



B.E.S.T. Venture Opportunities Fund Inc.

Unaudited Interim Financial Statements

For the six-month period ended February 29, 2024

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

B.E.S.T. Venture Opportunities Fund Inc. (the "Fund") hereby gives notice that the Fund's auditor's have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

B.E.S.T. Venture Opportunities Fund Inc.
STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
As at February 29, 2024 and August 31, 2023

	2024 \$	2023 \$
ASSETS		
Current Assets		
Investments - at fair value (cost: 2024 - \$17,511,085; 2023 - \$19,120,655)	14,027,952	13,963,433
Cash	731,346	659,300
Accrued interest and other receivables	42,717	169,622
Total Current Assets	14,802,015	14,792,355
Total Assets	14,802,015	14,792,355
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	153,051	560,479
Total Current Liabilities	153,051	560,479
Net assets attributable to holders of redeemable shares	14,648,960	14,231,872
Total Liabilities	14,802,011	14,792,351
EQUITY		
Class B Shares	4	4
Total Liabilities and Equity	14,802,015	14,792,355
Net assets attributable to holders of redeemable shares per series		
Class A, Series I shares	3,814,878	3,706,261
Class A, Series II shares	10,834,082	10,525,611
Number of redeemable shares outstanding		
Class A, Series I shares	250,381	250,381
Class A, Series II shares	770,704	770,704
Net assets attributable to holders of redeemable shares per share		
Class A, Series I shares	15.24	14.80
Class A, Series II shares	14.06	13.66

Approved by the Board of Directors



Geoff Bedford
Director



Brent Bere
Director

B.E.S.T. Venture Opportunities Fund Inc.**STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)****For the six-month periods ended February 29, 2024 and February 28, 2023**

	2024	2023
	\$	\$
INCOME		
Dividends	718,978	664,546
Interest for distribution purposes (note 6)	185,175	176,950
Other income	-	-
Other changes in fair value of investments		
Net realized loss on non-derivative financial instruments	(1,727,250)	-
Net change in unrealized appreciation (depreciation) of investments	1,674,089	(233,105)
Net gain on investments	850,992	608,391
EXPENSES		
Management fees (note 6)	252,673	203,302
Transfer agent, administration and other costs	58,238	49,956
Audit fees	56,547	48,715
Directors' fees and expenses	20,880	20,141
Shareholder reporting costs	15,196	8,431
Legal fees	14,560	276,111
Independent Review Committee Fees	11,527	10,873
Custodian fees and bank charges	4,283	3,470
Transaction cost	-	103
Total expenses	433,904	621,102
Change in net assets attributable to holders of redeemable shares from operations		
	417,088	(12,711)
Change in net assets attributable to holders of redeemable shares per share		
Class A, Series I	0.43	(0.01)
Class A, Series II	0.40	(0.01)

The accompanying notes are an integral part of these financial statements.

B.E.S.T. Venture Opportunities Fund Inc.

STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six-month periods ended February 29, 2024 and February 28, 2023

	2024	2023
	\$	\$
Equity at beginning of period	4	4
Equity at end of period	4	4

The accompanying notes are an integral part of the financial statements.

B.E.S.T. Venture Opportunities Fund Inc.**STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (UNAUDITED)**

For the six-month periods ended February 29, 2024 and February 28, 2023

	2024	2023
	\$	\$
Net assets attributable to holders of redeemable shares,		
beginning of period		
Class A, Series I	3,706,261	3,156,289
Class A, Series II	10,525,611	8,958,994
	<u>14,231,872</u>	<u>12,115,283</u>
Change in net assets attributable to holders of		
redeemable shares from operations		
Class A, Series I	108,617	(3,321)
Class A, Series II	308,471	(9,390)
	<u>417,088</u>	<u>(12,711)</u>
Redeemable share transactions		
Payments on redemption		
Class A, Series I	-	(4,440)
Class A, Series II	-	(7,928)
	<u>-</u>	<u>(12,368)</u>
Net change in net assets attributable to holders		
of redeemable shares		
Class A, Series I	108,617	(7,761)
Class A, Series II	308,471	(17,318)
	<u>417,088</u>	<u>(25,079)</u>
Net assets attributable to holders of redeemable shares,		
end of period		
Class A, Series I	3,814,878	3,148,528
Class A, Series II	10,834,082	8,941,676
	<u>14,648,960</u>	<u>12,090,204</u>
Weighted average number of redeemable shares outstanding		
during the period		
Class A, Series I	250,381	250,491
Class A, Series II	770,704	770,917
Change in net assets attributable to holders of		
redeemable shares per share		
Class A, Series I	0.43	(0.01)
Class A, Series II	0.40	(0.01)

The accompanying notes are an integral part of the financial statements.

