

Almonty Industries Inc.

Canada / Mining

Toronto

Bloomberg: All CN

ISIN: CA0203981034

Update

RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**CAD 1.35**

117.7%

High

EYES ON THE PRIZE

The Sangdong mine project has the potential to make Almonty the dominant non-Chinese tungsten player by 2025, with an ex-China market share of over one third. Sangdong's potential mine-life stretches beyond the middle of this century with annual production at over twice Almonty's current output. Following recent visits by KfW-IPEX Bank and the Austrian Development Bank (OeKB) to the Panasqueira and Sangdong mines, we believe that closure of the Sangdong financing is at hand. Q4 2018/19 results were weak due to soft market conditions in Europe and uncertainty surrounding large tungsten APT (ammonium paratungstate) stocks formerly held by the defunct Fanya Metal Exchange in China. The commodity price averaged USD210 in Q4 2018/19 compared with USD271 during the first three quarters of the 2018/19 financial year. However, pricing has since recovered to USD220-240 and we expect the current quarter to be stronger than Q4 18/19. With closure of the Sangdong financing imminent, we advise investors to take advantage of current share price weakness. Our recommendation is Buy with an unchanged price target of CAD1.35.

Q4 18/19 shipments down 63.5% Q4 18/19 results showed a 56.8% decline in revenue to CAD6.3m (FBe: CAD10.1m; Q4 17/18: CAD14.6m) while EBITDA from mining operations came in at CAD1.1m (FBe: CAD2.4m; Q4 17/18: CAD5.2m). The commodity price was 31.7% below the average Q4 17/18 level. This acted as a disincentive to produce. Overall tungsten concentrate shipments fell 63.5% vs. Q4 17/18. Revenue would have fallen further than 56.8% without an improved contribution from by-product metals (copper and tin).

Transition to tailings production at Los Santos At Los Santos production fell by 82.6% while sales dropped 88.8% to CAD0.8m. (Q4 17/18: CAD6.7m). EBITDA from mining operations came in at CAD0.3m (Q4 17/18: CAD2.4m). Revenue and profitability were impacted by the transition from mining of fresh ore to processing of tailings in Q3 18/19.

FINANCIAL HISTORY & PROJECTIONS

	2014/15	2015/16	2016/17	2017/18	2018/19E	2020E
Revenue (CAD m)	36.14	37.31	39.02	65.17	54.91	42.50
Y-o-y growth	23.7%	3.2%	4.6%	67.0%	-15.8%	-22.6%
EBIT (CAD m)	-18.19	-18.17	-10.07	-7.61	10.52	4.79
EBIT margin	-50.3%	-48.7%	-25.8%	-11.7%	19.2%	11.3%
Net income (CAD m)	-19.55	-21.18	-8.24	-10.69	7.03	0.99
EPS (diluted) (CAD)	-0.38	-0.22	-0.07	-0.06	0.04	0.01
DPS (CAD)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (CADm)	-11.98	-15.48	-13.83	4.67	-13.52	-41.37
Net gearing	90.1%	155.8%	105.9%	98.8%	120.3%	94.0%
Liquid assets (CAD m)	0.87	4.22	4.47	8.72	3.00	92.00

RISKS

Risks are a renewed turndown in tungsten commodity prices and failure to secure financing for the strategically important Sangdong tungsten project.

COMPANY PROFILE

Almonty is a turnaround investor-operator specialising in acquiring distressed and underperforming operations and assets in tungsten markets.

MARKET DATA

As of 22 Nov 2019

Closing Price	CAD 0.62
Shares outstanding	181.42m
Market Capitalisation	CAD 112.48m
52-week Range	CAD 0.52 / 1.08
Avg. Volume (12 Months)	55,537

Multiples	2017/18	2018/19E	2020E
P/E	n.a.	16.0	114.1
EV/Sales	2.4	2.9	3.7
EV/EBIT	n.a.	15.1	33.1
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2019

Liquid Assets	CAD 2.89m
Current Assets	CAD 20.73m
Intangible Assets	CAD 58.80m
Total Assets	CAD 152.16m
Current Liabilities	CAD 53.27m
Shareholders' Equity	CAD 48.23m

SHAREHOLDERS

Lewis Black/Almonty Partners LLC	19.7%
Global Tungsten & Powders Corp.	15.2%
Deutsche Rohstoff AG	12.8%
J.P. Morgan Chase & Co.	8.5%
Free float and other	43.8%

