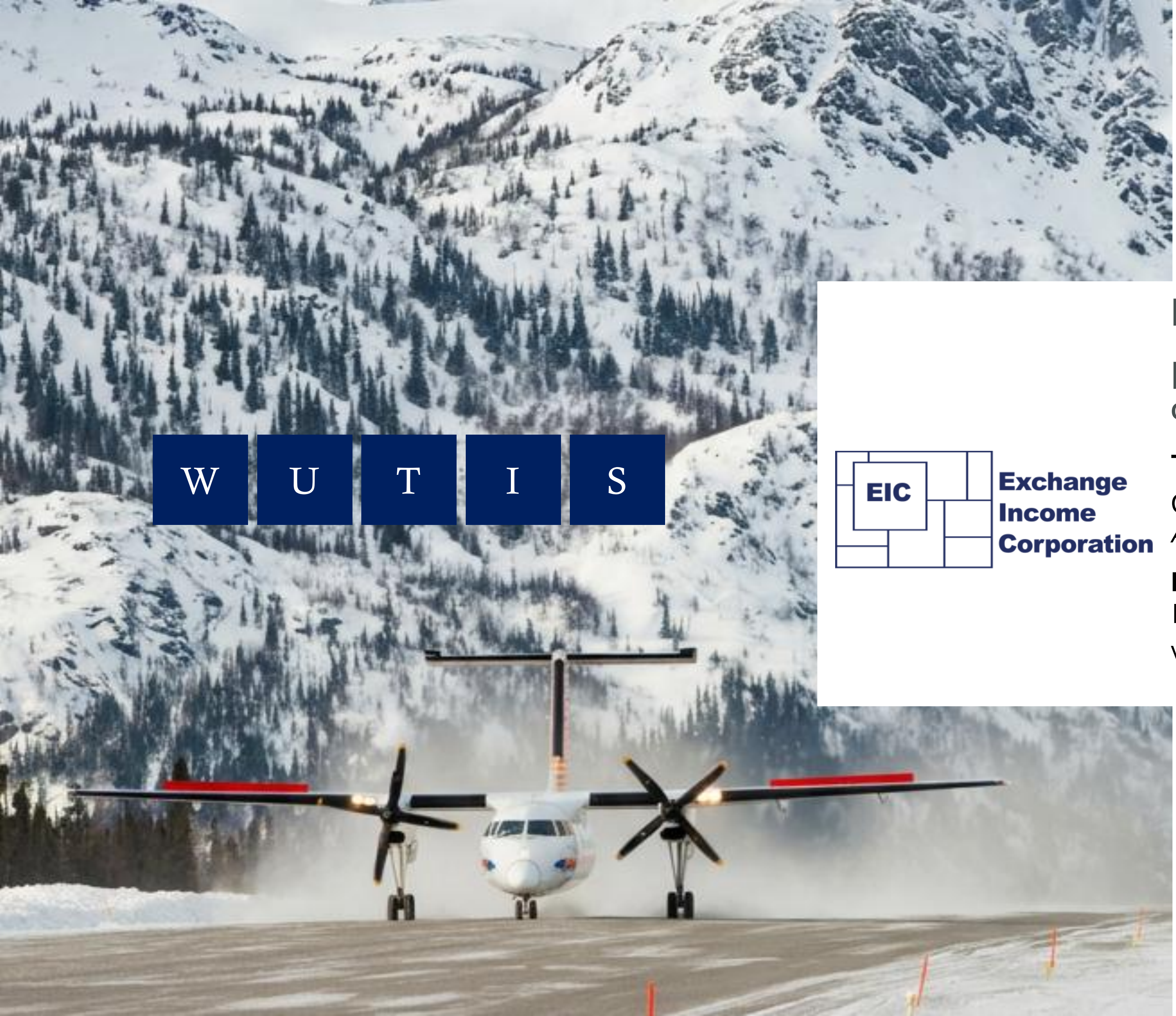


Equity Research Division

Exchange Income Corporation

Canadian Aerospace & Manufacturing Acquirer

Target Price: CAD 119.67 / 80.45

Current Price: CAD 129.05

As Reported / Conventional: -7.27% / -37.45%

Recommendation: SELL

Investment Horizon: 4 Years

Vienna, 18 June 2026

Team Overview

W U T I S

Exchange Income Corporation Equity Research Team

Maximilian Rieberer

Co-Head of Equity Research

- Equity Story
- Task Distribution

CORIOLIS Green Investment Solutions
LANSDOWNE PARTNERS
KEPLER FONDS

BSc. (WU) – 4th Sem.

Jakob Schwanhäußer

Associate

- Valuation
- Business Model
- Financial Analysis

BAIN & COMPANY
RSM EBNER STOLZ
University of St.Gallen
Crowe

BSc. (WU) – 4th Sem.

Gabriel Steinberger

Analyst

- Valuation
- Business Model

ONB OESTERREICHISCHE NATIONALBANK EUROSYSTEM

BSc. (WU) – 4th Sem.

Nina Rose

Fellow Analyst

- Company Overview
- Business Model
- Strategy & Market

Raiffeisen Bank International
BayernLB

BSc. (WU) – 6th Sem.

Luca Stamenov

Fellow Analyst

- CCA
- Strategy & Market

MP
pwc

BSc. (WU) – 4th Sem.

Gregor Baumann

Fellow Analyst

- CCA
- Business Model
- Financial Analysis

DEALCIRCLE
Ditachmair & Partner BERATEN · STEUERN · ENTWICKELN

BSc. (WU) – 2nd Sem.

Agenda

WUTIS

Investment Thesis

W U T I S

Marketed as a defensive dividend compounder, in reality the reported coverage is engineered

1 **Financial Engineering**
Engineered dividend coverage by non-IFRS metrics, CAPEX misclassification, margin construction and negative FCF in nine of the past ten years

2 **Overpaid Company Transactions**
The acquisition-driven model creates structural pressure to keep buying regardless of price or financial state of the acquired business

3 **CAPEX Pipeline**
Over-aged aircraft fleet requires high CAPEX over the next years, replacing a major share of the existing fleet in order to remain competitive

4 **Opacity & Governance**
Non-IFRS-heavy reporting: maintenance CAPEX definition changed three times in six years and gross acquisition costs and total fleet size undisclosed

5 **Solid Niche Business Operations**
Essential Air Services are genuinely defensive, recurring cash flows, complemented by diversified manufacturing niches

6 **Government Contracts**
Government contracts generate predictable cash flows for medevac and scheduled passenger service segments

