

# Cameco Corp.

(CCO-T: C\$20.88)

**NEUTRAL**

Target: \$20.00 (from C\$17.50)

February 11, 2021

Ralph M. Profit, CFA / (647) 484-8545

[rprofit@viiicapital.com](mailto:rprofit@viiicapital.com)

Tony Huang / (647) 497-6599

[thuang@viiicapital.com](mailto:thuang@viiicapital.com)

## Growing Confidence in a Uranium Market in Transition; Increase TP to C\$20

|         | Previous | Current  |
|---------|----------|----------|
| Rating: | NEUTRAL  | NEUTRAL  |
| Target: | C\$17.50 | C\$20.00 |

| Company Data                        |                  |
|-------------------------------------|------------------|
| Last Price (TSX)                    | \$20.88          |
| 52-Week Range:                      | \$7.69 - \$21.26 |
| Market Capitalization (C\$Mln):     | 8,274            |
| Enterprise Value (C\$Mln):          | 8,351            |
| Shares Outstanding - Diluted (Mln): | 396              |
| Dividend Yield:                     | 0.4%             |
| Cash                                | 91.8             |
| Net Debt                            | 77               |
| Fiscal Year End                     | Dec 31           |

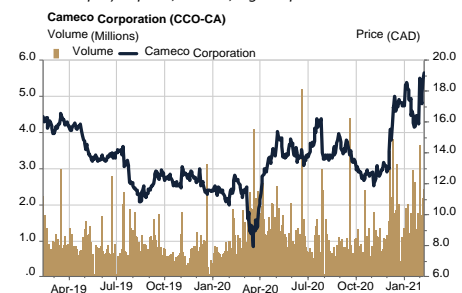
| Sales Summary          |        |        |        |        |
|------------------------|--------|--------|--------|--------|
|                        | 2019 A | 2020 A | 2021 E | 2022 E |
| Uranium (Mln lbs)      | 35     | 32     | 30     | 25     |
| Fuel Services (mm kgU) | 12     | 14     | 13     | 12     |
| NUKEM (mm lbs)         | 6      | 2      | 1      | 1      |

| Financial Summary |        |        |        |        |
|-------------------|--------|--------|--------|--------|
|                   | 2019 A | 2020 A | 2021 E | 2022 E |
| P/E               | NM     | NM     | NM     | 41.4x  |
| EV/EBITDA         | 22.3x  | 74.7x  | 46.9x  | 17.6x  |
| CFPS              | 1.05   | 0.49   | 0.29   | 0.88   |
| P/CF              | 19.9x  | 42.3x  | 73.2x  | 23.8x  |
| Net Debt/ EBITDA  | n/a    | 0.7x   | 0.3x   | 0.0x   |

| Quarterly EBITDA |        |        |        |        |
|------------------|--------|--------|--------|--------|
|                  | 2019 A | 2020 A | 2021 E | 2022 E |
| Q1               | 14 A   | 51 A   | 3 E    | 88 E   |
| Q2               | 43 A   | -4 A   | 22 E   | 121 E  |
| Q3               | 34 A   | -10 A  | 55 E   | 117 E  |
| Q4               | 277 A  | 71 A   | 95 E   | 142 E  |
| FY               | 368 A  | 110 A  | 175 E  | 468 E  |

| Quarterly EPS |         |         |         |        |
|---------------|---------|---------|---------|--------|
|               | 2019 A  | 2020 A  | 2021 E  | 2022 E |
| Q1            | -0.08 A | 0.07 A  | -0.07 E | 0.10 E |
| Q2            | -0.04 A | -0.16 A | -0.05 E | 0.15 E |
| Q3            | -0.01 A | -0.20 A | 0.04 E  | 0.13 E |
| Q4            | 0.24 A  | 0.12 A  | 0.12 E  | 0.13 E |
| FY            | 0.10 A  | -0.17 A | 0.03 E  | 0.50 E |

Note: All values are in C\$, unless otherwise stated  
Source: Company Reports, FactSet, Eight Capital Estimates



Source: Company Reports, FactSet, Eight Capital estimates

### Company Description

Cameco is one of the world's largest uranium producers with mines in Canada, the U.S. and Kazakhstan, and is also a leading provider of nuclear fuel processing services and uranium trading.