**Figure 1: Q4 18/19 results vs. our forecasts**

CAD 000s	Q4 18/19A	Q4 18/19E	Δ %	Q4 17/18A	Δ %
Revenue	6,319	10,055	-37.2%	14,629	-56.8%
Production costs	5,269	7,636	-31.0%	9,416	-44.0%
% revenue	83.4%	75.9%	-	64.4%	-
EBITDA from mining ops.	1,050	2,419	-56.6%	5,213	-79.9%
Reversal of impairment	0	0	n.m.	15,604	n.m.
Depreciation and amortisation	595	722	-17.6%	4,681	-87.3%
EBIT from mining ops.	455	1,697	-73.2%	-15,072	n.m.
Share-based compensation	0	68	n.m.	0	n.m.
General & admin. costs	1,831	1,683	8.8%	2,494	-26.6%
EBIT	-1,376	-54	n.m.	-17,566	n.m.

Source: Almonty Industries Inc., First Berlin Equity Research estimates

Production at Panasqueira fell 37.1% to CAD5.6m (Q4 17/18: CAD9.6m). EBITDA from mining operations declined to CAD0.7m (Q4 17/18: CAD 3.1m). As in Q3 18/19, mining of lower grade ore to ensure future access to higher grade material was an additional burden on revenue and profitability.

Figure 2: Recent development of sales volume, sales and EBITDA from mining operations

	Q4 17/18	FY 17/18	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19
Total shipment volume (metric tonne units)	53,394	185,263	47,552	42,351	34,711	19,489
y-o-y change	38.0%	25.6%	31.0%	-3.9%	-32.6%	-63.5%
Total sales (CAD 000s)	14,629	65,171	16,412	13,051	12,250	6,319
y-o-y change	35.3%	67.0%	52.4%	-24.6%	-45.5%	-56.8%
Total EBITDA from mining ops. excluding impairment (CAD 000s)	5,213	28,472	7,567	7,318	3,263	1,050
y-o-y change	84.8%	326.9%	156.2%	-3.8%	-74.3%	-79.9%

Source: Almonty Industries Inc., First Berlin Equity Research estimates

Repayment schedule for USD13.7m of debt extended Figure 3 below shows the development of Almonty's net debt and equity position since the end of its 2017/18 financial year. In early September 2019 Almonty had USD8.75m outstanding under a term loan and USD4.97m under a revolving loan. The term loan was due on 30 September 2019 and the revolving loan on 31 December 2019. In mid-September Almonty announced that it had rolled both loans into a new restated term loan with a principal amount of USD15.65m. The interest rate is LIBOR plus 1.5%. The maturity date is 30 September 2020 and the loan can be extended each year over a three-year period to 30 September 2024.

Figure 3: Changes in financial position

CAD 000s	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19
Cash	8,721	9,457	9,353	5,165	2,891
Restricted cash	1,245	1,279	1,262	1,495	1,189
Short term debt	25,876	30,278	36,073	31,733	37,205
Long term debt	24,455	22,327	13,616	13,423	12,777
Net debt	40,365	41,869	39,074	38,496	45,902
Equity	40,863	50,180	51,963	52,778	48,229
Net gearing	98.8%	83.4%	75.2%	72.9%	95.2%

Source: Almonty Industries Inc.

Panasqueira selling output above spot price The price at which Los Santos is able to sell its tungsten concentrate production is based on a formula linked to the tungsten APT spot price. However, under the calendar 2019 terms of a long-term contract, Panasqueira is currently able to sell its output at a price well above the level achievable under a spot price-linked formula. We gather that terms recently agreed for Panasqueira's 2020 output also stipulate pricing well above the current spot price.



2020 forecasts reduced due to lower commodity price, slower tailings ramp-up at Los Santos

Earlier this year Almonty announced a change in its financial year end from 30 September to 31 December. The 2018/19 numbers in figure 4 below are based on the period 1 October 2018 to 31 December 2019 while the 2020 numbers correspond to the calendar year. The downward revisions to our forecasts for 2020 reflect a reduction in our average tungsten APT price assumption at Los Santos from USD282 to USD260 as well as a slower ramp-up in tailings production at Los Santos than we had previously modelled.