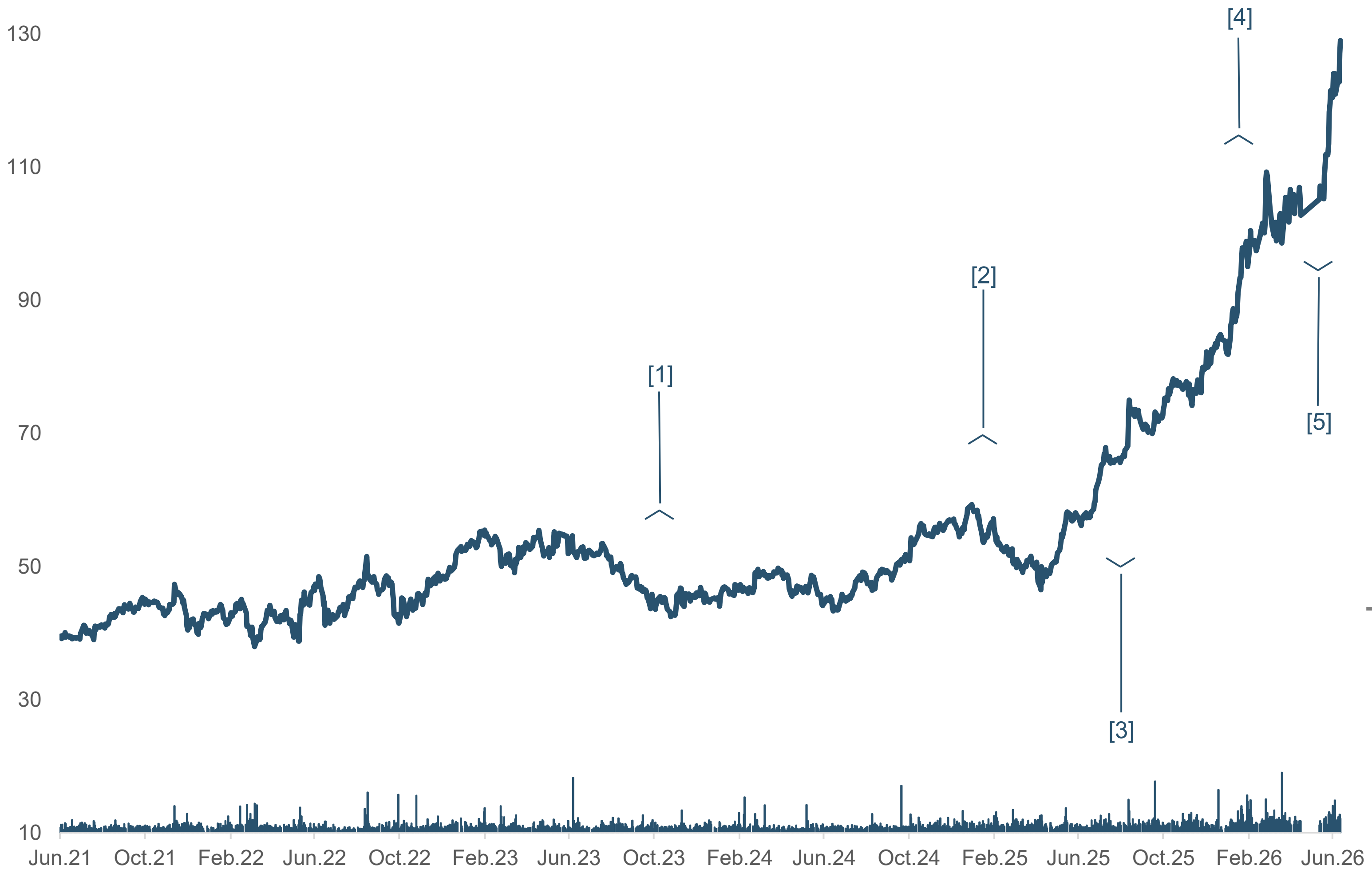
Exchange Income Corporation

WUTIS – Equity Research

Company Overview

Share Price Performance

Positive momentum peaks as downside risks build



Major Events

- [1] **September - October 2023** (-12.4%) – Bank of Canada rate hike cycle peaks and rising yields trigger broad selloff in dividend-heavy stocks
- [2] **February - April 2025** (-18.6%) – US tariff escalation sparks TSX-wide selloff
- [3] **July 2025** (+14.8%) – Deal accretion of Canadian North and Q2 2025 revenue reaches record 720 mCAD, an increase of 9%
- [4] **February 2026** (+7.0%) – Record 2025 results (revenue +23%) and MACH 2 acquisition
- [5] **May – June 2026** (+33.6%) – Q1 2026 Earnings call and growth expectations confirmation by management

Key Stats

- **IPO:** March 2004
- **Ticker:** TSX:EIF
- **Share Price (15.06.2026):** CAD 129.05
- **52-week-range:** CAD 57.00 – CAD 129.05
- **Market capitalization:** bCAD 7.264

Source: Toronto Exchange, EIC Press Releases, Bank of Canada

Company Overview

EIC is an acquisition-led compounder marketed as stable dividend payer

Key Company Information

EIC Exchange Income Corporation

*Diversified **acquisition-oriented** company focused on **Aerospace & Aviation** and **Manufacturing**, providing **essential services to remote and northern Canadian communities** since 2004*

- 20 Subsidiaries
- Winnipeg, Canada
- 4,000+ Employees
- Monthly Dividend Payer

Business Segments

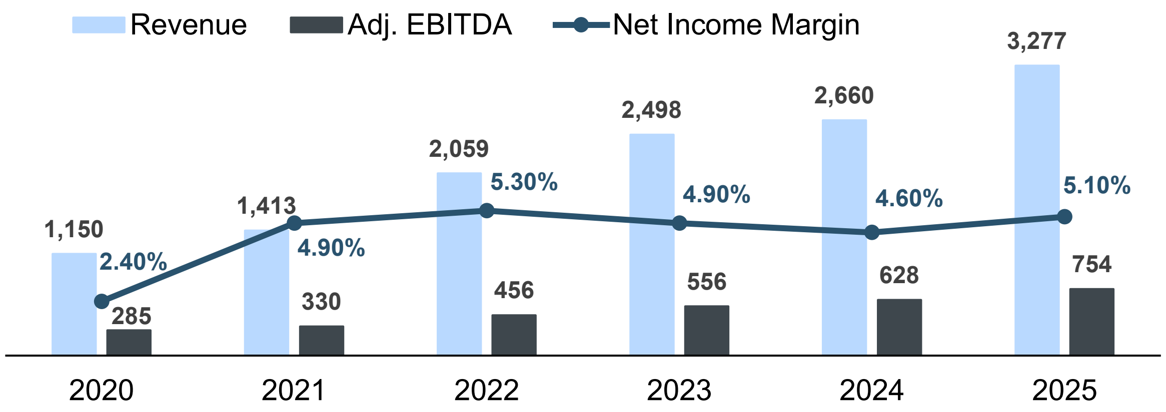
Manufacturing

- **Precision Manufacturing & Engineering**: stainless tanks, pressure-washing systems etc.
- **Environmental Access Solutions** (matting/access) and **Multi-Storey Window Solutions**

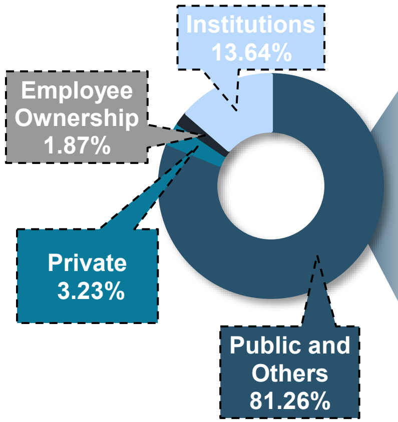
Aerospace & Aviation

- **Essential Air Services**: scheduled passenger, charter and medevac flights
- **Aerospace + Aircraft Sales & Leasing**: special-mission/ISR aircraft for govt., parts and leasing

Financial Overview (mCAD)



Shareholder Structure



Investor	Share
McIntosh Properties Ltd. (Insider)	3.2%
Vanguard Group Inc.	2.0%
Dimensional Fund Advisors LP	1.5%
T. Rowe Price Group Inc.	1.2%
BlackRock Inc.	1.1%
Norges Bank Investment Management	1.0%
Gary J. Buckley (Insider)	0.9%

Source: EIC Annual Report, Capital IQ

Global Footprint

Although some entities operate globally, the business is mainly concentrated in northern Canada

Precision Manufacturing

Spruce Grove, AB
5.5 acres and active 5G rollouts across Canada

Vaughan, ON
120,000 sq ft, only producer of F-35 in NA

Environmental Solutions:

Grande Prairie, AB
Canada's largest fleet of specialized matting

Saltillo, MS
Second plant finished in H2 2027

Multi-Storey Window Solutions:

Mississauga, ON
HQ but primarily US-focused since acquisition

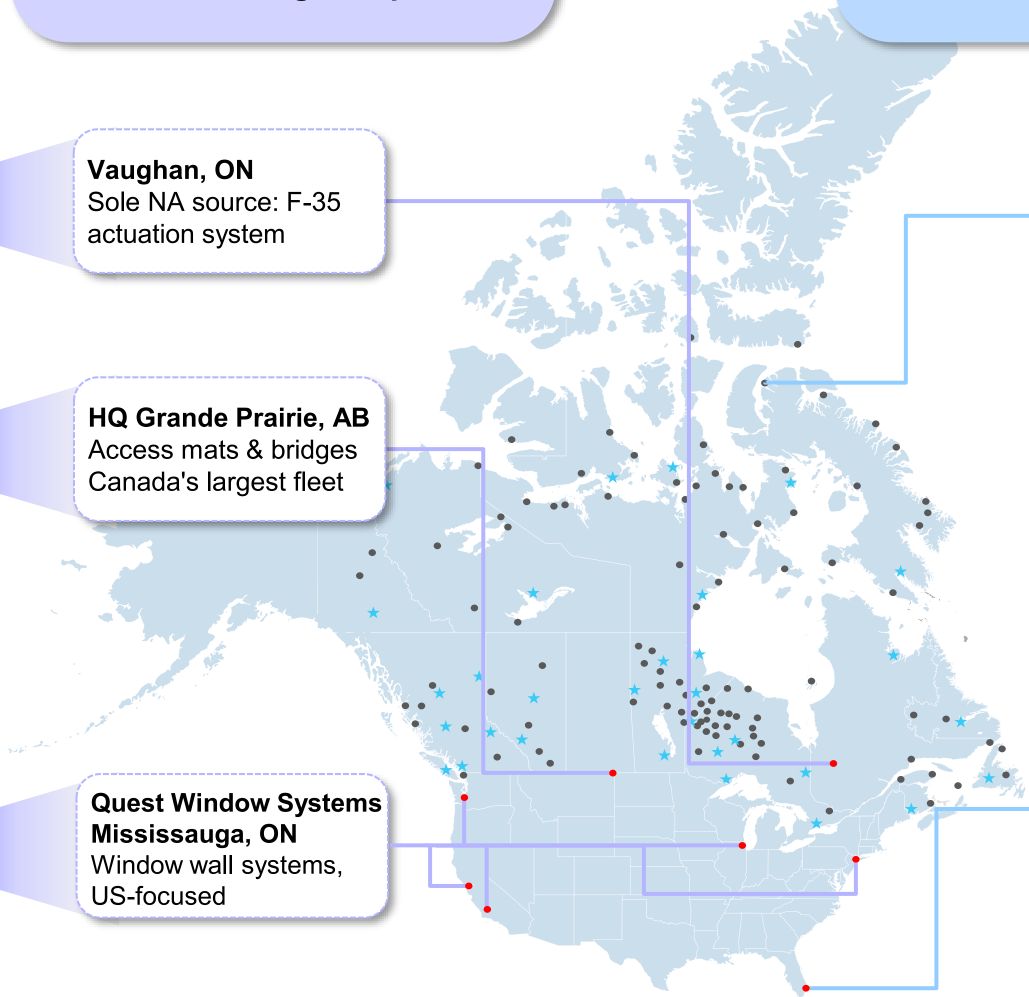
Niagara + Concord, ON
475,000 sq ft facilities

Manufacturing Footprint:

Vaughan, ON
Sole NA source: F-35 actuation system

HQ Grande Prairie, AB
Access mats & bridges
Canada's largest fleet

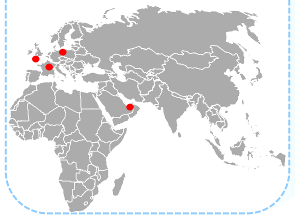
Quest Window Systems Mississauga, ON
Window wall systems, US-focused



Aviation & Aerospace Footprint:

● Served Remote Communities
★ Operating Bases
Delivering cargo and medevac to Arctic communities

• **ISR Operations**



HQ, Miami, FL
100,000 sq ft storage
245,000+ components

Essential Air Services

Calm Air, MB
Northern MB + Nunavut passenger & cargo

Canadian North, NT
Arctic Canada regional carrier

PAL Airlines, NL
Regional passenger + cargo across Atlantic

Aerospace

PAL Aerospace, NS
Government maritime + surveillance & ISR

Aircraft Sales & Leasing

Regional One, FL
Regional aircraft parts & leasing

MACH 2, FL
737 narrowbody parts

Source: Annual Report, Company Website

Exchange Income Corporation

WUTIS – Equity Research

Strategy & Market

Aviation Market – Essential Air Services

W U T I S

Non-contestable demand masks structural cost pressure and growing regulatory risk

Aging aircraft, no new production

ATR 42-500

- Discontinued model, old frames
- $1,508/hr + $1.2M/overhaul
- Upgrade requires new airframe

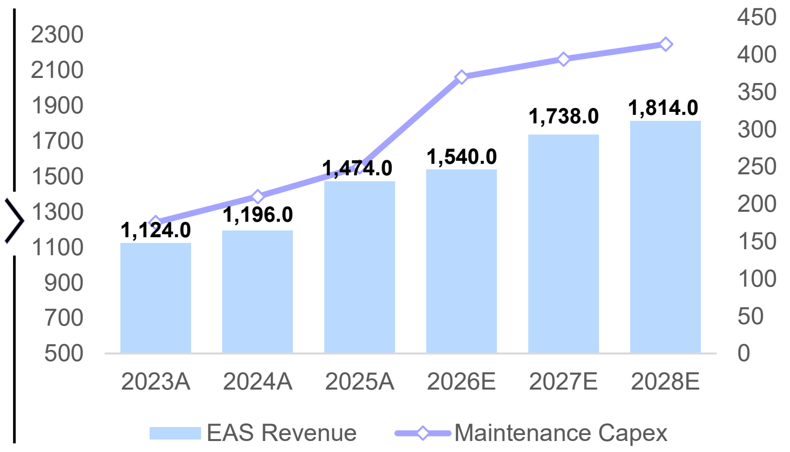
DHC-8-402

- Production suspended 2022
- 11,248 hours flown in 2025
- Arctic accelerates wear 3-4x

737-36N

- Global retirement, parts pool shrinking
- MROs abandoning servicing
- No affordable replacement path

Costs rising faster than revenue



Cargo & Services Essential to Life

- 80%+ of communities have no year-round road access, air is the only option
- Medevac and cargo contracts provide cyclically protected revenue

Aging Fleet, Rising Costs, No Relief

- Maintenance CAPEX grows faster than revenue, up 41% YoY Q1 2026
- Canadian North adds deferred costs to already compressed margins

Northern Pricing Power Under Threat

- Bureau flags high fares and limited competition
- Foreign ownership and route access obligations under active consideration

Regulatory Scrutiny

July 2024

Competition Bureau launches investigation; Affordability named as primary concern

Under Review

February 2025

EIC acquires Canadian North, consolidating the two dominant carriers, further concentrating

Monopoly Flagged

June 2025

Report released, Bureau advises enabling new entrants, each reducing prices on fares by 9%

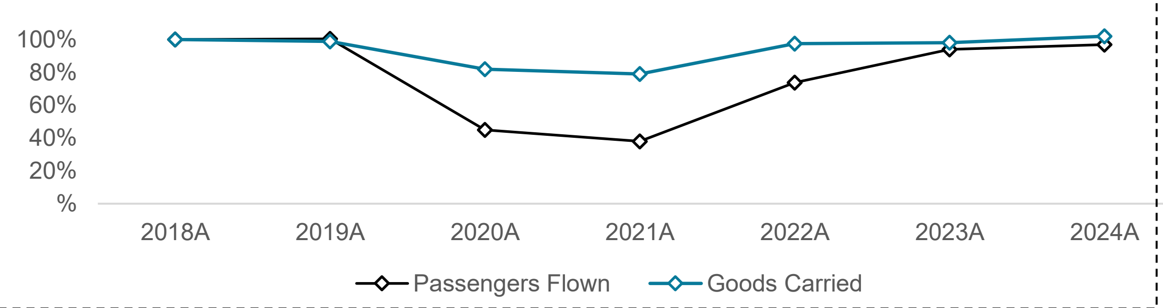
Reform Advised

Now

Government response pending, and route access obligations under consideration

Policy Uncertainty

Cargo less volatile than passengers flown



EIC is doubling down on northern exposure through Canadian North at precisely the moment aging fleet costs, pilot shortages and pricing power deterioration converge

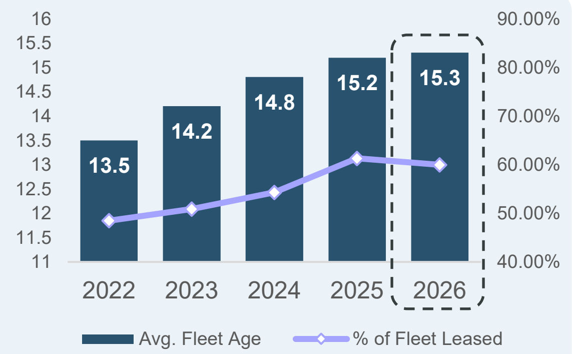
Aviation Market – Aerospace & Aviation Sales and Leasing