B.E.S.T. Venture Opportunities Fund Inc.
SCHEDULE OF INVESTMENT PORTFOLIO (UNAUDITED)
As at February 29, 2024

Par value/ number of shares	Issuer	Maturity date/ expiration date	Cost \$	Fair value \$
SHORT TERM INVESTMENTS (45.84%)*				
2,000,000	Royal Bank of Canada, Bankers Acceptance, 5.12%	March 8, 2024	1,983,860	1,983,860
2,000,000	Bank of Nova Scotia Bankers Acceptance, 5.13%	March 8, 2024	1,983,820	1,983,820
54,930	High Interest Savings Account Fund		2,755,409	2,747,598
Total short term investments			6,723,089	6,715,278
VENTURE INVESTMENTS (49.92%)*				
Equities - Public				
352,500	EQ Inc., Common Shares		2,601,000	356,025
400,000	Northern Graphite Corporation, Common Shares		200,000	76,000
3,626,600	Spectra Products Inc., Common Shares		586,650	879,451
364,000	SQI Diagnostics Inc., Common Shares		1,001,000	5,460
151,388	StageZero Life Sciences Ltd., Common Shares		1,620,046	6,812
14,716	Titan Medical Inc., Common Shares		277,210	1,251
			6,285,906	1,324,999
Equities - Private				
836,160	1335716 Ontario Limited (Met-Tech Inc.), Class C Common Shares		651,181	
3,904,744	CRS Electronics Inc., Common Shares		1,932,482	
606,745	First Nickel Inc., Common Shares		390,000	
30,000	Medcan Health Management Inc., Class "B", Non-Voting		300	
52,798	Mortgage Corporation, Common Share Purchase Warrants	April 12, 2031	-	
75,550	Rimon Therapeutics Ltd., Convertible Preferred Shares		75,550	
1,954,546	Ruby Corp., Class A Common Shares		-	
			3,049,513	5,785,098
Bonds and Debentures				
1,750,000	1335716 Ontario Limited (Met-Tech Inc.), Debenture, 5.00%	December 31, 2018	1,250,000	
202,577	Mortgage Corporation, Promissory Note, 18.00%	July 31, 2024	202,577	
			1,452,577	202,577
Total venture investments			10,787,996	7,312,674
Transaction costs			-	-
Total investments (95.76%)*			17,511,085	14,027,952
Other assets less liabilities and Class B share equity (4.24%)*				621,008
Total net assets attributable to holders of redeemable shares (100.00%)*				14,648,960

* Percentages shown relate to investments at fair value to total net assets attributable to holders of redeemable shares.

B.E.S.T. Venture Opportunities Fund Inc.
STATEMENTS OF CASH FLOWS (UNAUDITED)

For the six-month periods ended February 29, 2024 and February 28, 2023

	2024	2023
	\$	\$
Cash provided by (used in)		
Operating activities		
Change in net assets attributable to holders of redeemable shares	417,088	(12,711)
Adjustments for:		
Change in unrealized (appreciation) depreciation of investments	(1,674,089)	233,208
Realized loss on sale of investments	1,727,250	-
Proceeds from maturities of short-term investments	3,949,640	1,795,158
Proceeds from maturities/sale of non-venture investments	3,750,000	-
Proceeds from maturities/sale of venture investments	100,000	-
Purchase of short-term investments	(7,917,320)	(2,055,392)
Purchase of venture investments	-	(500,000)
Accrued investment income and other receivables	126,905	98,379
Accrued expenses and other payables	(407,428)	127,907
Cash (used in) provided by operating activities	72,046	(313,451)
Financing activities		
Proceeds from issue of redeemable shares	-	-
Amounts paid on redemption of redeemable shares	-	(12,368)
Cash used in financing activities	-	(12,368)
Change in cash during the period	72,046	(325,819)
Cash - beginning of period	659,300	759,982
Cash - end of period	731,346	434,163
Supplemental information (classified as operating activities)		
Interest received	298,104	172,715
Dividends received	732,954	767,160

The accompanying notes are an integral part of these financial statements.

B.E.S.T. VENTURE OPPORTUNITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Unaudited)
As at February 29, 2024

1. STATUS AND OPERATIONS

B.E.S.T. Venture Opportunities Fund Inc. (previously Dynamic Venture Opportunities Fund Ltd.) (the “Fund”) was incorporated under the laws of Canada by articles of incorporation. The Fund is registered as a Labour Sponsored Investment Fund Corporation (“LSIF Corporation”) under the Community Small Business Investment Funds Act (Ontario) as amended (the “Ontario Act”) and is a prescribed labour-sponsored venture capital corporation (“LSVCC”) for purposes of the Income Tax Act (Canada) (the “Federal Act”).

On October 20, 2018, the Fund, 1832 Asset Management L.P. (“1832”) and B.E.S.T. Investment Counsel Limited (“BEST” or the “Manager”) closed an agreement providing for the acquisition by BEST of the management, services and principal distribution contracts of the Fund from 1832 by way of assignment (the “Transaction”). On closing of the Transaction, BEST became the investment fund manager, portfolio manager and principal distributor of the Fund. Following the completion of the Transaction, the name of the Fund was changed from “Dynamic Venture Opportunities Fund Ltd.” to “B.E.S.T. Venture Opportunities Fund Inc.” The change in the name of the Fund and the change in the investment fund manager were approved by shareholders at a special meeting on October 10, 2018.