Cameco reported 4Q20 adjusted EBITDA of \$71Mln vs. consensus of \$55Mln and adjusted EPS of \$0.12 vs. consensus (\$0.04), driven by higher realized uranium price, higher uranium sales volume, and lower unit operating costs. Fuel Services Business contribution was also stronger than expected.

**Production plans still uncertain; remaining guidance largely in-line.** Cigar Lake production remains suspended due to workforce uncertainty caused by COVID-19. Management will continue open market purchases to meet 2021 uranium deliveries guidance of 23-25Mln lbs and maintain desired level of inventories, which at YE20 totaled 15.3Mln lbs at an average cost of \$38.09/lb. We now assume Cigar Lake remains suspended until end-2Q21.

Expected purchases of 8-10Mln lbs in 2021 compares to 33.5Mln lbs in 2021 - which represented roughly 36% of total spot market volume of 92.2Mln lbs, as reported by UxC.

FY21 capex guidance of \$130-155Mln is higher YoY (vs. FY20 of \$77Mln) due to ongoing investments in technology and efficiency improvements to reduce costs, including the use of digital/automation technologies, and the rescheduling of some expenditures planned into FY21. FY22 guidance is increased to \$100-150Mln (from \$50-100Mln) primarily due to investment in digital/automation technologies. FY23 capex guidance of \$100-150Mln assumes McArthur River/Key Lake remains in care & maintenance.

CCO expects to incur FY21 costs of between \$150-170Mln in care & maintenance related to the McArthur River/Key Lake mine and mill, Rabbit Lake mine and mill, and U.S. operations. In addition, CCO expects to incur \$8-10Mln/month while Cigar Lake is suspended. At full capacity, Cigar lake is able to produce 18Mln lbs/year (100% basis) or 15% of global mine supply (2020) of 123Mln lbs, according to UxC.

CCO expects to recover substantially all of the \$303Mln in remittance to the CRA to date, plus release of \$482Mln secured by lines of credit. The Supreme Court decision whether to hear the CRA appeal or decline the request for leave is still pending. If the appeal is heard, a decision is expected in 2H22. CCO remains confident in prior favourable court decisions and in rulings applying to tax years beyond the current disputed 2003-2006.

**Maintain NEUTRAL; Increase TP to C\$20.00. Balance sheet & liquidity remains strong:** YE20 cash and investments stands at \$943Mln (including short-term investments), total debt of \$1Bln (no maturities until FY24 and beyond), and \$1,000Mln of undrawn credit facilities. We have increased our target multiple to reflect positive sentiment towards nuclear and increased risks to uranium supply. Our TP of \$20.00 is based on 1.5x (from 1.4x) P/NAV (\$11.92/share) and represents a 10% discount vs. CCO's historical peak P/NAV during uranium "bull markets" of 1.60x.

#### First look at Cameco results: 4Q20

|                                    | 4Q20 Actual | Eight Capital estimates | Variance (Act - Est) |             |
|------------------------------------|-------------|-------------------------|----------------------|-------------|
|                                    |             |                         | (Units)              | (%)         |
| <b>Uranium Segment</b>             |             |                         |                      |             |
| Average realized price (US\$/lb)   | 38.43       | 33.92                   | 4.51                 | 13%         |
| Average realized price (C\$/lb)    | 50.40       | 44.20                   | 6.20                 | 14%         |
| Production ('000s lbs)             | 2,800       | 1,707                   | 1,093                | 64%         |
| Sales ('000s lbs)                  | 8,600       | 6,800                   | 1,800                | 26%         |
| Unit operating costs (C\$/lb sold) | 41.57       | 44.63                   | (3.06)               | -7%         |
| <b>Revenue</b>                     | <b>436</b>  | <b>301</b>              | <b>135</b>           | <b>45%</b>  |
| <b>Gross profit</b>                | <b>76</b>   | <b>(3)</b>              | <b>79</b>            | <b>n.m.</b> |

