



Pender Growth Fund Inc.

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NEWS RELEASE

FOR IMMEDIATE RELEASE

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Pender Growth Fund Provides Financial Highlights and Company Updates

VANCOUVER, B.C. (TSXV: PTF) Pender Growth Fund Inc. (the “Company” or “Pender”) today announced its financial and operational results for the three months and six months ended June 30, 2021.

Company Highlights

On May 28, 2021, the Company completed its previously announced acquisition of Pender Private Investments Inc. (“PPI”), formerly the Working Opportunity Fund (EVCC) Ltd., paying approximately \$25 million for an underlying portfolio of investments with fair value of \$58 million. This \$33 million discount to fair value, a “Day-One Gain” is not recognized as a gain under IFRS, but is instead treated as a deferred gain and contra asset.

As a key indicator in the evaluation of the performance and condition of our business, the Company posts “Reporting NAV” and/or “Reporting NAV per Share”, two non-IFRS measures¹ that include the impact of the Day-One Gain in the net asset value of the Company.

Financial Highlights (Unaudited)

- Net income was \$9,852,226 for the three months ended June 30, 2021 (June 30, 2020 – \$4,442,618) as a result of positive investment performance in the quarter.
- Net income per Share for the three months ended June 30, 2021 was \$1.29 (June 30, 2020 – \$0.56).
- Net assets per Class C common share (“Share”) were \$7.42 as at June 30, 2021 (December 31, 2020 - \$6.11).
- Reporting NAV per Share was \$9.83 at June 30, 2021 (December 31, 2020 – \$6.11) an increase that was due to investment performance and the Day-One Gain on the acquisition of PPI.
- The Company’s net assets were \$56.6 million as at June 30, 2021, an increase from December 31, 2020 (\$47.3 million) that was primarily the result of positive investment performance during the period.
- Reporting NAV was \$74.9 million as at June 30, 2021, an increase from December 31, 2020 (\$47.3 million) an increase that was due to investment performance and the Day-One Gain on the acquisition of PPI.
- Shares outstanding were 7,626,529, a decrease from December 31, 2020 (7,740,129) that was the result of share repurchases under the Company’s Normal Course Issuer Bid (“NCIB”) which was renewed on February 11, 2021.
- At June 30, 2021, 73.4% of investment portfolio is in private companies and 26.6% is in publicly-listed companies.

¹ Reporting NAV and Reporting NAV per Share are not recognized under IFRS nor do they have a standard meaning prescribed by IFRS. We present them to enhance the reader’s ability to evaluate the Company. They may not be directly comparable to similar measures used by other companies and readers are cautioned not to view the non-IFRS measures as alternatives to IFRS measures.

Financial Highlights (Unaudited), continued

PERFORMANCE (based on Shareholders' Equity)	3 Month	1 Year	3 Year	5 Year	Since Inception
Class C	1.2%	33.2%	12.6%	19.5%	17.6%

PERFORMANCE (based on Reporting NAV*)	3 Month	1 Year	3 Year	5 Year	Since Inception
Class C	60.2%	110.9%	31.3%	31.0%	22.7%

* "Reporting NAV per share" is a non-IFRS measure that the Company uses as a key indicator to evaluate the performance and condition of our business. It represents PTF's Net Asset Value ("NAV") per share including the proportionate share of the NAV of Pender Private Investments Inc. ("PPI").

- Management Expense Ratio ("MER") was 14.70% or 4.45% excluding performance fee for the quarter ended June 30, 2021, up from 3.26% over the same period in the prior period, primarily due to the fact that the increase in management fees as a result of the increase in total Net Assets, plus, additional financing expenses.
- MER as a percentage of Reporting NAV was 11.32% or 3.42% excluding the performance fee for the quarter.

Portfolio Highlights

WOF Transaction

On May 28, 2021, the Company completed the previously announced acquisition of all of 97% of the Venture Series shares and 100% of the Commercialization Series shares of the Working Opportunities Fund (EVCC) Ltd. under a plan of arrangement (the "WOF Transaction").