W U T I S

Leasing and Aerospace both ride external tailwinds through OEM supply constraints and government spending

Aircraft Sales & Leasing

OEM shortage shifted unmet demand to leased aircraft, rests on supply dysfunction, not organic growth

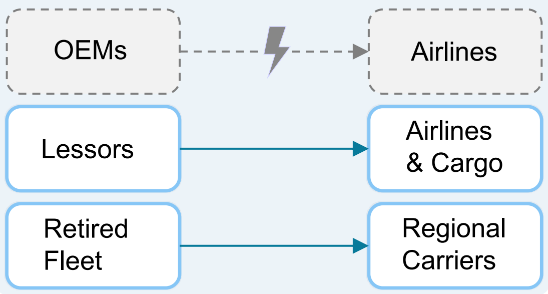


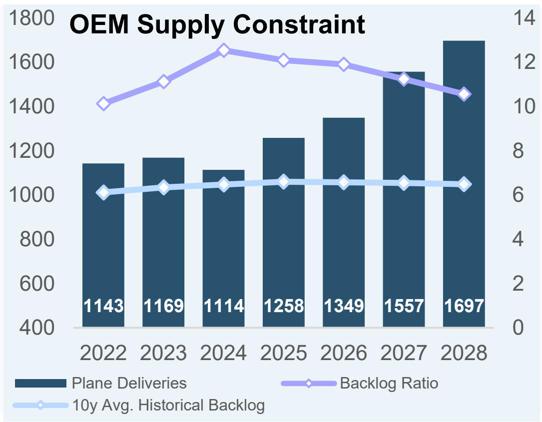
OEM backlog exceeds 10 years. Supply constraint drives demand for leased and used aircraft

54%+ of commercial aircraft now leased, secular shift to asset-light balance sheets post COVID

Supply-driven valuations face mean reversion as OEM production normalizes

Demand Structure



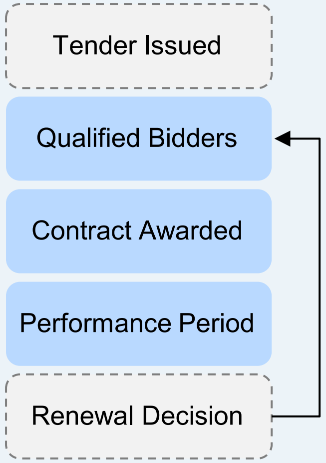


Aerospace

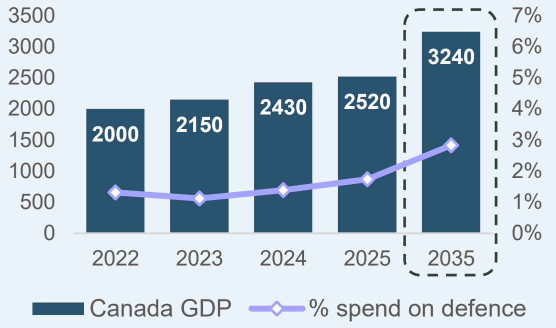
Rising defense budgets fund surveillance contracts, won by a handful of qualified operators on an all or nothing basis

How contracts are awarded

Governments buy surveillance as a service, through competitive tenders locked in on long, multi-year contracts



Canadian Defense Spending



Governments increasingly outsource surveillance renting aircraft, crew and sensors

Multi-year contracts give steady, recurring revenue tied to government budgets

Contracts are awarded by competitive tender and periodically re-tendered

Source: Canada Department of National Defense, Boeing CMO 2025, Airbus GMF 2025

Manufacturing Market

End market diversity keeps demand for the manufacturing subsidiaries stable

Precision Manufacturing

Telecom Infrastructure

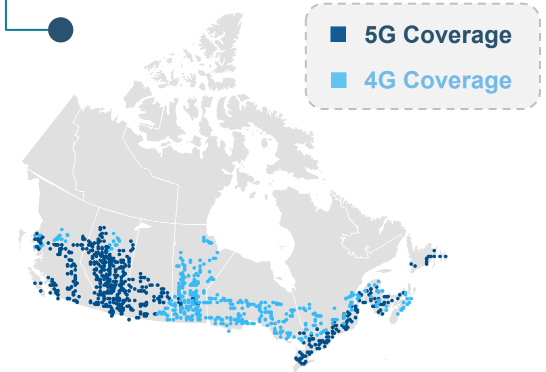
- 5G deployments in the densely populated regions completed
- Rural regions (Manitoba, Ontario) still remain on 4G coverage
- Federal funding drives the rural upgrade – bCAD 3.225 by the Universal Broadband Fund

Defense Precision

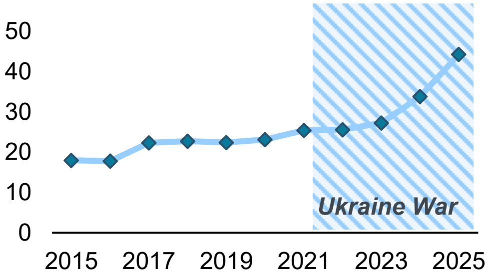
- Canada hit NATO's 2% of GDP in 2025 (first time since the 1980s)
- Slow budget-to-contract Conversion - defense spending converts lagged
- NATO's ≥20% major -equipment rule favors heavy equipment producers

Industrial / Other

- Energy & infrastructure spending increasing industrial & electrical equipment demand
- Food, chemicals, oil & gas, mining remain a stable outlook
- Soft private CAPEX & tariff/regional drag slowing general manufacturing demand



CAN Defense Budget (bCAD)

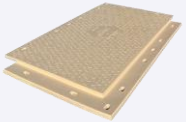


Environmental Access Solutions

Wood Mats

- Dominant in Canada - cheap upfront, but lower growth
- Losing share to composite on transport cost, reusability and environmental grounds

Composite Mats

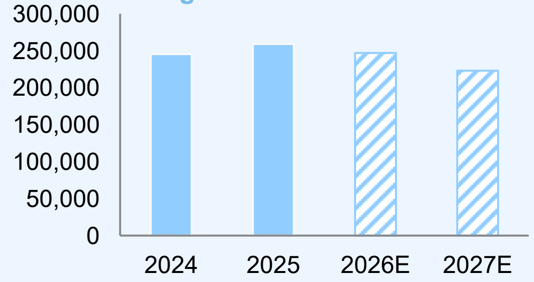


- The fast-growing part of the matting market - steadily taking share from traditional wood mats
- Power grid projects and renewables drive demand
- Lighter to ship & reusable for a longer period
- Turns brittle in extreme cold, so will not fully replace wood in colder parts of North America

Window Solutions

- Demand strongly tied to residential construction -> multi-unit/ apartments are the majority of starts
- Construction peaked in 2025 and is falling - CMHC sees them declining through 2028
- Likely to recover long term due to structural shortage

Number of new homes that begin construction in Canada



Strategy - Acquisition Methodology

M&A-driven expansion increases dilution and execution risk

Investment Thesis

Diversified Acquisitions in Niche Market Positioning where competition is structurally difficult

“Competitive moats” Synergies to strengthen existing business lines (e.g., Jasper Tank and Overlanders)

Must be **accretive** and already **profitable** with **strong cash flows** and management retained post-close

Track Record:

Growing Dividend for **23 years**
5% CAGR on Annualized Dividends
20% Annualized **Total Shareholder Return** since Inception

Execution

Financing Structure:

- Cash via **revolving credit facility** (bCAD 3.5)
- Equity via **shares issued to vendors**
- Convertible debentures, **debt converted to shares** at maturity

Recent examples:

Canadian North
mCAD 195 cash (credit)
mCAD 10 shares issued to vendors

Spartan Composites
mUSD 102 cash (credit)
mUSD 18 shares issued to vendors

MACH
mUSD 34 cash (credit)
mUSD 9 shares issued to vendors

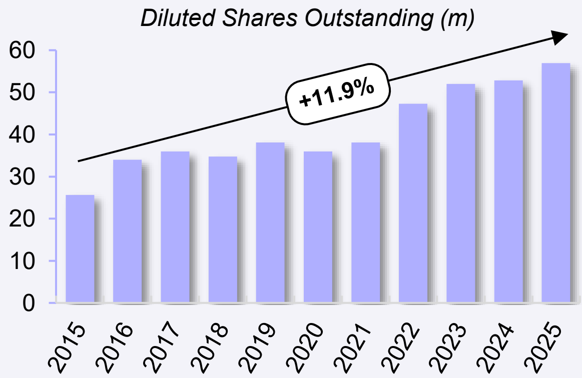
Reality

Synergy claims unverifiable due to limited post-close disclosure and no subsidiary-line reporting

Limited pricing transparency and **elevated goodwill of mCAD 825** increases risk of capital misallocation

Limited post-acquisition reporting reduces visibility on M&A capabilities and execution

Preliminary accounting and **explicit DD risk disclosures** suggest significant execution risks



EIC’s acquisition-driven growth model systematically prioritizes **scale over per-share value**, financed through **leverage** and **equity dilution** with **no accountability mechanism post-close**. For investors this means rising execution risk and structural earnings dilution with every deal

Exchange Income Corporation

WUTIS – Equity Research

Business Model

Aviation Overview

Contracted essential services anchor the segment, while R1's model is shifting toward parked aircraft

Aircraft Sales & Leasing

Aftermarket platform that acquires and leases regional aircraft and engines worldwide. At end of life, assets are parted out and sold

Bombardier CRJ900 | ***Embraer ERJ 145*** | ***Embraer ERJ 190***

The initial Business Model

Acquire & lease

Option A

Re-lease or sell whole

If the aircraft still has useful life and there is demand, it gets placed with another lessee or sold as a complete aircraft

Option B

Part out (teardown)

If it is at the end of its economic life, it is dismantled and sold for components, engines, landing gear, avionics

In **recent years**, Regional One's **model has shifted**, an increasing portion of the fleet sits **parked and off-lease** rather than flying or being parted out

Essential Air Services

Scheduled passenger, cargo, medevac, and charter flights to remote communities, often as the only air link in the region

ATR 42/72 | ***Boeing 737*** | ***Pilatus 24***

Cargo

- Cargo services are critical for supplying remote regions
- Long-term growth outlook is relatively modest, reflecting limited population growth

Passenger

- Scheduled passenger flights under both contract and non-contract structures
- Contracts are typically short-term (often one day)
- They include a maximum contracted flight volume
- They get awarded to the lowest bidder

Medevac

- Operates predominantly through government contracts
- Benefits from long-term contractual relationships and high barriers to entry

Aerospace

Owns and operates sensor-equipped aircraft flying surveillance

King Air 200/ 300 | ***Canada Dash 8***

Special Mission / ISR: Missionizes aircraft by installing radar, sensors & surveillance systems – revenues are contract driven

Software: Provides mission management software for surveillance aircraft, allowing crews to plan missions

Crew Training: Provides pilot training from private license through commercial pilot

Source: Annual Report

Aviation Deep Dive

W U T I S

Good market positioning overshadowed by aging fleet and utilization issues

Deep Dive Essential Air Services

Jets

Backbone of scheduled Passenger cargo service

737-7 Boeing

- High-capacity jet
- Connecting remote communities

Medium-Turboprops

Bridge between mainline jet and regional Turboprops

ATR 72-212A

- Perfectly sized for mid range low demand routes
- Low seat-mile costs

Light-Turboprops

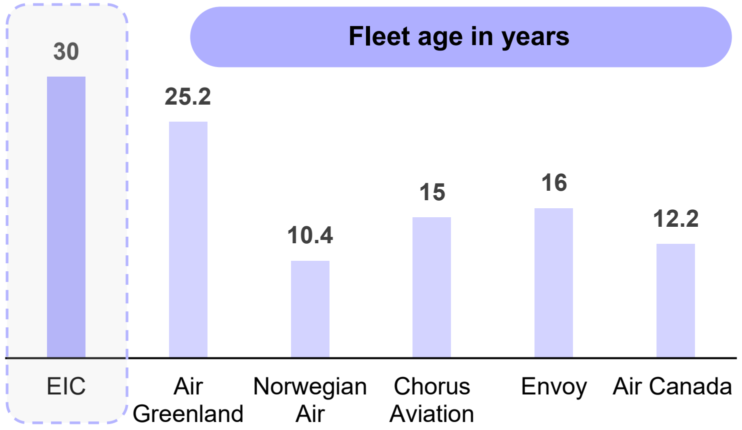
Medevac backbone of Northern Canada

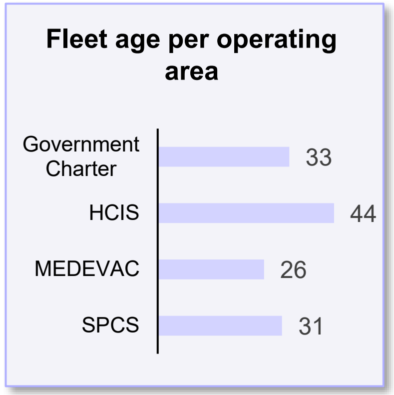
Beechcraft King Air

- Life-saving Medevac missions
- Proven Arctic reliability

Operations	Subsidiaries	Strengths
SPCS	Canadian North, Calm Air, Perimeter, PAL Airlines and Wasaya	Northern **market leader** and **exclusive routes**
MEDEVAC	Carson Air, Custom Helicopters, Keewatin, Calm and Canadian North	**Largest** arctic **medevac** fleet
HCIS	Custom Helicopters	Regional provider with **limited** competition
Government Charter	PAL Aerospace	**Long-term** government contracts

Fleet Aging





Utilization Issues

High uncertainty due to weather

Unpredictable flight cycles make stable utilization impossible

Niche demand but large fleet

Niche demand spread across a large fleet lowers utilization

Low utilization

Contractual coverage

Contract driven standby and coverage obligations lead to unprofitable flights

Maintenance burden

Weather and poor runways lengthen maintenance, cutting available flight hours

Business Model – Precision Manufacturing & Engineering

Entrenched niche positions across eight operationally independent subsidiaries

Customer Entrenchment	Niche Market Leadership	Access & Certifications	Service & Fleet Availability
BEN Machine Products / Hansen Industries Ltd.: Carriers **rely on established incumbent relationships** for complex deployments	Water Blast: **#1 Hotsy dealer** in Canada and US since 2002, serving exclusive fixed territory	OMI Overlanders Manufacturing L.P.: **ISO-9001 certification** for precision sheet metal fabrication	WesTower Communications: **Self-performing** in remote terrain without subcontractor dependency
WesTower Communications: Multi-year supplier qualifications create **high switching costs** for specification-bound parts	Dryair: One of the world's leading manufacturers of **portable hydronic heating systems**	SFI: Regulatory certifications (ASME, API, UL-142) required by customers	Dryair: **Portable fleet** deployable to remote construction and mining sites **on short notice**
LV Control: **Recurring** service and upgrade **cycles** across 1,000+ facilities	SFI: Field Fabrication capabilities with tanks **up to 750,000 gallons**	Water Blast: **Hotsy territorial exclusivity** embedded in supplier agreement	LV Control: Extensive replacement parts warehouse ensures **same-day parts availability**

Diversified End-Market Mix

Built-in demand resilience across uncorrelated industry cycles

- **Stainless Tanks and Vessels** – *food, pharma, oil & gas*
- **Telecom** – *wireless & wireline construction*
- **Precision Parts** – *defense, industrial, technology & data centers*
- **Agricultural Control Systems** – *grain handling, feed processing & fertilizer blending*
- **Hydronic Climate Control** – *commercial & industrial*
- **Pressure Washing Systems** – *oil & gas, mining*

Cost Structure

- **Long Asset Lives**
  production equipment replaced every 10-15+ years
- **CAPEX**
  15% of total EIC CAPEX, mostly maintenance
- **Variable Cost Base**
  no fixed depreciation drag

Revenue Model

- **Project-Based Quoting**
  raw material cost increases flow into next quote, not current contract margin
- **One-Time Job Focused**
  no contracted recurring revenue
- **Custom-Engineered Output**
  no commodity price benchmarking