| <b>Fuel Services Segment</b>      |             |                         |                      |            |
|-----------------------------------|-------------|-------------------------|----------------------|------------|
|                                   | 4Q20 Actual | Eight Capital estimates | Variance (Act - Est) | (%)        |
| Average realized price (C\$/kg U) | 26.29       | 28.05                   | (1.76)               | -6%        |
| Sales (kgU)                       | 4,400       | 3,750                   | 650                  | 17%        |
| <b>Revenue</b>                    | <b>115</b>  | <b>105</b>              | <b>10</b>            | <b>9%</b>  |
| <b>Gross profit</b>               | <b>32</b>   | <b>19</b>               | <b>13</b>            | <b>69%</b> |

Source: Company data, Eight Capital estimates



Industrial Metals

**Cameco Corp.**

Rating: NEUTRAL  
Target price: C\$20

Ralph M. Profiti, CFA +1 (647) 484-8545  
Tony Huang +1 (647) 497-6599

| Price assumptions               | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Uranium Spot (US\$/lb)          | 25.20 | 29.55 | 32.75 | 35.00 | 39.00 | 42.00 | 47.00 |
| Uranium Term (US\$/lb)          | 31.50 | 32.50 | 35.00 | 40.00 | 45.00 | 47.50 | 50.00 |
| Cameco Realized Price (US\$/lb) | 32.81 | 33.08 | 35.33 | 38.00 | 43.20 | 45.85 | 49.10 |
| USD\$/CAD\$ (US\$)              | 0.741 | 0.748 | 0.780 | 0.800 | 0.800 | 0.800 | 0.800 |

| Summary income statement (C\$Mln) | 2019  | 2020   | 2021  | 2022  | 2023  | 2024  | 2025  |
|-----------------------------------|-------|--------|-------|-------|-------|-------|-------|
| Sales                             | 1,863 | 1,800  | 1,520 | 1,714 | 1,957 | 2,115 | 2,243 |
| Operating costs                   | 1,346 | 1,485  | 1,222 | 1,068 | 1,093 | 1,172 | 1,234 |
| DD&A                              | 276   | 209    | 191   | 264   | 272   | 340   | 340   |
| EBITDA                            | 368   | 110    | 175   | 468   | 617   | 695   | 761   |
| EBIT                              | 92    | (79)   | (16)  | 203   | 344   | 355   | 420   |
| EBT                               | 90    | (76)   | (69)  | 151   | 292   | 319   | 394   |
| Net income                        | 74    | (53)   | 13    | 200   | 318   | 347   | 412   |
| EPS - FD                          | 0.19  | (0.13) | 0.03  | 0.50  | 0.80  | 0.87  | 1.04  |
| Adjusted EPS - FD                 | 0.10  | (0.17) | 0.03  | 0.50  | 0.80  | 0.87  | 1.04  |
| Shares outstanding - FD (Mln)     | 396   | 396    | 396   | 396   | 396   | 396   | 396   |

| Summary cash flow statement (C\$Mln) | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Net income                           | 74    | (53)  | 13    | 200   | 318   | 347   | 412   |
| Non-cash items                       | 343   | 249   | 100   | 148   | 115   | 169   | 145   |
| Working capital changes              | 113   | (201) | 76    | -     | -     | -     | -     |
| Cash from operations                 | 527   | 57    | 189   | 347   | 433   | 516   | 557   |
| Net change in total debt             | (500) | (2)   | -     | -     | -     | (500) | -     |
| Net change in common equity          | 0     | 5     | -     | -     | -     | -     | -     |
| Dividends                            | (32)  | (32)  | (32)  | (32)  | (32)  | (32)  | (32)  |
| Cash from financing activities       | (607) | (98)  | (32)  | (32)  | (32)  | (532) | (32)  |
| Property and equipment               | (75)  | (77)  | (138) | (271) | (278) | (198) | (198) |
| Other investing activities           | 513   | (24)  | -     | -     | -     | -     | -     |
| Cash from investing activities       | 437   | (101) | (138) | (271) | (278) | (198) | (198) |
| Free cash flow                       | 452   | (21)  | 51    | 77    | 155   | 317   | 359   |
| Net change in cash                   | 358   | (142) | 19    | 45    | 123   | (214) | 328   |

