

NEWS RELEASE

FOR IMMEDIATE RELEASE

August 19, 2022

Pender Growth Fund Provides Financial Highlights and Company Updates

VANCOUVER, B.C. (TSXV: PTF) Pender Growth Fund Inc. (the “Company”) today announced its financial and operational results for the three months and six months ended June 30, 2022.

Financial Highlights (Unaudited)

- Net loss was \$58,521,457 for the three months ended June 30, 2022 (June 30, 2021 – Net income \$9,852,226) primarily the result of negative investment performance in the quarter.
- Net loss per Share for the three months ended June 30, 2022, was \$7.71 (June 30, 2021 – Net income per share \$1.29).
- Shareholders’ equity per Class C common share (“Share”) was \$11.58 as at June 30, 2022 (December 31, 2021 – \$26.08).
- The Company’s total shareholders’ equity was \$87.8 million as at June 30, 2022, a decrease from December 31, 2021 (\$198.6 million) primarily resulting from a decline in market prices of public company shares during the quarter.
- Shares outstanding were 7,583,029 as at June 30, 2022, a decrease from December 31, 2021 (7,616,529) as a result of share repurchases under the Company’s Normal Course Issuer Bid (“NCIB”), which was renewed on February 14, 2022.
- At June 30, 2022, 77.8% of the investment portfolio was made up of private companies and 22.2% of public companies. However, taken together with the Company’s indirect exposure to public companies through its investment in Pender Private Investments Inc. (“PPI”) and Pender Private Debt Opportunities Fund I Limited Partnership (“PPDF”) public companies make up 86.0% of the Company’s holdings.
- Management Expense Ratio (“MER”) excluding performance fees was 1.54% for the three months ended June 30, 2022, down from 4.50% over the same period in the prior period.

PERFORMANCE (Based on Shareholders’ Equity)	3 Month	1 Year	3 Year	5 Year	Since Inception
Class C	-39.9%	86.6%	43.3%	20.2%	22.3%

The Company’s portfolio is materially concentrated in the shares of one publicly listed Portfolio Company, Copperleaf Technologies Inc. (“Copperleaf”). As at June 30, 2022, the Company held 7,400,008 shares (December 31, 2021 – 7,521,693 Shares) of Copperleaf considering both its direct investment and its indirect investment through its holding of shares of PPI. As at June 30, 2022, the closing price of Copperleaf was \$6.40 per share (December 31, 2021 - \$23.85 per share), which reduced the Company’s unrealized gain on the holding as compared to December 31, 2021. The Company’s shareholders’ equity decreased by \$14.50 per share in the first half of 2022, to \$11.58 per share. During the six months ended June 30, 2022, the Company sold a total of 121,685 shares from its direct and indirect holdings of Copperleaf. The value of the Company’s direct and indirect holdings of Copperleaf was \$47,360,051 at June 30, 2022, which is 53.9% of the Company’s total shareholders’ equity, down from 92.0% of the Company’s total shareholders’

equity at December 31, 2021. There can be no assurance that the Company will be able to realize the value of this investment.

Portfolio Highlights

The conflict between Russia and Ukraine, the COVID-19 global health pandemic and the move by central banks to taper monetary and fiscal stimulus and raise interest rates to control inflation led to concerns about the outlook for economic growth and created volatility in equities as the uncertainty added by these developments were digested. We believe that the Company continues to be well-positioned today to pursue its investment objectives despite current market volatility and valuations in micro and small cap stocks in North America.

As always, this quarter we worked closely with our private portfolio companies and certain of our public portfolio companies.

Significant Equity Investments & Recent Developments

Pender Private Investments Inc.

At June 30, 2022, the Company held approximately 98% of the Legacy Shares of PPI, formerly the Working Opportunity Fund (EVCC) Ltd. (“WOF”). These shares were acquired in May 2021 from shareholders of WOF (“Exiting Shareholders”) under the previously announced transaction (the “WOF” Transaction”) and in transactions subsequent to May 2021

Copperleaf Technologies Inc.

At June 30, 2022, the Company held 10.6% of Copperleaf’s issued and outstanding shares, both directly and through its investment in PPI. The value of the Company’s direct and indirect holdings of Copperleaf was \$47,360,051 at June 30, 2022, which is 53.9% of the Company’s total shareholders’ equity.

D-Wave Systems Inc.

On August 8, 2022, D-Wave announced the completion of its previously announced intention to list on the New York Stock Exchange following a business combination with DPCM Capital, Inc. and D-Wave Systems Inc., as a publicly traded SPAC named D-Wave Quantum Inc., under the symbol QBTS. The Company holds shares of D-Wave both directly and indirectly, through Pender Private Investments Inc., and all of its shares are subject to a lock up period¹. There is no guarantee that the value of D-Wave shares will be realized after the expiration of the lock up period.

Other Highlights

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. On February 14, 2022, the Company launched a new NCIB, under which the Company may purchase a maximum of 678,839 shares, or 10% of the Company’s public float on launch date, during the one-year period ending February 13, 2023.

We encourage you to refer to the Company’s MD&A and quarterly unaudited financial statements for June 30, 2022, the annual audited financial statements for the year-ended December 31, 2021, as well as other disclosures available under the Company’s profile at www.sedar.com for additional information.

About the Company

Pender Growth Fund Inc is an investment firm. Its investment objective is to achieve long-term capital growth. 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 firm invests in public and private companies based primarily in Canada and the U.S., principally in the technology sector. It trades on the TSX Venture Exchange under the symbol “PTF” and posts its NAV on its website, generally within five business days of each month end.

¹ The lock up period is the lesser of (A) six months following the closing and (B) the date on which the last reported sale price of the QBTS equals or exceeds US\$12.00 per share for any twenty trading days within any thirty consecutive trading day period commencing after the ninetieth day following the closing

Please visit www.pendergrowthfund.com.

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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 Company's decreased portfolio risk 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 factors discussed under the heading “Risk Factors” in the Company's annual information form 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.