The Fund seeks to achieve long-term capital appreciation by investing its assets in accordance with the requirements of the Community Small Business Investment Funds Act (Ontario) and the Income Tax Act (Canada), each as amended from time to time. The Fund utilizes a number of strategies when making investment decisions. It diversifies its portfolio by investing in a variety of industries and stages of development including: mature, expansion, acquisition, start-up, and turnaround stages. The commencement date for the Fund was January 11, 1993.

On February 28, 2019, the Christian Labour Association of Canada (“CLAC”) purchased the Class B shares owned by the United Food and Commercial Workers International Union (Canadian Region) (“UFCW”) and the Labourers International Union of North America (“LIUNA”). Through its ownership of the Class B shares, CLAC became a sponsor of the Fund and LIUNA and UFCW ceased to be sponsors on the effective date of the sale of the Class B shares. UNITE HERE Canada and the United Brotherhood of Carpenters and Joiners of America remain Class B Shareholders and sponsors of the Fund.

At the Fund’s annual and special shareholder meeting held on February 24, 2022 shareholders approved a special resolution to take certain actions (the “Proposed Actions”) to preserve the value of the Fund including (i) to amend the Fund’s articles for the suspension of all redemptions of the Fund’s Class A shares until at least December 31, 2024, and (ii) authorizing an application to list the Class A Shares on a Canadian stock exchange. The manager and the Board of Directors believe that Proposed Actions are in the best interest of the Fund’s shareholders to take proactive steps to preserve the Fund’s current liquidity position and ensure that the Fund has sufficient time and financial flexibility to pursue an exit from the Fund’s remaining private investments.

On October 3, 2022, the Fund filed restated articles of incorporation, substantially in the form approved by Class A shareholders at the meeting on February 24, 2022, reflecting, among other things, the shareholder approved suspension of redemptions until at least December 31, 2024.

On November 25, 2022, the Class A Shares, Series I and The Class A Shares, Series II began trading on the CSE under the symbols BVOF.A and BVOF.B respectively.

The federal government ceased offering the federal tax credit on subscriptions after the taxation year 2016. The Ontario government ceased offering the provincial tax credit after the end of the 2011 taxation year.

These financials statements were authorized for issue by the Board of Directors on April 19, 2024.

B.E.S.T. VENTURE OPPORTUNITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Unaudited)
As at February 29, 2024

2. BASIS OF PRESENTATION

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standard 34, Interim Financial Reporting and applied on a basis consistent with those applied in the Fund's audited financial statements for the year ended August 31, 2023. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities including derivatives at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instrument classification

The Fund classifies its investments, including derivatives, based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as Fair Value Through Other Comprehensive Income (FVOCI). The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments, including derivatives and short-term investments with a maturity of up to one year from the date of acquisition, are measured at Fair Value Through Profit and Loss (FVTPL).

The Fund classifies all of its investment portfolio as financial assets or liabilities at FVTPL. The Fund's obligations for net assets attributable to holders of redeemable shares are presented at the redemption amount, which approximates their fair value. All other financial assets and liabilities are measured at amortized cost, which approximates their fair value.

Financial assets and financial liabilities at amortized cost

Amounts classified at amortized cost are recognised initially at fair value and subsequently measured at amortized cost. At each reporting date, the Fund shall measure the loss allowance on financial assets measured at amortized cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

Fair Market Value

Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last

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traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants which makes the maximum use of observable inputs.

An independent valuation relating to the value of the private equity venture investments has been obtained and has been filed with the financial statements for the year ended August 31, 2023.

Net Assets versus Net Asset Value

The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value for transactions with shareholders in accordance with Part 14 of National Instrument 81-106 Investment Funds for Continuous Disclosure ("NI 81-106"), except where the last traded market price for financial assets and liabilities are not within the bid-ask spread or the Fund holds unlisted warrants, as described above. As at February 29, 2024 and August 31, 2023, there were no differences between the net asset value per share and the net assets per share for any series of the Fund.

Income recognition

Gains and losses arising from changes in fair value of financial assets are shown in the Statements of Comprehensive Income as "Net change in unrealized (depreciation) appreciation of investments" and as "Net realized gain (loss) on investments" when the positions are sold.

Interest for distribution purposes represents the coupon interest received by the Fund, recognized on an accrual basis.

Dividends are recognized as income on the Statement of Comprehensive Income and is recorded at the time the dividend is declared.

Functional and presentation currency and foreign exchange translation

The functional and reporting currency for the Fund is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the Fund operates, or where mixed indicators exist in the primary environment, the currency in which it primarily raises capital. Any currency other than the functional currency represents foreign currency to the Fund. Amounts denominated in foreign currencies are converted into the functional currency as follows:

- (i) The fair values of investments, derivative contracts and monetary and non-monetary assets and liabilities at the rates of exchange prevailing as at the valuation date;
- (ii) Foreign income and expenses at the rates of exchange applicable on the respective dates of such transactions; and
- (iii) Purchase or sale of investments and investment income at the rate of exchange prevailing on the respective dates of such transactions.