| Summary balance sheet (C\$Mln) | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Cash & equivalents             | 1,062 | 918   | 937   | 983   | 1,106 | 892   | 1,219 |
| Total current assets           | 1,807 | 1,945 | 1,888 | 1,933 | 2,057 | 1,842 | 2,170 |
| Fixed assets                   | 3,721 | 3,772 | 3,718 | 3,724 | 3,730 | 3,588 | 3,445 |
| Total assets                   | 7,427 | 7,581 | 7,471 | 7,522 | 7,651 | 7,295 | 7,480 |
| STD                            | -     | -     | -     | -     | -     | -     | -     |
| Total current liabilities      | 277   | 304   | 304   | 304   | 304   | 304   | 304   |
| LTD                            | 997   | 996   | 996   | 996   | 996   | 496   | 496   |
| Minority Interest              | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Shareholder equity             | 4,995 | 4,958 | 4,939 | 5,107 | 5,393 | 5,708 | 6,089 |
| Total liabilities & equity     | 7,427 | 7,581 | 7,471 | 7,522 | 7,651 | 7,295 | 7,480 |

| Valuation Analysis     | 2019  | 2020   | 2021  | 2022  | 2023  | 2024  | 2025  |
|------------------------|-------|--------|-------|-------|-------|-------|-------|
| NAVPS per share        | 0.10  | (0.17) | 11.92 | 0.50  | 0.80  | 0.87  | 1.04  |
| EPS per share          | 1.05  | 0.49   | 0.29  | 0.88  | 1.09  | 1.30  | 1.41  |
| CFPS per share         | (x)   |        | 1.75  |       |       |       |       |
| P/NAV                  | (x)   |        | >100  | 41.4  | 26.0  | 23.9  | 20.1  |
| P/E                    | (x)   | n/a    | >100  | 41.4  | 26.0  | 23.9  | 20.1  |
| P/CF                   | (x)   | 42.3   | 73.2  | 23.8  | 19.1  | 16.0  | 14.8  |
| Enterprise Value (Mln) | 8,208 | 8,351  | 8,332 | 8,287 | 8,164 | 7,878 | 7,550 |
| EV/EBITDA              | (x)   | 22.3   | 74.7  | 46.9  | 17.6  | 13.3  | 11.8  |
| FCF Yield              | (%)   | 5.5%   | -0.3% | 0.6%  | 0.9%  | 1.9%  | 3.9%  |
| P/BV                   | (x)   | 1.7    | 1.7   | 1.6   | 1.5   | 1.4   | 1.4   |

| Profitability Metrics      | 2019 | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|----------------------------|------|-------|-------|-------|-------|-------|-------|
| EBITDA Margin              | (%)  | 19.8% | 6.1%  | 11.5% | 27.3% | 31.5% | 32.9% |
| Return on Equity           | (%)  | 1.5%  | -1.1% | 0.3%  | 4.0%  | 6.1%  | 7.0%  |
| Return on Invested Capital | (%)  | 1.0%  | -0.7% | 0.2%  | 2.8%  | 4.3%  | 5.0%  |

