Fairwater in the amount of $3.38 million. The Company in turn paid common share dividends to Vanward Investments Limited ("VIL"), in the amount of $21.37 million.

There is a management contract between Sonor and Fairwater under which Fairwater provides management services, premises and other administrative services to the Company. The cost of these services is currently established at $0.22 million per year plus applicable taxes, and such costs include a portion of the salaries paid by Fairwater to the officers of the Company. The management fees for 2025 total $0.24 million (2024 - $0.14 million) and there were management fees of $nil owing as at December 31, 2025 (2024 - $nil). Management fees are payable on a quarterly basis and are non-interest bearing.

Except as noted above, there are no other transactions between the Company and Fairwater.

SELECTED FINANCIAL INFORMATION

The following tables set forth, in summary form, certain financial information for Sonor for each of the last three financial years as derived from the audited financial statements of Sonor and for each of the last eight financial quarterly periods of the Company:

Annual Financial Data (from audited financial statements)
Last Three Years

	($000s except for per share amounts)		
	2025	**2024**	**2023**
Dividend & interest income	4,209	5,051	4,806
Net comprehensive income	5,689	4,854	4,592
- per Common share	3.06	2.61	2.47
Total assets	48,522	63,959	70,352
First Preference shares	978	978	978
Dividends paid per:			
- Common share	11.48	6.17	1.83
- 9% First Preference share	0.45	0.45	0.45

The Company paid common share dividends of $21.37 million (2024 - $11.49 million).

Historically, the level of total assets has moved in conjunction with the rise or fall in the Canadian stock market (and its impact on the market value of the Company's common share investments). However, in the last two years, the Company used proceeds from the sale of investments to pay additional dividends to the common shareholder. This additional dividend resulted in the decrease in total asset value.

The following is an analysis of the quarterly results for each of the quarters in fiscal 2025 and 2024:

	($000s except for per share amounts)			
	Mar. 31	**Jun. 30**	**Sept. 30**	**Dec. 31**
Fiscal Year 2025				
Dividend & interest income	279	241	172	3,517
Net comprehensive income (loss)	339	660	738	3,952
- per Common share	0.18	0.35	0.40	2.13
Fiscal Year 2024				
Dividend & interest income	464	453	435	3,699
Net comprehensive income (loss)	261	156	1,112	3,325
- per Common share	0.14	0.08	0.60	1.79

The quarterly comparative results for the periods ended March, June and December 2025 are higher than that of 2024 but lower for the period ended September 2025. This is due to fluctuations in the market value of the investment portfolio. The overall market value increase was $1.23 million more than that of 2024.

FINANCIAL CONDITION

There have been no significant changes in the financial condition of the Company since December 31, 2024.

The holders of the First Preference shares of the Company are afforded protection in the form of net asset and qualified investment tests of the Company and Fairwater described in Paragraphs (2)(F) and (2)(I) of the Restated Articles of Incorporation dated November 19, 1984.

The net asset and qualified investments tests were met throughout 2025. Management anticipates that the Company will continue to generate cash flow in the form of dividend income from its investment portfolio to provide coverage of the First Preference Share dividends. Dividends on the First Preference Shares are paid in priority to dividends on the Second Preference shares, common shares, Class A common shares and Class B common shares of the Company.

LIQUIDITY AND CAPITAL RESOURCES

Sonor has a capital structure comprising share capital and retained earnings totalling $46.6 million as at December 31, 2025. There is no debt other than the $0.98 million in First Preference Shares which are accounted for as liabilities in the financial statements.

There are no unrecorded liabilities, contingencies or commitments for capital expenditures as at December 31, 2025.

At the end of the year, the Company had cash and cash equivalents of $1.43 million and investments in liquid securities of $0.66 million. The Company believes that this is sufficient coverage for any unforeseen expenditures.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at December 31, 2025.

RISK AND UNCERTAINTY

The Company derives its revenues from dividends, interest and gains on sales of its investments. The goal is to maximize these revenues while maintaining an acceptable level of risk. Nonetheless, these revenues are subject to certain external influences such as economic conditions, volatility in the Canadian and international stock markets and interest rates that may come to bear on the Company's investments. Managing these risks requires understanding and assessing the potential impact of each such risk. A description of the various risks facing the Company is found in Note 6 of the annual audited financial statements.