Margin resilience: Margins in this line of business are typically stable

Source: EIC Annual Report, EIC Financial Statements, Own Research

Business Model – Window & Environmental Solutions

Diversified exposure across construction cycles

Window Solutions

Vertically Integrated since BVG Acquisition in 2023

Quest Window Systems → BVGLAZING SYSTEMS

Manufactures unitized window walls, curtain walls and railings

Installs solutions by Quest and third-party products

Geographic Concentration Risk

High-rise construction in Vancouver, Toronto, Seattle, New York and California

Elevated developer sensitivity to interest rates and condo oversupply

Expanded Production Capacity

2 facilities - 475,000 sq ft in ON

1.6x capacity since 2021 - 329,000 sq ft in TX

Revenue Recognition as Key Audit Matter

Percentage-of-completion basis flagged as **estimation uncertainty**

18-24 month **booking-to-revenue lag** creates structural unpredictability

Environmental Solutions

Enabling Canada's Infrastructure Expansion

Northern Mat & Bridge

Exposure to pipeline **construction**, mineral mining, **grid** T&D buildout and Arctic **sovereignty** infrastructure

Timber Sourcing
No. 2 grade or better from FSC/SFI certified BC sawmills

In-House Manufacturing
2 facilities produce access, rig, crane, digging & portable mats in 3-ply configurations

On-Site Deploym. & Rental
Turnkey installation across oil & gas, power transmission, forestry and mining - highest margin

Retrieval & Washing
Patented portable closed-loop mat washing system retrieves, washes, refurbishes and returns mats to rental fleet

End-of-Life Sale
Exhausted rental mats sold to third parties

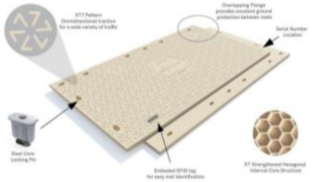
Northern's US Composite Extension

SPARTAN COMPOSITES

One of only three US industrial composite mat manufacturers

Acquisition in 2024 for mUSD 120

Lightweight Composites
Fully recyclable solution and less than 50% of the weight of wood mats



- **Strategic Platform Synergies with Northern**
  Shared end-markets, cross-selling opportunities and full North American coverage
- **Capacity Buildout**
  mCAD 49 second factory in Saltillo, Mississippi that will open in early 2028
- **Grid Modernization Tailwind**
  US Transmission & Distribution investments and fastest-growing market segment
- **Asset-Light Sales Model**
  No rental fleet exposure and nationwide mat distribution

Source: EIC Annual Report & Auditor's Report, Own Research

Exchange Income Corporation

WUTIS – Equity Research

Financial Analysis & Valuation

Financial Engineering Overview

Legitimate accounting methods for EIC's business model but constructed coverage of dividend payments

Constructed Dividend: Artificially depressed CAPEX, inflated FCFs and margins distort the true picture

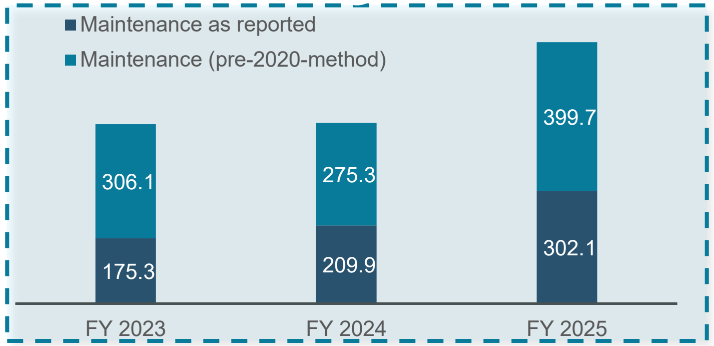
CAPEX Classification

Acquisition-driven platform business

FCF = Adj. FCF – Maintenance CAPEX

Defendable: Assessment of the operating business impossible without CAPEX adjustments

Non-IFRS Metrics: Useful for contextualization



*Changed CAPEX classification **3 times** over the **last 6 years***

Margin Construction

Tear-down accounting requires cost estimates

Asset-to-inventory translations: COGS calculation

Cost allocation: Assumptions regarding the thousands of parts are necessary

Estimates: Inevitable to account for historical costs on a granular basis

Depreciate ACs

- Book value decreases BELOW EBITDA line
- Economic loss hidden

Sell Parts

- Expected selling price ABOVE EBITDA line
- High reported margin

*Record mCAD 35.1 of **capital assets reclassified** to inventory in 2025*

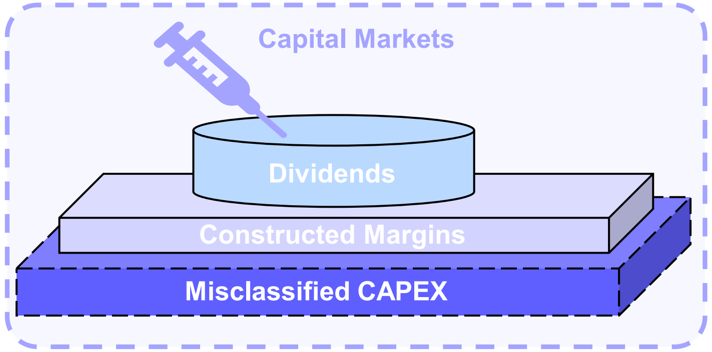
Constructed Payout Ratio

Combination of CAPEX and margins

Payout = Dividends / FCF less Maintenance CAPEX

Constructed: Both misclassified CAPEX and constructed margins artificially depress the payout ratio

External Funding: FCF is insufficient, mCAD 600 bond issued



*Internal **cash deficit** in **9 of the last 10 years**: dividend **funded by capital markets***

CAPEX Classification: Forecasted Split EAS

Forecasted two financial reporting cases ("as reported" and "conventional") showcasing constructed payout ratio

Flight Hour

Contract-based

- *Derivation of past 3 years of **government contracts** flown flight hours*
- ***FH = Contract Value ÷ Cost/h***
- ***Contracts currently** in place were **forecasted separately***

Non-Contract

- *Tracked **all flights** over the past 3 years*
- *Covered **every Aircraft** in EIC's fleet*
- *Calm and Perimeter: past **flight schedules** and NTM schedules as **baseline***

Bottom-Up

Top-Down

Forecast

Flight Hour Base

- *Historic development was weighted to **account for COVID years***
- ***Weighted development multiplied with Growth Factor***
- *Multiplied with **operations-based costs**, **replacements** and **utilization-based** acquisitions*

Growth Factor

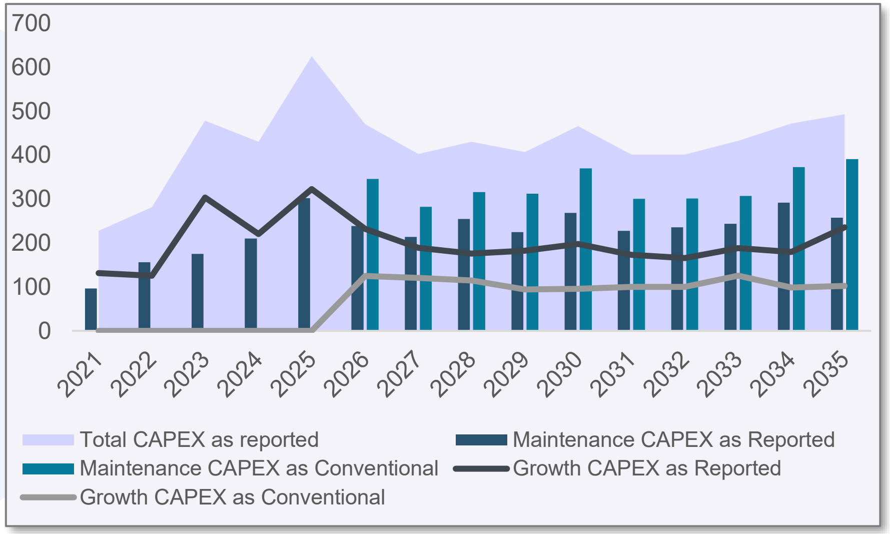
- *Baseline **population growth***
- *Flattened with **remote-dependency** tilt*
- ***Economic outlook** was normalized to account for **purchasing power** and **cargo development***