| Balance Sheet Analysis | 2019 | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|------------------------|------|-------|-------|-------|-------|-------|-------|
| Debt/Equity            | (%)  | 20.0% | 20.1% | 20.2% | 19.5% | 18.5% | 8.7%  |
| Debt/Debt + Equity     | (%)  | 13.4% | 13.1% | 13.3% | 13.2% | 13.0% | 6.8%  |
| Net Debt/Equity        | (%)  | -1.3% | 1.6%  | 1.2%  | 0.3%  | -2.0% | -6.9% |
| Net Debt/TTM EBITDA    | (x)  | n/a   | 0.7   | 0.3   | 0.0   | n/a   | n/a   |
| Net Debt/NTM EBITDA    | (x)  | n/a   | 0.4   | 0.1   | 0.0   | n/a   | n/a   |
| EBIT Interest Coverage | (x)  | 0.8   | 2.6   | 4.9   | 9.9   | 12.3  | 1.3   |

| Production Profile (CCO - Share) | 2019  | 2020  | 2021  | 2022   | 2023   | 2024   | 2025   |
|----------------------------------|-------|-------|-------|--------|--------|--------|--------|
| McArthur River (69.8%) (Mln lbs) | -     | (0)   | 1,828 | 13,596 | 14,497 | 14,497 | 14,361 |
| Cigar Lake (50.0%) (Mln lbs)     | 9,000 | 4,007 | 5,121 | 9,105  | 9,105  | 9,105  | 9,105  |
| Inkai (40.0%) (Mln lbs)          | 3,300 | 2,975 | 3,740 | 3,740  | 3,740  | 3,740  | 3,740  |
| US ISR (Mln lbs)                 | 0     | 0     | 0     | 0      | 0      | 0      | 0      |

| Revenue by Segment | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--------------------|------|------|------|------|------|------|------|
| Uranium Mining     | (%)  | 76%  | 77%  | 75%  | 78%  | 80%  | 81%  |
| Fuel Services      | (%)  | 20%  | 22%  | 22%  | 19%  | 16%  | 15%  |
| NUKEM              | (%)  | 4%   | 1%   | 4%   | 4%   | 3%   | 3%   |
| Other              | (%)  | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   |

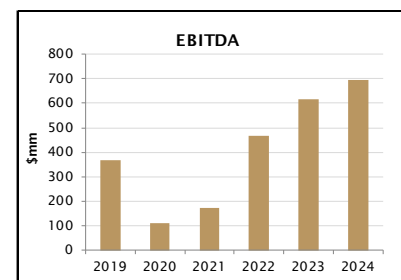
| Cash Cost                  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|
| McArthur River (C\$/lb)    | 15.37 | 15.28 | 15.28 | 15.91 | 15.99 | 16.09 | 17.25 |
| Cigar Lake (C\$/lb)        | 14.49 | 14.42 | 14.67 | 14.72 | 15.66 | 15.80 | 15.39 |
| Inkai (C\$/lb)             | -     | -     | -     | -     | -     | -     | -     |
| Purchased Uranium (C\$/lb) | 26.11 | 29.84 | 30.59 | 33.50 | 38.58 | 40.51 | 45.58 |
| Total (C\$/lb)             | 15.73 | 17.52 | 14.83 | 17.22 | 17.54 | 17.64 | 18.13 |

Source: Eight Capital estimates, Company data

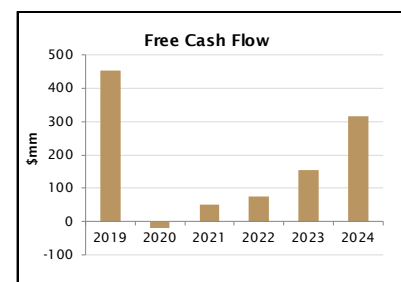
| Industrial Metals              |         |
|--------------------------------|---------|
| Uranium                        |         |
| CANADA                         |         |
| Primary ticker                 | CCO-TSE |
| Price                          | 20.88   |
| Target price                   | 20.00   |
| Exchange rate (US\$/C\$)       | 0.79    |
| Shares outstanding - FD (Mln)  | 396.3   |
| Market Capitalization (C\$Mln) | 8,274   |
| Enterprise Value (C\$Mln)      | 8,351   |
| Year end                       | Dec.31  |
| Pricing currency               | CAD\$   |
| Accounting currency            | CAD\$   |