Figure 4: Changes to forecasts

All figures in CAD '000	2018/19E			2020E		
	new	old	% Δ	new	old	% Δ
WO₃ sold (mtu)	161,619	157,614	2.5%	135,000	150,000	-10.0%
Revenue	54,906	61,658	-11.0%	42,501	47,552	-10.6%
Production costs	34,437	38,748	-11.1%	27,680	29,510	-6.2%
EBITDA from mining ops. before impairment charges	20,469	22,909	-10.7%	14,821	18,042	-17.9%
Reversal of impairment charge	-4,150	-4,150	n.a.	0	0	n.a.
Depreciation and amortisation	5,082	5,259	-3.4%	2,960	3,000	-1.3%
Result of mining ops.	19,537	21,800	-10.4%	11,861	15,042	-21.1%
General and administrative	8,948	8,700	2.9%	6,800	6,800	0.0%
Share-based compensation	68	204	n.a.	272	272	n.a.
Operating income (EBIT)	10,521	12,896	-18.4%	4,789	7,970	-39.9%
Interest expense	3,214	3,244	-0.9%	3,630	3,035	19.6%
Gain on debt settlements	1,227	1,015	0.0%	0	0	n.a.
Foreign exchange (gain) loss	707	400	76.8%	0	0	n.a.
Pre-tax income (EBT)	7,827	10,267	-23.8%	1,160	4,935	-76.5%
Income taxes	798	251	217.9%	174	740	-76.5%
Minority interests	0	0	n.a.	0	0	n.a.
Net income / loss	7,029	10,016	-29.8%	986	4,195	-76.5%
EPS (CAD)	0.04	0.06	-29.8%	0.01	0.04	-76.5%
EBITDA	15,603	18,155	-14.1%	7,749	8,819	-12.1%

Source: First Berlin Equity Research estimates



VALUATION

We maintain our **Buy recommendation and price target of CAD1.35**. Given that financing of the Sangdong mine looks to be close at hand and taking advantage of the detailed projections for the project provided by Almonty in its October presentation, we have switched our valuation methodology for the project from peer group comparison to a discounted cashflow methodology.

Figure 5: Sangdong DCF valuation*

USD	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Tungsten APT price		260	280	280	280	280	280	280	280	280	280	280
WO ₃ price (USD)		203	218	218	218	218	218	218	218	218	218	218
Metric tonne units produced	0	7,725	209,585	273,074	260,380	391,522	494,554	494,554	494,554	494,554	494,554	494,554
Revenues	0	1,566,643	45,773,462	59,639,416	56,866,923	85,508,471	108,010,700	108,010,700	108,010,700	108,010,700	108,010,700	108,010,700
Ore mining costs	0	589,174	10,569,609	14,093,711	14,610,930	21,485,197	26,568,459	26,860,589	27,647,780	26,517,785	25,966,670	25,966,670
Processing costs	0	228,402	6,292,705	8,198,926	8,198,926	12,131,241	15,323,673	15,323,673	13,140,000	13,140,000	13,140,000	13,140,000
G&A costs	575,000	640,000	2,174,530	2,833,250	2,833,250	4,192,115	5,295,303	5,295,303	5,880,000	5,880,000	5,880,000	5,880,000
Total operating costs	575,000	1,457,576	19,036,843	25,125,887	25,643,106	37,808,554	47,187,436	47,479,565	46,667,780	45,537,764	44,986,670	44,986,670
Operating costs per MTU		189	91	92	98	97	95	96	94	92	91	91
EBITDA	-575,000	109,067	26,736,619	34,513,529	31,223,817	47,699,917	60,823,264	60,531,135	61,342,920	62,472,916	63,024,030	63,024,030
Depreciation	0	0	10,542,838	10,847,955	10,847,955	10,918,025	11,141,100	11,420,457	11,947,192	1,809,626	1,504,509	1,504,509
EBIT	-575,000	109,067	16,193,781	23,665,574	20,375,862	36,781,892	49,682,164	49,110,678	49,395,728	60,663,290	61,519,521	61,519,521
Cash taxes	0	0	2,307,191	6,757,979	5,948,051	6,206,062	6,245,625	6,101,569	6,132,483	8,752,418	8,765,966	8,765,966
Tax rate	0.0%	0.0%	14.2%	28.6%	29.2%	16.9%	12.6%	12.4%	12.4%	14.4%	14.2%	14.2%
Cashflow from operations	-575,000	109,067	24,429,428	27,755,550	25,275,766	41,493,855	54,577,639	54,429,566	55,210,437	53,720,498	54,258,064	54,258,064
Initial CAPEX		35,908,173	37,891,693	0	0	0	0	0	0	0	0	0
Sustaining CAPEX	0	0	0	2,135,822	0	490,489	1,561,521	1,955,503	3,687,141	2,836,907	0	0
Net cashflow	-575,000	-35,799,106	-13,462,265	25,619,728	25,275,766	41,003,366	53,016,118	52,474,063	51,523,296	50,883,591	54,258,064	54,258,064
Discounted cashflow	-57,500	-32,240,141	-11,021,741	19,068,384	17,102,162	25,221,651	29,646,215	26,675,547	23,811,107	21,377,702	20,723,107	18,839,188
PV cashflows (10%)	288,912,447											