Case: As Reported

Maintenance CAPEX	Growth CAPEX
Operations-based Maintenance	*New Aircraft and Acquisitions*
On-ground overhaul, station, airport charges to maintain fleet spot, equipment parts	Replacements of over-aged ACs, newly acquired flight routes and acquisition of new companies

Case: Conventional

Maintenance CAPEX		Growth CAPEX
Operations-based	*Replacements*	*New Aircraft and Acquisitions*
Same as "As Reported"	Replacements to maintain current fleet (steady state)	When forecasted FH exceed current fleet utilization state, ACs are bought to serve the demand and classified as growth CAPEX



Regional One: Introduction to Current Reporting

EIC distorts margins to cover the weak leasing business and negative cash contribution

Timeline

Aircraft Acquisition and Lease

Acquisition
aircraft acquired in bulk transactions, high upfront CAPEX, low leasing utilization require margin construction

Aircraft Stored and Depreciated

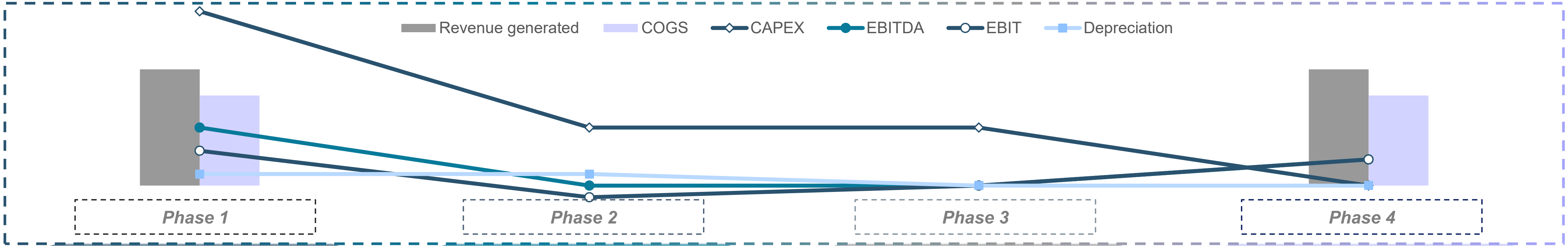
aircraft stored in Arizona
After sparse utilization, ACs are brought to Arizona to be stored. Even if the AC has no engine, it is depreciated

Transferred to Inventory

Low book value transfer
After years, when assets reached a specific book value target, they are transferred to inventory

Parts Sale

COGS via Mgmt. Margin
COGS = Expected Selling Price x (1 – Mgmt. Margin). Margin ranges from 20-25%



High initial **cash outflow**, due to **low lease utilization**, those CAPEX are only partly covered by **cash inflows**

Google Earth confirms that aircraft that are still part of the fleet are **not used but still** treated like **regular assets, although they could be sold** (**low margin**)

When book value threshold (**positive EBITDA margin at sale**) is reached, assets are **transferred to inventory** in accordance with **IAS 16.68A**

As not all parts are sold at once, an **Expected** Selling Price is assumed for the entire cell, hence deriving a **determined cost margin** for the respective part that is sold

Source: Annual Report, Valuation, Own Research, Google Earth

Regional One: Implications of Conventional Reporting Methods

If margins are not constructed, it becomes apparent that cash contribution is negative for ASL

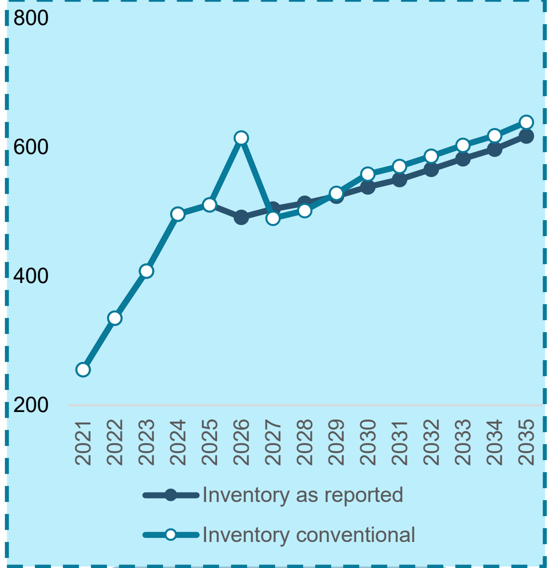
Timeline

Aircraft Acquisition and Lease

Operator	Jurisdiction	# ACs
CityJet	UK Regional	5
Shree Airlines	Nepal	5
CemAir	South Africa	3
MEX	Mozambique	3
Zooom Airline	India	3
Camair-Co	Cameroon	2
Mesa Airlines	US	2
TAR Mexico	Mexico	2
Z Air	Curacao	2

Massive exposure to default risk of its customers. In total, **17 of 31** lessees are exposed to **default** or are currently undergoing **restructuring** or **bankruptcy**

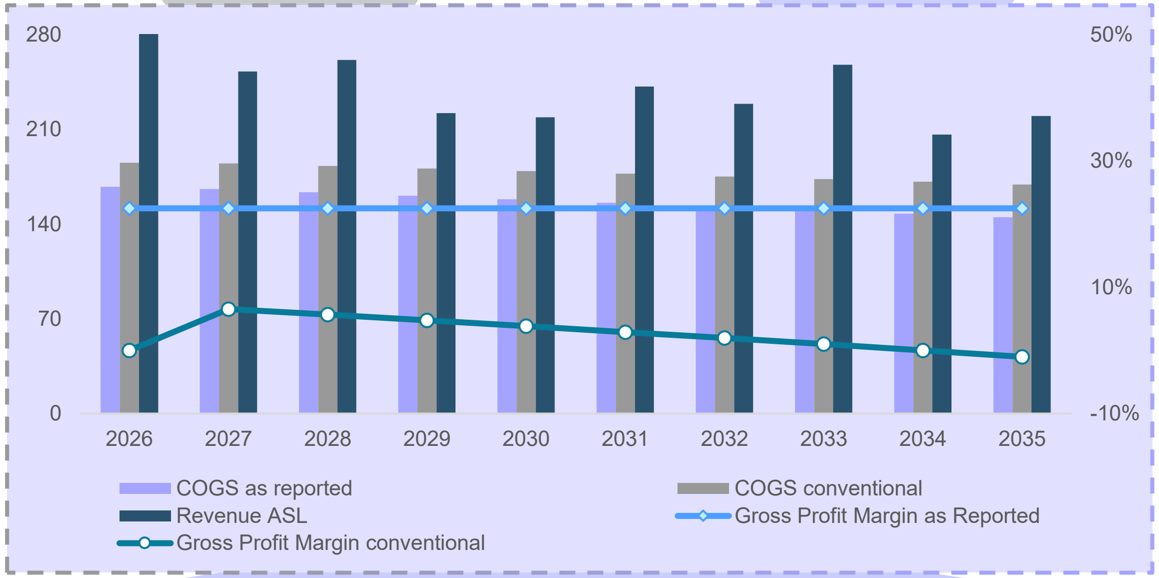
Aircraft Stored and Depreciated



In the **conventional case**, the stored fleet that is artificially depreciated, is transferred to inventory in FY2026. Inventory increases **mCAD 105.9**

Transferred to Inventory

Parts Sale



Under the conventional case, COGS are calculated based on the depreciated book value of the respective aircraft proving that there is a negative cash contribution of the ASL segment if expected selling prices are NOT used

Source: Annual Report, Valuation, Own Research, Google Earth, Glasshouse Research

Dividends & Financing

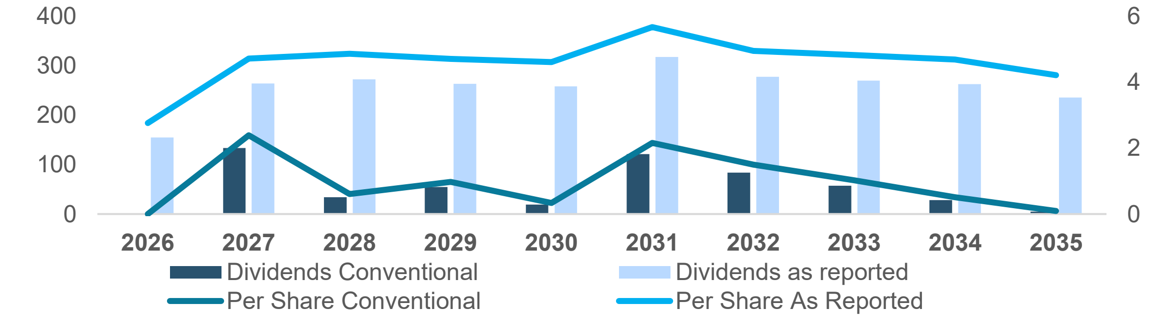
CAPEX reclassification lifts the dividend but elevates leverage near the 4.0x ceiling