| Balance Sheet - (C\$ MM)               | Most recent quarter |
|--|---------------------|
| Cash and cash equivalents              | 918                 |
| Net working capital                    | 1,641               |
| Net PP&E                               | 3,772               |
| Total assets                           | 7,581               |
| Short term debt                        | -                   |
| Long term debt                         | 996                 |
| Total shareholders' equity             | 4,958               |
| Total liabilities & shareholder equity | 7,581               |
| Shares outstanding (Mln)               | 396                 |
| Book value per share                   | 12.51               |
| Net debt/net debt + equity (%)         | 1.3%                |

| Net Asset Value Summary                |              |              |
|--|--------------|--------------|
|  | C\$Mln       | \$/share     |
| McArthur River                         | 2,488        | 6.28         |
| Cigar Lake                             | 566          | 1.43         |
| Inkai (10%)                            | 931          | 2.35         |
| Rabbit Lake                            | 135          | 0.34         |
| Crow Butte                             | 47           | 0.12         |
| Smith Ranch/Highland                   | 75           | 0.19         |
| <b>Uranium Mining</b>                  | <b>4,241</b> | <b>10.70</b> |
| Uranium Contract Book                  | 278          | 0.70         |
| Fuel Services                          | 532          | 1.34         |
| NUKEM                                  | 48           | 0.12         |
| Exploration & Development              | 665          | 1.68         |
| <b>Gross Asset Value</b>               | <b>5,764</b> | <b>14.55</b> |
| Long-term Debt                         | (996)        | (2.51)       |
| Working Capital                        | 1,585        | 4.00         |
| <b>Net Debt</b>                        | <b>589</b>   | <b>1.49</b>  |
| CRA tax remittance                     | 281          | 0.71         |
| Corporate SG&A                         | (755)        | (1.91)       |
| Reclamation liabilities                | (1,156)      | (2.92)       |
| <b>Net asset value</b>                 | <b>4,722</b> |              |
| Shares outstanding                     | 396          |              |
| <b>Net asset value per share (C\$)</b> | <b>11.92</b> |              |



Source: Eight Capital estimates, Company data



Source: Eight Capital estimates, Company data

## Disclosures and Disclaimers

This research report (as defined in IIROC Rule 3400) is issued and approved for distribution in Canada by Eight Capital, a member of the Investment Industry Regulatory Organization of Canada, and the Canadian Investor Protection Fund. Eight Capital accepts responsibility for the dissemination of this report. Non-client recipients of the research report should not rely solely on the investment recommendations contained herein and should consult their own professional advisors. Eight Capital will not treat any non-client receiving this report as its own. Institutional clients who require additional information on securities discussed in this report should contact a qualified sales person at Eight Capital.

Eight Capital accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein.

This research report is being provided only to institutional clients of Eight Capital and is intended for informational purposes only. This research report is not an offer to sell or the solicitation of an offer to buy any of the securities discussed herein. The information contained in this research report is prepared from publicly available information, internally developed data and other sources believed to be reliable, but has not been independently verified by Eight Capital. Eight Capital makes no representations or warranties with respect to the accuracy, correctness or completeness of such information and they should not be relied upon as such.

All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this research report and are subject to change without notice. Eight Capital does not accept any obligation to update, modify or amend this research report or to otherwise notify a recipient of this research report in the event that any estimates, opinions and recommendations contained herein change or subsequently become inaccurate or if this research report is subsequently withdrawn.

Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Nothing in this research report constitutes legal, accounting or tax advice. Investors should consult with his or her independent legal or tax adviser in this regard.