Gains and losses on foreign exchange incurred in the Fund from monetary or non-monetary assets and liabilities other than investments and derivatives are shown in the Statements of Comprehensive Income as "Net realized and unrealized foreign currency translation gain (loss)".

B.E.S.T. VENTURE OPPORTUNITIES FUND INC.
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Investments in unconsolidated structured entities

The Fund meets the requirements of an Investment Entity in accordance with IFRS 10. Investments that are held as part of the Fund’s investment portfolio are carried on the Statements of Financial Position at fair value. The Fund’s investments in subsidiaries are required to be carried at fair value in accordance with IFRS 10, “Consolidated Financial Statements”. In addition, investments in associates that are held by the Fund are recognized and measured at fair value through profit and loss, with changes in fair value recognized in the Statements of Comprehensive Income in the period of change. Subsidiaries are entities, including investments in other investment entities, over which the Fund has control. The Fund is deemed to control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its control over the entity.

Associates and joint ventures are investments over which the Fund has significant influence or joint control. The Manager has defined significant influence as holding, directly or indirectly, 20 per cent or more of the voting power of the investee. Conversely, if the Fund holds, directly or indirectly, less than 20 per cent of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence. The Fund has no representation on the board of directors and is not involved in any business decision of any investee.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Fund does not have any structured entity investments as at the reporting periods.

The table below provides information about the Fund’s interest in associates and the related ownership percentage of the underlying company.

Name	Relationship	Type of investment	February 29, 2024 (Ownership %)	August 31, 2023 (Ownership %)
Spectra Products Inc.	Associate	Common shares	25.11	24.91

The above company is incorporated in Canada and has its principal place of business in Canada.

Redeemable shares issued by the Fund

The Fund’s outstanding redeemable shares qualify as “puttable instruments” and have been classified as liabilities, as per the International Accounting Standard 32, *Financial Instruments: Presentation* (“IAS 32”) which states that shares of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset should be classified as financial liability if certain criteria are not met.

The Fund has issued and outstanding different series of shares that are equally subordinated but have different features. This feature violates criteria that are required in order for the redeemable shares to be presented as equity under IAS 32. Consequently, the Fund’s outstanding redeemable shares are classified as financial liabilities in these financial statements.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the Statements of Financial Position only if there is an unconditional legal right to offset the amounts and there is an intention either to

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settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss. As at February 29, 2024 and August 31, 2023, the Fund did not enter into any agreements whereby financial instruments were eligible for offset.

Increase (decrease) in net assets attributable to holders of redeemable shares per share

“Increase (decrease) in net assets attributable to holders of redeemable shares per share” is disclosed in the Statements of Comprehensive Income and represents, for each series of shares, the increase in net assets attributable to holders of redeemable shares from operations for the period attributable to each series divided by the weighted average number of shares outstanding for the corresponding series during the period.

Cash

Cash is comprised of cash on deposit and bank overdrafts, as applicable.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the Manager to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These estimates are made based on information available as at the date of issuance of the financial statements. Actual results could materially differ from those estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Investment entities

In accordance with IFRS 10: Consolidated Financial Statements, the Manager has determined that the Fund meets the definition of an Investment Entity which requires that the Fund obtain funds from one or more investors for the purpose of providing 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 its investments on a fair value basis. Consequently, the Fund does not consolidate its investment in subsidiaries, if any, but instead measures these at FVTPL, as required by the accounting standard.

Fair value measurement of financial instruments not quoted in an active market

Key areas of estimation, where the Manager has made complex or subjective judgments, include the determination of fair values of financial instruments that are not quoted in an active market. The use of valuation techniques for financial instruments that are not quoted in an active market requires the Manager to make assumptions that are based on market conditions existing as at the date of the financial statements. Changes in these assumptions as a result of changes in market conditions could affect the reported fair value of financial instruments.

5. SHARES ISSUED AND OUTSTANDING

The authorized share capital of the Fund consists of an unlimited number of Class A shares issuable in series, 1,000 Class B shares and an unlimited number of Class C shares issuable in series.

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A description of each series is provided below:

Class A Shares

The Class A shares are issuable in series from treasury. Currently, there are two series of Class A shares authorized; Class A, Series I and Class A, Series II. Effective December 31, 2003 Class A, Series I shares are no longer available for sale. Effective January 1, 2017 Class A, Series II shares are no longer available for sale. Each Class A share entitles the holder thereof to one vote per share. Class A shares are entitled to receive dividends at the discretion of the Board of Directors of the Fund provided that no dividend will be declared or paid unless the same dividend per share is declared or paid to holders of Class C shares. Shareholders are entitled to distributions when declared. Distributions on shares of the Fund are reinvested in additional shares of the Fund, or at the option of the shareholder, paid in cash.