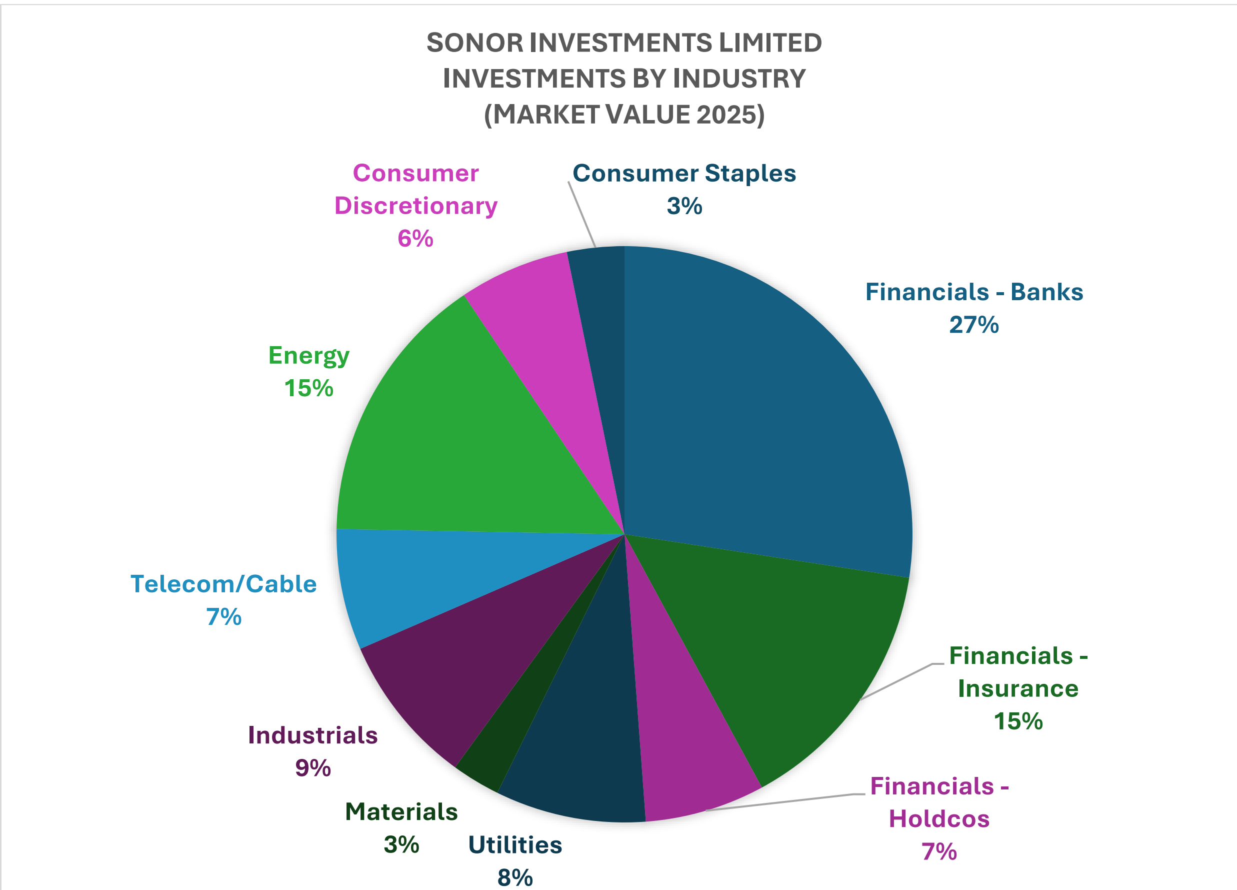
Credit Ratings

When considering investments in marketable securities, the underlying credit quality of the issuer is an important factor.

At December 31, 2025, a variety of fixed income investments were held by the Company as detailed in the Schedule of Investments. These investments were rated BBB (or equivalent) or higher, reflecting management's disciplined approach to credit risk management.

Diversification

The Company maintains a diversified portfolio of investments with a quoted market value so that no single investment may have a material impact on its overall portfolio. Diversification is not only maintained on a company basis, but also on an industry basis so as not to overweight the Company's assets in any given industry.



Foreign Exchange

Foreign exchange fluctuations may produce gains or losses when the currency in which the Company is investing differs from Canadian currency. In 2025 and 2024, The Company's exposure to foreign currency denominated assets as at December 31, 2025 and December 31, 2024 is not material and accordingly, the Company's exposure to foreign exchange fluctuations is not significant.

Interest Sensitivity

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company is exposed to interest rate cash flow risk and income risk on monetary assets with floating interest rates that are reset as market interest rates change and is exposed to interest rate price risk on monetary financial assets that have a fixed interest rate. Details of the fixed and floating rate investments are noted on the Schedule of Investments in the audited financial statements. At December 31, 2025, the fair value of fixed rate investments totaled $0.66 million (2024 - $5.76 million). A change in market interest rates would impact the valuation of the fixed rate investments. An increase in market interest rates would tend to decrease investment valuation while a decrease in market interest rates would have the opposite effect. Assuming all other market factors remain constant, a 1% increase or decrease in market interest rates would cause a net decrease or increase respectively in value of the fixed rate investments of $0.01 million (2024 - $0.06 million), which would be reflected in net income.

Toronto, Ontario
April 24, 2026

A copy of Sonor's Annual Information Form filed with regulatory authorities is available upon written request to the Company, P. O. Box 68, Suite 2120, 130 Adelaide Street West, Toronto, Ontario M5H 3P5, or by fax at 416-369-0280.