**US Residents:** This report is provided to US residents under a chaperoning arrangement pursuant to Rule 15a-6 of the U.S. Securities Exchange Act of 1934 (the "Rule"). Eight Capital is a non-U.S. broker-dealer for the purposes of the Rule and is not registered with the Financial Industry Regulatory Authority, the Securities and Exchange Commission or any state securities regulatory authority. This research report is intended only for persons who are a "major U.S. institutional investor" which is defined as a U.S. institutional investor or any other entity which owns or manages at least \$100 million in financial assets. This research report is not a solicitation to sell the securities discussed herein; however, should you choose to make an unsolicited transaction in such securities we may refer you to our chaperone. Please be advised that Eight Capital may earn a commission in connection with transactions through our chaperone and, in certain cases, our chaperone may give up trading to Eight Capital for execution.

Eight Capital Corp. is a U.S. registered broker-dealer, a member of FINRA and an affiliate of Eight Capital. Eight Capital Corp. accepts responsibility for the contents of this research report, subject to the terms and limitations as set out above. U.S. residents seeking to effect a transaction in any security discussed herein should contact Eight Capital Corp. directly. Research reports published by Eight Capital are intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC 15a-6 and Section 15 of the Securities Exchange Act of 1934, as amended) and are not intended for the use of any person or entity.

## Dissemination of Research

Eight Capital's Research is distributed electronically through email, website (password protected) or hard copy. Dissemination of initial research reports and any subsequent research reports is made simultaneously to a pre-determined list of clients of Eight Capital's Institutional Sales and Trading representatives.

## Conflicts of Interest

Eight Capital has written procedures designed to identify and manage potential conflicts of interest that arise in connection with its research and other businesses. The compensation of each Research Analyst/Associate involved in the preparation of this research report is based competitively upon several criteria, including performance assessment criteria, the quality of research and the value of the services they provide to clients of Eight Capital. The Research Analyst compensation pool includes revenues from several sources, including sales, trading and investment banking. Research analysts and associates do not receive compensation based upon revenues from specific investment banking transactions.

Eight Capital generally restricts any research analyst/associate and any member of his or her household from executing trades in the securities of a company that such research analyst covers, with limited exception.

Should this research report provide web addresses of, or contain hyperlinks to, third party web sites, Eight Capital has not reviewed the contents of such links and takes no responsibility whatsoever for the contents of such web sites. Web

addresses and/or hyperlinks are provided solely for the recipient's convenience and information, and the content of third party web sites is not in any way incorporated into this research report. Recipients who choose to access such web addresses or use such hyperlinks do so at their own risk.

Unless publications are specifically marked as research publications of Eight Capital, the views expressed therein (including recommendations) are those of the author and, if applicable, any named issuer or Investment Dealer alone, and have not been approved by, nor are they necessarily those of, Eight Capital. Eight Capital expressly disclaims any and all liability for the content of any publication that is not expressly marked as a research publication of Eight Capital.

Forward-looking statements are based on current expectations, estimates, forecasts and projections based on beliefs and assumptions made by the author. These statements involve risks and uncertainties and are not guarantees of future performance or results and no assurance can be given that these estimates and expectations will prove to have been correct, and actual outcomes and results may differ materially from what is expressed, implied or projected in such forward-looking statements.

### Research Analyst Certification

Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- the views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- his/her compensation is not and will not be directly related to the specific recommendations or views expressed by the Research Analyst in this research report;
- they have not affected a trade in a security of any class of the issuer whether directly or indirectly through derivatives within the 30-day period prior to the publication of this research report;
- they have not distributed or discussed this Research Report to/with the issuer, investment banking at Eight Capital or any other third party except for the sole purpose of verifying factual information; and
- they are unaware of any other potential conflicts of interest.

The Research Analyst involved in the preparation of this research report does not have any authority whatsoever (actual, implied or apparent) to act on behalf of any issuer mentioned in this research report.