A shareholder may redeem all or part of the Class A shares held at the net asset value per Class A share, subject to certain restrictions. In any fiscal period, the Fund is not required to redeem Class A shares of any series having an aggregate redemption price exceeding 20% of the net asset value of the Class A Shares of that series calculated as at the last day of the preceding fiscal period. If the Fund does not redeem Class A shares of a series in the fiscal period requested, it will redeem those shares in the following fiscal period before it redeems any other Class A shares that it has been requested to redeem.

If a shareholder of a Class A share redeems such share before the eighth anniversary of the date of issue of the share, a redemption fee will be charged. The redemption fee is calculated as 0.75% or 1.25% (depending on whether the Manager paid a 6% or 10% commission at the time of purchase) of the redemption amount times the number of years or part year remaining until the eighth anniversary date of issue of the share. After the eighth anniversary date of issue of the share, there is no redemption fee.

Redemptions of the Fund's Class A shares have been suspended until at least December 31, 2024 following the approval of a special resolution by shareholders on February 24, 2022.

Class B Shares

The Class B shares may be issued only to the Sponsors and are not entitled to receive dividends. Each Class B share entitles the holder thereof to one vote per share. Shares are redeemable by the Fund at a redemption price equal to the issue price of the shares.

Class C Shares

The Class C shares are issuable in series and are entitled to receive dividends at the discretion of the Board of Directors of the Fund provided that no dividend will be declared or paid unless the same dividend per share is declared or paid to holders of Class A shares. Each Class C share entitles the holder thereof to one vote per share. The Fund has authorized an unlimited number of Class C shares. There were no Class C shares issued and outstanding during the period or in the prior period.

Capital Risk Management

Shares issued and outstanding represent the capital of the Fund. The Fund's capital is managed in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Fund's most recent prospectus. The Fund has no specific restrictions or specific capital requirements on the redemptions of shares.

The shares of each series of the Fund are issued and redeemed at their Net Asset Value per share of each series which is determined as of the close of business on each day that the Toronto Stock Exchange is open for trading. The Net Asset Value per share is calculated by dividing the Net Asset Value per series by the total number of outstanding shares of each series.

B.E.S.T. VENTURE OPPORTUNITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Unaudited)
As at February 29, 2024

For the six-month period ended February 29, 2024 and the year ended August 31, 2023, the following number of shares were redeemed:

Issued	February 29, 2024	August 31, 2023
	Number of shares	Number of shares
Class A shares, Series I		
Balance – Beginning of year	250,381	250,737
Issued during the year	-	-
Redeemed during the year	-	(356)
Balance – End of year	250,381	250,381
Class A shares, Series II		
Balance – Beginning of year	770,704	771,393
Issued during the year	-	-
Redeemed during the year	-	(689)
Balance – End of year	770,704	770,704
Class B shares		
Balance – Beginning of year	4	4
Redeemed during the year	-	-
Balance – End of year	4	4

6. OPERATING ARRANGEMENTS AND RELATED PARTIES

Management Fees

The Fund pays the Manager a management fee in consideration for all decision making relating to the Fund. This includes making or arranging for investment advice, portfolio management services, fund administration services and any other day-to-day operational needs for the Fund.

The management fee for Class A, Series I and Class A, Series II shares is an annualized rate of 3% and is based on the net asset value of each series of the Fund and is accrued daily and paid monthly. There is no management fee on Class B shares.

Operating Expenses

The Fund pays all of its operating and other expenses. These expenses include legal and audit fees and expenses, custody fees, taxes, brokerage commissions, interest, costs and expenses relating to the issue and redemption of shares (including dealer compensation programs, sales commissions and service fees, but not including advertising, marketing, sponsorship and promotion expenses which are paid by the Manager) operating and administrative costs and expenses, costs and expenses of financial and other reports and costs and expenses relating to compliance with applicable laws, regulations and policies.

The Manager, at its sole discretion, may waive or absorb a portion of a series' management fees or operating expenses. The absorbed amounts are shown in the Statements of Comprehensive Income, as applicable. These waivers or absorptions may be terminated at any time without notice.

As of April 2022, the Fund ceased paying the service fees paid to registered dealers at the rate of 0.5% annually on the net asset value of the Class A Shares, Series I held by such dealers.

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Client Brokerage Commissions

Client brokerage commissions are arrangements pursuant to which products or services, other than the execution of portfolio securities transactions, are obtained by a portfolio advisor from or through a broker-dealer in exchange for directing client securities transactions to the broker-dealer. The ascertainable client brokerage commissions paid in connection with investment portfolio transactions for the periods ended February 29, 2024 and February 28, 2023 were \$Nil.

Related Party Transactions

Since October 20, 2018, BEST has been the investment fund manager, portfolio manager and principal distributor of the Fund and has earned management fees which are disclosed on a separate line in the Statements of Comprehensive Income. During the six-month period ended February 29, 2024, BEST earned management fees including taxes of \$252,673 (February 28, 2023: \$203,302). Included in accounts payable and accrued liabilities as at February 29, 2024 are accrued management fees inclusive of tax of \$39,801 (August 31, 2023: \$38,336) payable to BEST.

All related party transactions are in the normal course of operations and have been recorded at the contractual amount on the date that they occur.