*for layout purposes the model shows numbers only until 2030 but runs until 2045

Source: First Berlin Equity Research estimates; Almonty Industries Inc.

Figure 6: Los Santos, Panasqueira, Valtreixal DCF valuation

USD	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Tungsten APT price		260	280	280	280	280	280	280	280	280
WO ₃ price (USD)		203	218	218	218	218	218	218	218	218
Metric tonne units produced		145,453	145,294	145,978	144,644	146,000	233,325	218,348	203,371	199,627
Revenues	42,763,224	29,497,953	31,732,224	31,881,498	31,590,165	31,886,307	50,958,228	47,687,258	44,416,289	43,598,546
Ore mining costs	11,332,243	9,778,539	9,778,539	9,778,539	9,778,539	15,120,055	18,085,763	15,166,061	14,982,455	13,981,160
Processing costs	10,987,716	9,481,249	9,462,892	9,462,893	9,462,893	9,462,893	9,629,854	9,629,854	9,629,854	9,629,854
G&A costs	6,341,702	5,472,225	5,465,136	5,465,137	5,465,137	5,465,137	5,271,844	5,271,844	5,271,844	5,271,844
HQ expenses	2,281,563	1,968,750	1,968,750	1,968,750	1,968,750	1,968,750	1,968,750	1,968,750	1,968,750	1,968,750
Total operating costs	30,943,224	26,700,763	26,675,317	26,675,319	26,675,319	32,016,835	34,956,211	32,036,509	31,852,903	30,851,608
Operating costs per MTU		184	184	183	184	219	150	147	157	155
EBITDA	11,820,000	2,797,190	5,056,907	5,206,179	4,914,846	-130,528	16,002,017	15,650,749	12,563,386	12,746,938
Depreciation	3,849,479	5,762,520	5,817,269	5,817,269	5,817,269	5,817,269	8,653,825	8,653,826	8,653,825	8,653,825
EBIT	7,970,521	-2,965,330	-760,362	-611,090	-902,423	-5,947,797	7,348,192	6,996,923	3,909,561	4,093,113
Cash taxes	606,061	837,138	816,172	851,837	769,483	844,489	1,600,715	3,027,425	2,197,199	2,228,485
Tax rate	7.6%	-28.2%	-107.3%	-139.4%	-85.3%	-14.2%	21.8%	43.3%	56.2%	54.4%
Cashflow from operations	11,213,939	1,960,052	4,240,735	4,354,342	4,145,363	-975,017	14,401,302	12,623,299	10,366,187	10,518,453
Sustaining CAPEX	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Net cashflow	9,713,939	460,052	2,740,735	2,854,342	2,645,363	-2,475,017	12,901,302	11,123,299	8,866,187	9,018,453
Discounted cashflow	971,394	414,316	2,243,877	2,124,445	1,789,913	-1,522,412	7,214,311	5,654,605	4,097,442	3,788,919
PV cashflows (10%)	26,776,809									

Source: First Berlin Equity Research estimates; Almonty Industries Inc.