### Informal Comment

Informal Comments are analysts' informal comments that are posted on the Eight Capital website. They generally pertain to news flow and do not contain any change in analysts' opinion, estimates, rating or target price. Any rating(s) and target price(s) in an Informal Comment are from prior formal published research reports. A link is provided in any Informal Comment to all company specific disclosures and analyst specific disclosures for companies under coverage, as well as general disclosures and disclaimers.

### Presentations

Presentations do not include disclosures that are specific to analysts and specific to companies under coverage. Please refer to formal published research reports for company specific disclosures, analyst specific disclosures and valuation methodologies used in determining target prices for companies under coverage.

### Idea of Interest

Eight Capital has not initiated formal and continuous coverage of the companies mentioned in these publications, and maintain no recommendation, price target or earnings forecast. Statements and analysis in these publications are introductory in nature and may be published from time to time based on publicly available information.

**IIROC Rule 3400 Disclosures:** A link ([here](#)) is provided in all research reports delivered by electronic means to disclosures required under IIROC Rule 3400, including disclosures for sector research reports covering six or more issuers.

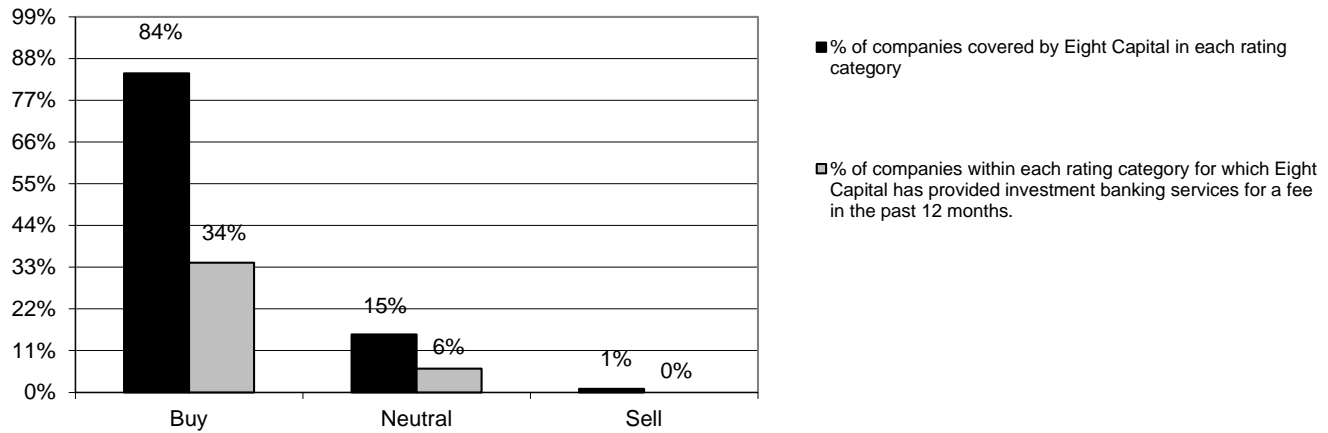
### Explanation of Recommendations

**Eight Capital target:** Represents the price target as required under IIROC Rule 3400. Valuation methodologies used in determining the price target(s) for the issuer(s) mentioned in this research report are contained in current and/or prior research. Eight Capital target N/A: a price target and/or NAV are not available if the analyst deems there are limited financial metrics upon which to base a reasonable valuation.

**Recommendations:** **BUY:** Total returns expected to be materially better than the overall market with higher return expectations needed for more risky securities. **NEUTRAL:** Total returns expected to be in line with the overall market. **SELL:** Total returns expected to be materially lower than the overall market. **TENDER:** The analyst recommends tendering shares to a formal tender offer. **UNDER REVIEW:** The analyst will place the rating and/or target price Under Review when there is a significant material event with further information pending; and/or when the analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

**SECURITY ABBREVIATIONS:** NVS (non-voting shares); RVS (restricted voting shares); RS (restricted shares); SVS (subordinate voting shares).

**Eight Capital Equity Research Ratings:**



*As at December 31, 2020*

*Source: Eight Capital*