Performance Fees

The Fund pays to the Manager an annual performance fee equal to 20% of the amount by which the increase in the value of the venture investment portfolio (including revenues, net of expenses, from the venture investment portfolio) exceeds a benchmark equal to the average annual percentage rate of return for three to five-year Government of Canada bonds during such financial year of the Fund plus 3%. As at February 29, 2024 and August 31, 2023, the Fund accrued a performance fee, inclusive of sales tax, of \$Nil.

7. INCOME TAXES

The Fund qualifies as a mutual fund corporation under the Income Tax Act (Canada).

The Fund is exempt from Part IV federal tax with respect to taxable dividends received from taxable Canadian corporations.

The Fund has an August 31st tax year end and is subject to Part I tax on other income and taxable capital gains for the year. Part I tax on taxable capital gains can be reduced by the capital gains refund available to a mutual fund corporation which is calculated based on the level of redemptions by shareholders and capital gains dividends distributed to shareholders. The Fund will pay out sufficient capital gains dividends such that it would not be subject to Part I tax on taxable capital gains. The Fund has sufficient expenses and non-capital losses to offset its other income. As a result, the Fund does not record any provisions for Part I tax.

The Fund is registered as a LSIF Corporation under the Ontario Act and is also a registered LSVCC under the Federal Act. Under the Federal Act, the Fund is subject to minimum levels of venture investments calculated as at August 31st. The Fund will be subject to a federal penalty tax if it has an investment shortfall for purposes of the Federal Act. The Fund may be entitled to a refund of such tax if it is able to demonstrate subsequent compliance with the investment requirements in the manner prescribed in the Federal Act.

Under the Ontario Act, the Fund is subject to minimum levels of venture investments calculated as at December 31st. The Fund is required to file an LSVCC return annually and could be subject to certain taxes and penalties. If the Fund becomes liable to pay an amount under the Ontario Act as a consequence of a failure to acquire sufficient properties of a character described in the Ontario Act, the Fund may be liable to

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pay a tax equal to that amount under the Federal Act. Such tax is refundable to the extent the Minister of Finance (Ontario) refunds the amount paid under the Ontario Act.

The Fund is in compliance under the Ontario Act and Federal Act with respect to its investment requirements. Accordingly, the Fund does not record provisions for tax penalty under the Ontario Act and Federal Act.

Losses carried forward

Capital losses can be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses for income tax purposes may be carried forward up to twenty years and applied against all sources of income. Since the Fund does not anticipate any income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset.

As at February 29, 2024, the Fund had capital losses available for carry forward in the amount of \$8,497,488 (August 31, 2023: \$8,497,488) for which there is no expiry date.

As at February 29, 2024, the Fund had non-capital losses available of \$19,491,219 (August 31, 2023: \$19,491,219) which are available for carry forward.

8. FINANCIAL INSTRUMENTS

The Fund's investment activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk, and price risk), credit risk and liquidity risk. The Fund's investment practices include portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's securities and financial market developments. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to shareholders of the Fund from reasonably possible changes in the relevant risk variables.

The Fund's financial instruments consist primarily of cash, investments (short-term investments, venture investments and non-venture investments), accrued interest and other receivables, accounts payable and accrued liabilities and redemptions payable. Venture investments in private companies consist of subordinated debt, convertible debt, equity, or equity equivalents. Investments in private companies are typically illiquid.

The Manager maintains a risk management practice that includes monitoring compliance with investment restrictions to ensure that the Fund is being managed in accordance with the Fund's stated investment objectives, strategies and securities regulations.

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Financial Instruments

Assets	February 29, 2024	August 31, 2023
Investments	\$14,027,952	\$13,963,433
Cash	\$731,346	\$659,300
Accrued interest and other receivables	\$42,717	\$169,622
Total Financial Assets	\$14,802,015	\$14,792,355
Accounts payable, accrued liabilities and contingent	\$153,051	\$560,479
Net assets attributable to holders of Class A shares	\$14,648,960	\$14,231,872
Total Financial Liabilities	\$14,802,011	\$14,792,351

Sensitivity analyses are provided for information purposes only. In practice, the actual results may differ from the sensitivity analysis and the differences may be material.

Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market factors. Market risk includes currency risk, interest rate risk and other price risk. The Fund is exposed to these risks directly through its financial instruments.

Currency risk

The Fund may invest in monetary and non-monetary assets denominated in currencies other than its functional currency. Currency risk is the risk that the value of foreign instruments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency. Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities that are denominated in foreign currencies do not expose the Fund to significant currency risk.

The Fund does not enter into any foreign exchange hedging transactions for the purpose of managing its exposure to foreign exchange movements. The Fund did not have significant currency risk exposure as February 29, 2024 or August 31, 2023.

The Fund may be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain portfolio companies in which the Fund invests, even if those companies' securities are denominated in Canadian dollars. Certain portfolio companies mitigate the risk of foreign currency fluctuations by holding sufficient foreign currency to cover current expenses denominated in the foreign currency.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. The Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate sensitive derivative instruments, if any.