Figure 7: Sum-of-the-parts valuation

USD 000's	
Sangdong	288,912
Los Santos, Panasqueira, Valtreixal	26,777
Total enterprise value	315,689
Total enterprise value (CAD 000's)	416,710
Less: proforma net debt (CAD 000's)	104,970
Fair equity value (CAD 000's)	311,740
Proforma no. shares (000's)	230,366
Fair equity value per share (CAD)	1.35

Source: First Berlin Equity Research estimates



INCOME STATEMENT

All figures in CAD '000	2014/15A	2015/16A	2016/17A	2017/18A	2018/19E*	2020E**
Revenue	36,142	37,310	39,018	65,171	54,906	42,501
Production costs	37,743	32,969	32,349	36,699	34,437	27,680
EBITDA from mining operations	-1,601	4,341	6,669	28,472	20,469	14,821
Impairment loss	1,708	5,345	0	15,604	-4,150	0
Depreciation and amortisation	8,545	8,200	6,400	11,155	5,082	2,960
Income from mining operations	-11,854	-9,204	269	1,713	19,537	11,861
General and administrative	6,339	8,962	10,336	8,426	8,948	6,800
Share-based compensation	0	0	0	897	68	272
Operating income (EBIT)	-18,193	-18,166	-10,067	-7,610	10,521	4,789
Interest expense	1,404	2,709	2,436	2,459	3,214	3,630
Gains on debt settlements	0	0	3,015	0	1,227	0
Foreign exchange (gain) loss	1,313	-360	-1,368	-95	707	0
Pre-tax income (EBT)	-20,910	-20,515	-8,120	-9,974	7,827	1,160
Income taxes	-618	660	122	715	798	174
Minority interests	-747	0	0	0	0	0
Net income / loss	-19,545	-21,175	-8,242	-10,689	7,029	986
Diluted EPS (in CAD)	-0.38	-0.22	-0.07	-0.06	0.04	0.01
EBITDA	-9,648	-9,966	-3,667	3,545	15,603	7,749
Ratios						
EBITDA margin on revenues	-26.7%	-26.7%	-9.4%	5.4%	28.4%	18.2%
EBIT margin on revenues	-50.3%	-48.7%	-25.8%	-11.7%	19.2%	11.3%
Net margin on revenues	-54.1%	-56.8%	-21.1%	-16.4%	12.8%	2.3%
Tax rate	n.m.	n.m.	n.m.	n.m.	10.2%	15.0%
Expenses as % of revenues						
Production costs	104.4%	88.4%	82.9%	56.3%	62.7%	65.1%
Impairment loss	4.7%	14.3%	0.0%	23.9%	-7.6%	0.0%
General and administrative	17.5%	24.0%	26.5%	12.9%	16.3%	16.0%
Y-Y Growth						
Revenues	23.7%	3.2%	4.6%	67.0%	-15.8%	-22.6%
Operating income	n.a.	n.m.	n.m.	n.m.	n.m.	-54.5%
Net income/ loss	n.a.	n.m.	n.m.	n.m.	n.m.	-86.0%

*from 1 October 2018 to 31 December 2019; **calendar year 2020



BALANCE SHEET

All figures in CAD '000	2014/15A	2015/16A	2016/17A	2017/18A	2018/19E*	2020E**
Assets						
Current assets, total	8,543	17,800	15,823	24,469	19,691	101,946
Cash and cash equivalents	866	4,215	4,473	8,721	3,000	92,000
Trade receivables	840	707	1,420	2,674	2,196	1,700
Sales tax receivable	2,149	1,439	1,372	1,960	2,141	1,658
Inventories	4,076	10,720	7,274	9,698	10,981	5,525
Other current assets	612	719	1,284	1,416	1,373	1,063
Non-current assets, total	108,984	149,966	144,328	122,833	136,375	186,812
Mining assets	88,136	125,928	115,721	91,255	102,674	153,005
Tailings inventory	15,410	18,665	23,492	28,084	28,084	28,084
Deferred tax assets	4,036	2,859	2,864	1,226	3,294	3,400
Restricted cash	1,223	1,336	1,300	1,245	1,300	1,300
Other assets	179	1,178	951	1,023	1,023	1,023
Total assets	117,527	167,766	160,151	147,302	156,067	288,758
Shareholders' equity & debt						
Current liabilities, total	32,578	55,849	47,374	53,091	59,786	61,013
Bank indebtedness	1,794	4,456	9,447	0	0	0
Accounts payable and accrued liabilities	15,453	21,799	22,479	25,673	19,217	21,251
Deferred revenue	1,697	2,422	3,951	1,542	3,569	2,763
Current portion of long term debt	13,634	27,172	11,497	25,876	37,000	37,000
Long-term liabilities, total	35,947	76,348	67,152	53,348	54,624	158,463
Long-term debt	30,801	29,325	33,162	24,455	17,427	121,400
Restoration and other provisions	3,228	45,548	32,790	28,893	35,000	36,000
Deferred tax liabilities	1,918	1,475	1,200	0	2,196	1,063
Minority interests	0	0	0	0	0	0
Shareholders' equity	49,002	35,569	45,625	40,863	41,657	69,282
Total consolidated equity and debt	117,527	167,766	160,151	147,302	156,067	288,758
Ratios						
Current ratio (x)	0.26	0.32	0.33	0.46	0.33	1.67
Quick ratio (x)	0.14	0.13	0.18	0.28	0.15	1.58
Net debt	44.14	55.40	48.33	40.37	50.13	65.10
Net gearing	90.1%	155.8%	105.9%	98.8%	120.3%	94.0%
Book value per share (in CAD)	0.57	0.32	0.27	0.23	0.23	0.38
Return on equity (ROE)	0.0%	-50.1%	-20.3%	-24.7%	17.0%	1.8%