The WOF Transaction represented a unique opportunity for Pender to acquire an investment entity that holds a portfolio of good companies in the private technology space, our sector of expertise.

In conjunction with the closing of the WOF Transaction, WOF deregistered as an "employee venture capital corporation", changed its name to Pender Private Investments Inc. ("PPI"), made an election to be a public corporation under the Income Tax Act and transitioned from the Canadian securities regulatory regime for investment funds to the Canadian securities regulatory regime for reporting issuers who are not investment funds. Please refer to the financial statements and the MD&A available on SEDAR for more information about the transaction.

The Company uses Reporting NAV and Reporting NAV per Share as key indicators in the evaluation of the performance and condition of its business. We believe that Reporting NAV, which reflects the full value of the "Day-One Gain" on acquisition of PPI, is a useful indicator of the value and condition of its business. Reporting NAV is a non-IFRS financial measure and does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other reporting issuers.

Portfolio Highlights

Other Highlights

During the period we continued to be active in public markets where we saw what we believed to be strong opportunities both in longer-term compounders and potentially shorter-term close the discount situations. With the continued strength in small cap markets, we have been decreasing some positions and continue to work on new opportunities to deploy capital at attractive rates of return.

As always, this quarter we worked closely with our private portfolio companies and certain of our public portfolio companies. We are pleased to see private technology companies from within our portfolio having the opportunity to go public.

On February 11, 2021, the Company launched a new NCIB, under which the Company may purchase a maximum of 700,866 shares, or 10% of the Company's public float on launch date, in the year ending February 11, 2022. During the period we continued to acquire shares of the Company in the market under our NCIB because we believe the shares are trading at a discount to their intrinsic value.

We believe that the Company is particularly well-positioned today to pursue its investment objectives in the context of current market volatility and valuations in micro and small cap stocks in North America.

We encourage you to refer to the Company's MD&A and quarterly unaudited financial statements for the June 30, 2021 and the annual audited financial statements for the year-ended December 31, 2020 and other disclosures available under the Company's profile at www.sedar.com for additional information.

Recent Developments

One45 Software ("One45")

On August 10, 2021, it was announced that One45 had been acquired by a third party. After many years of actively supporting One45, one of our key long-term private investees, we are very pleased with this development which we see as positive for both One45 and Altus Assessments, its acquirer.

Teradici Corporation ("Teradici")

On July 27, 2021, we announced that Teradici, one of PPI's key long-term private investees, had entered into a definitive agreement to be acquired by HP Inc. There can be no assurance that the parties will be able to close this transaction.

About the Company

The Company's objective is to achieve long-term capital appreciation for its investors. The Company utilizes its small capital base and long-term horizon to invest in unique situations; primarily small cap, special situations, and illiquid public and private companies. The Company trades on the TSX Venture Exchange under the symbol "PTF".

Please visit www.pendergrowthfund.com.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Information

This news release may contain forward-looking statements (within the meaning of applicable securities laws) relating to the business of the Company and the environment in which it operates. Forward-looking statements are identified by words such as “believe”, “anticipate”, “project”, “expect”, “intend”, “plan”, “will”, “may”, “estimate” and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts and projections and include, without limitation, statements regarding the benefits of the WOF Transaction, the Company's belief that its shares trade at a discount to their intrinsic value, investment opportunities in the public markets, the completion of the acquisition of the Teradici, and future investment opportunities. The forward-looking statements in this news release are based on certain assumptions; they are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risk that the WOF Transaction will not be beneficial to the Company in the longer term, the risk that the conditions precedent to the acquisition of Teradici will not be satisfied, the risk that valuations of micro and small cap public companies will change, the general volatility of public markets as well as factors discussed under the heading “Risk Factors” in the Company's annual information form and MD&A available at www.sedar.com. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.