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio, excluding preferred shares, cash and overdrafts, as applicable.

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Interest rate exposure	February 29, 2024	August 31, 2023
Less than 1 year	\$10,412,640	\$6,497,008
1-3 years	-	\$302,577
3-5 years	-	-
	<u>\$10,412,640</u>	<u>\$6,799,585</u>

As at February 29, 2024, interest bearing securities with a maturity of less than one year are comprised of high interest savings account exchange traded fund and short-term banker's acceptance issued by Canadian chartered banks. As at August 31, 2023 the interest-bearing securities with a maturity of less than one year were comprised of high interest savings account exchange traded fund and a provincial bond.

As at February 29, 2024, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets attributable to holders of redeemable shares would have decreased or increase by \$506 or approximately 0.004% of the net assets of the Fund (August 31, 2023 – \$5,443 or approximately 0.04%). Actual results may differ from this sensitivity analysis and the difference could be material.

Other Price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to price risk is mainly in equities, derivatives and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value.

As at August 31, 2023, approximately 50.34% (August 31, 2023: 50.34%) of the Fund's net assets were exposed to price risk. If the TSX Venture Composite Index decreased or increased by 10%, with all other variables held constant, net assets attributable to holders of redeemable shares of the Fund would have decreased or increased, respectively, by approximately \$711,010 (August 31, 2023 – \$716,385). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Refer to tables below which present significant unobservable inputs used in the fair value measurements of investments classified as Level 3 for the impact of other price risk on the change in valuation inputs of these investments.

Credit risk

Credit risk is the risk that the issuer of a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's investment in financial instruments such as bonds, debentures, money market instruments, preferred shares and derivatives represents the main concentration of credit risk. The fair value of financial instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Fund. Where applicable, all transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trades will fail if the other party fails to meet its obligations. All transactions in private issuers are settled/paid for upon delivery using a third-party agent such as a law firm as an intermediary. The risk of default is considered minimal as delivery of the securities sold is only made once the agent or legal counsel acting as the intermediary has received payment.

Cash consists of demand deposits with Canadian banks.

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The table below summarizes the credit ratings of the bonds and debentures held by the Fund.

Credit ratings	February 29, 2024		August 31, 2023	
	Percentage of total credit instruments (%)	Percentage of net assets (%)	Percentage of total credit instruments (%)	Percentage of net assets (%)
A	97.1	45.8	92.5	26.4
Unrated	2.9	1.4	7.5	2.1
	100.0	47.2	100.0	28.5

Other than outlined above, there were no significant concentrations of credit risk to counterparties at February 29, 2024 or August 31, 2023.

The Fund enters into transactions with approved counterparties with a designated rating in accordance with securities regulations.

The credit ratings reported in the financial statements for issuers of debt instruments, counterparties of derivative transactions, prime brokers and custodians, where applicable, are S&P Global Ratings' credit ratings or S&P Global Ratings equivalent for credit ratings from other approved rating agencies. In instances where the credit rating was to fall below the designated rating, the Manager would take appropriate action.

The Fund can also be exposed to credit risk to the extent that the Fund's custodian may not be able to settle trades for cash. Canadian securities regulations require that the Fund employs a custodian that meets certain capital requirements. These regulations state that, among other things, a fund's custodian be either a bank listed in Schedule I, II, or III of the Bank Act (Canada), or a company incorporated in Canada affiliated with a bank with shareholders' equity of not less than \$10,000,000. CIBC Mellon Trust Company, which is the custodian for the Fund, meets all Canadian Securities Administrators' requirements to act as custodian.

Concentration risk

Concentration risk arises as a result of the concentration of financial instruments within the same category, geographical location, asset type or industry sector, as applicable. The table below is a summary of the Fund's concentration risk by carrying value as a percentage of net assets:

	February 29, 2024	August 31, 2023
Venture Investments	49.9	52.5
Equities	48.5	50.4
Bonds and Debentures	1.4	2.1
Non-venture Investments	-	26.4
Marketable Securities – Government Bonds and Debentures	-	26.4
Cash and Short-term investments	50.8	23.9

Liquidity risk

The Fund's exposure to liquidity risk arises primarily from the daily cash redemption of shares. The majority of the Fund's investments are in securities that are traded in active markets and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Fund may invest in securities that are not traded in an active market and may be illiquid. Illiquid securities are identified in the Fund's Schedule of Investment Portfolio, as applicable.

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All the financial liabilities of the Fund as at February 29, 2024 and August 31, 2023 fall due within twelve months.

Fair value measurement

The Fund classifies its investments within a fair value hierarchy, based on the inputs used in their fair value measurement. The hierarchy of inputs is summarized as follows:

- Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value is based on inputs other than unadjusted quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

The following tables indicate the fair value hierarchy of the inputs used in valuing the Fund's investments at February 29, 2024 and August 31, 2023.