*at 31 December 2019; **at 31 December 2020



CASH FLOW STATEMENT

All figures in CAD '000	2014/15A	2015/16A	2016/17A	2017/18A	2018/19E*	2020E**
Net profit before minorities	-20,292	-21,175	-8,242	-10,689	7,029	986
Share-based compensation	379	170	472	897	0	0
Depreciation and amortisation	8,545	8,200	6,400	11,155	5,082	2,960
Interest expense	1,404	2,709	2,436	2,459	0	0
Income tax expenses	618	660	122	715	0	0
Impairment of mine asset	1,708	5,345	0	15,604	-4,150	0
Inventory impairment charges	7,408	6,301	0	0	0	0
Gain on debt settlement	0	0	-3,015	0	-1,015	0
Unrealised foreign exchange (gain) loss	2,138	-390	-1,320	936	1,411	0
Other non-cash items	111	116	104	-215	0	0
Interest and taxes paid	-2,033	-1,125	-920	-1,199	0	0
Net change in non-cash working capital	4877	-1,892	4,620	-5,091	-5,372	7,973
Change in tailings inventory	-4065	-3,138	-3,545	-3,632	0	0
Operating cash flow	798	-4,219	-2,888	10,940	2,985	11,919
Additions to mining assets	-12,783	-11,259	-10,945	-6,270	-16,501	-53,291
Free cash flow	-11,985	-15,478	-13,833	4,670	-13,516	-41,372
Acquisition of Panasqueira, net of cash acquired	0	-833	0	0	0	0
Acquisition of Woulfe, net of cash acquired	-2,275	0	0	0	0	0
Other investments	-1,058	-938	266	247	-55	0
Investment cash flow	-16,116	-13,030	-10,679	-6,023	-16,556	-53,291
Debt financing, net	924	13,543	7,581	-5,295	8,246	103,973
Equity financing	-197	7,036	6,353	4,755	0	26,400
Dividends paid	0	0	0	0	0	0
Other financing	0	0	0	0	0	0
Financing cash flow	727	20,579	13,934	-540	8,246	130,373
FOREX & other effects	610	19	-109	-129	-396	0
Net cash flows	-13,981	3,349	258	4,248	-5,721	89,000
Cash, start of the year	14,847	866	4,215	4,473	8,721	3,000
Cash, end of the year	866	4,215	4,473	8,721	3,000	92,000
EBITDA/share (in CAD)	-0.19	-0.10	-0.03	0.03	0.09	0.04

Y-Y Growth

Operating cash flow	n.a.	n.m.	n.m.	n.m.	-72.7%	299.3%
Free cash flow	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	n.a.	n.m.	n.m.	n.m.	194.9%	-50.3%

* from 1 October 2018 to 31 December 2019; **calendar year 2020

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	6 June 2017	CAD0.25	Buy	CAD0.60
2...7	↓	↓	↓	↓
8	20 February 2019	CAD0.65	Buy	CAD1.25
9	16 May 2019	CAD1.02	Buy	CAD1.35
10	19 August 2019	CAD0.80	Buy	CAD1.35
11	Today	CAD0.62	Buy	CAD1.35

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The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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