February 29, 2024	Level 1	Level 2	Level 3	Total
Equities and preferred shares	\$1,324,999	-	\$5,785,098	\$7,110,097
Bonds and debentures	-	-	\$202,577	\$202,577
Short-term debt	\$2,747,598	\$ 3,967,680	-	\$6,715,278
	\$4,072,597	\$3,967,680	\$5,987,675	\$14,027,952

August 31, 2023	Level 1	Level 2	Level 3	Total
Equities and preferred shares	\$1,378,750	-	\$5,785,098	\$7,163,848
Bonds and debentures	-	\$3,749,959	\$302,577	\$4,052,536
Short-term investment ETF	\$2,747,049	-	-	\$2,747,049
	\$4,125,799	\$3,749,959	\$6,087,675	\$13,963,433

Transfers between levels

Changes in valuation methodology may result in transfers in and out of a level. The Fund's policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. During the six-month period ended February 29, 2024 and the year ended August 31, 2023 there were no transfers between Level 1, Level 2 or Level 3.

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Reconciliation of Level 3 financial instruments

The following table presents the movement in the Fund's Level 3 financial instruments for the years ended:

	February 29, 2024	August 31, 2023
Beginning of period	\$6,087,675	\$4,483,788
Purchases	-	\$500,000
Repayment	(\$100,000)	(\$197,423)
Transfers into Level 3	-	-
Net realized gains (losses)	-	(\$125,000)
Net change in unrealized (loss) gain*	-	\$1,426,310
End of period	\$5,987,675	\$6,087,675

* Net change in unrealized gain (loss) for Level 3 financial instruments held as at February 29, 2024 and August 31, 2023 was \$Nil and \$1,426,310 respectively.

Level 3 valuation techniques

The table below summarizes the valuation techniques and the significant unobservable inputs used in the fair value measurement of Level 3 financial instruments. The significant unobservable inputs used in valuation of Level 3 financial instruments can vary considerably over time depending on company specific factors and economic or market conditions. The table also illustrates the potential impact on the Fund if the significant unobservable inputs used in the valuation techniques had increased or decreased, with all other variables held constant.

February 29, 2024

Security	Valuation technique	Significant unobservable input	Carrying value	Input Range	Reasonable Possible Shift	Change in valuation
Equities	Fundamental model analysis based on financial data	Discount Rate	\$5,629,092	20-30%	2%	\$513,767/(\$469,091)
Equities	Fundamental model analysis based on financial data	EBITDA multiple	\$156,000	4.5 – 7.0x	+/- 0.5x	\$9,150/(\$9,150)
Debt	Fundamental model analysis based on financial data	Discount Rate	\$202,577	18.0%	1.0%	\$7,440/(\$6,619)
			\$5,987,669			

August 31, 2023

Security	Valuation technique	Significant unobservable input	Carrying value	Input Range	Reasonable Possible Shift	Change in valuation
Equities	Fundamental model analysis based on financial data	Discount Rate	\$5,629,092	20-30%	2%	\$513,767/(\$469,091)
Equities	Fundamental model analysis based on financial data	EBITDA multiple	\$156,000	4.5 – 7.0x	+/- 0.5x	\$9,150/(\$9,150)
Debt	Fundamental model analysis based on financial data	Discount Rate	\$302,577	18.0%	1.0%	\$6,625/(\$6,465)
			\$6,087,669			

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The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements. At each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements. The Fund's board of directors meets quarterly to perform detailed reviews of the valuations of investments held by the Fund.

Financial instruments are valued at their fair value as summarized below:

- (i) North American equity securities are valued at the closing market price recorded by the security exchange on which the security is principally traded. Non-North American equity securities are valued at fair value based on information provided by an independent pricing source. Unlisted equity securities that are not traded in an active market are valued using various valuation techniques.
- (ii) Publicly available fixed income securities, including bonds and mortgage-backed securities, are valued using quotations received from independent pricing sources.
- (iii) Fixed income securities other than publicly available fixed income securities and short-term liquid debt instruments will be valued at fair value (with accrued interest and discount earned included in interest receivable) and giving consideration to whether the security is in arrears or whether a write-down or other provision is considered prudent due to the unlikelihood of full realization on the investment. Where there is a decline in the carrying value of a fixed income security, the security and related accrued interest will be written down.
- (iv) Short-term debt instruments are carried at amortized cost, which approximates fair value.
- (v) Unlisted warrants are valued using the Black-Scholes option valuation model. The model factors in the time value of money and the volatility inputs significant to such valuation.

9. CONTINGENCY

The Ministry of Finance, Ontario (the "MoF") began a compliance audit of the Fund in September 2011 challenging the eligibility of certain investments made by the Fund in accordance with section 17 of the Community Small Business Investment Funds Act (the "CSBIF Act") for the years ended December 31, 2007 to 2010. Based on their preliminary analysis, the MoF asserted that the Fund did not meet its investment pacing requirements. The manager at the time, 1832, provided to the MoF information on how the investments satisfied the pacing requirements in accordance with the CSBIF Act. No assurance can be given that the final outcome of this audit will not result in a material liability to the Fund. There has been no change since the last communication on November 13, 2012. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.