Dividend Payout

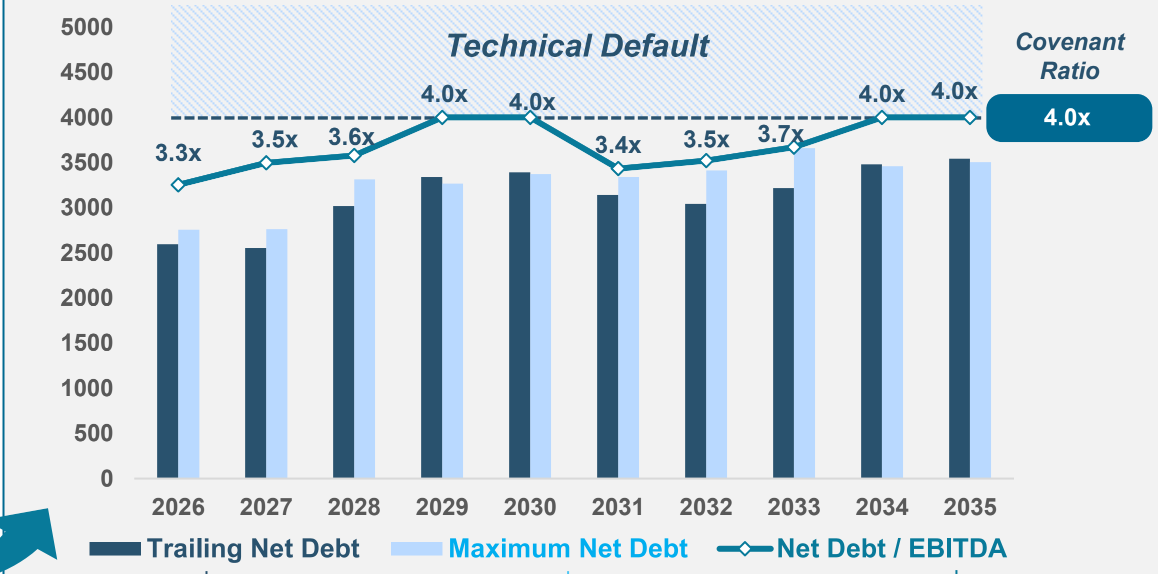
Conventional	*As Reported*
Cash Flow from operating activities	*"FCF" (Management defined)*
LESS CAPEX	*LESS Maintenance CAPEX (reclassified)* *LESS Change in Non-Cash WC*
Conventional FCF	*EIC's Management FCF*
Assuming 70% of FCF paid out as Dividends	***Assuming 70% of FCF paid out as Dividends***

Through its **reclassification of maintenance CAPEX**, EIC is able to support **higher dividends** on the same cash flows

Over the long term, this practice masks an **underlying funding gap**



Financing in the "As Reported" case



Forecasted **cash balance less current and non-current debt positions**, representing the **projected net debt** at year-end

Calculated as the respective year's **EBITDA multiplied** by the **maximum covenant threshold of 4.0x**

Leverage ratio based on **forecasted** annual **EBITDA** and projected **net debt**, used to **monitor compliance with** the **covenant**

Due to the **capital intensity** of the underlying business, **internal cash flows cannot fund** both the required **CAPEX and** the **high dividend**, so net debt rises steadily toward the 4.0x ceiling and ultimately **breaches the covenant**

Source: Annual Report, Valuation

Goodwill Impairment Deep Dive

W U T I S

EIC reports a single goodwill figure with no breakdown, sensitivities or recorded impairments in 20 years

Goodwill Treatment

The conventional case

Information disclosure

Show the headroom CGU-level goodwill, key assumptions, sensitivities (IAS 36.134)

Testing goodwill

Each business line tested against its own cash flows

Response to Deterioration

Indicators force a write-down. Peers react to the market with impairments

Engineering the response

Budget assumes recovery, every input bends so reality never reaches the test

EIC's way

Disclose as little as possible

One total goodwill figure, no CGU split, no headroom, no sensitivity

No Testing

One segment-level test: management's own budget × a self-chosen multiple

Goodwill Break

Window and Environmental business lines: Combined they account for 42% of total goodwill (so mCAD 350)

Organic decay – acquired camouflage: Window business line under pressure, mat rentals deferred only new add-ons hold segment

Years of downturns increase pressure: Recovery keeps getting pushed back for Environmental Access and MSWS

Engineering the Impairment test – multiple raised against the market: While e.g. JELD-WEN wrote off mCAD 458 of goodwill in the same cycle

Regulatory Deep Dive

IAS 36.12 (b)

External indicator

Tariffs, COVID and inflation are exactly the adverse market shifts 36.12(b) treats as impairment indicators. EIC recorded none

IAS 36.33 (a)

Testing rule

Assumptions must weight external evidence - the market says 6-7x, EIC's test says 8x multiple

IAS 36.12 (g)

Internal indicator

Aviation grounded, earnings on wage subsidies. If COVID does not trigger indicator (g), no downturn ever will

IAS 36.134 (d)

Sensitivity and disclosure

The only number EIC publishes is the goodwill total. No CGU split and no sensitivity is recorded or communicated

No visible impairments across 30 acquisitions over 20 years should **not** be taken as evidence that all acquisitions **performed as intended**. It rather reflects an impairment test built on management forecasts, segment-level pooling, and generous valuation assumptions. Strip out the segment pooling and the companies already mismatch against peer multiples

Source: Annual Reports, Quarterly Reports, IFRS

Valuation Outcome & Implications

Decreasing free cash flows and case difference imply a substantial overvaluation by the market

FCF Development

FCF Drivers

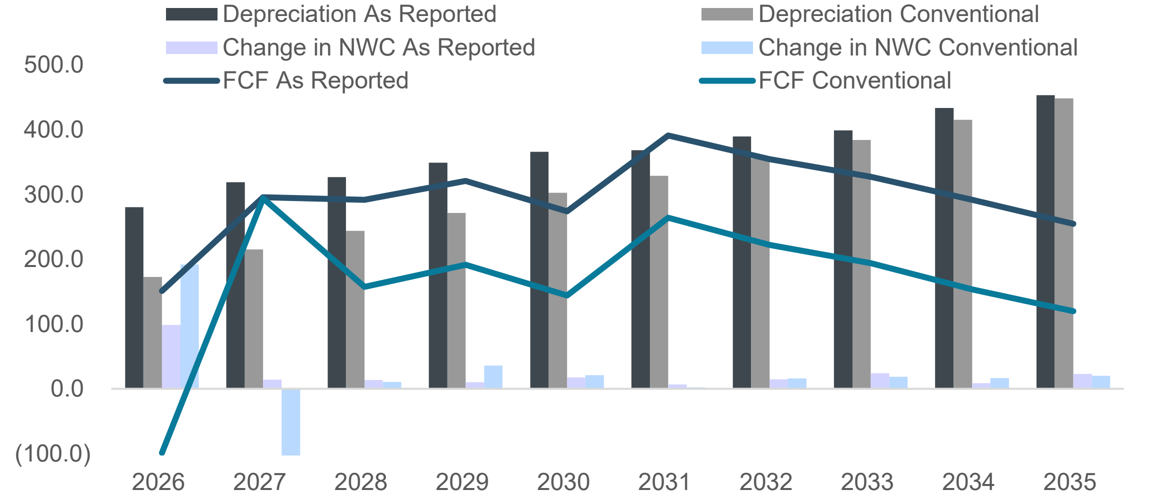
Depreciation: Growing CAPEX and more capital assets increase depreciation

Net Working Capital: Relatively low NWC has little impact on FCF

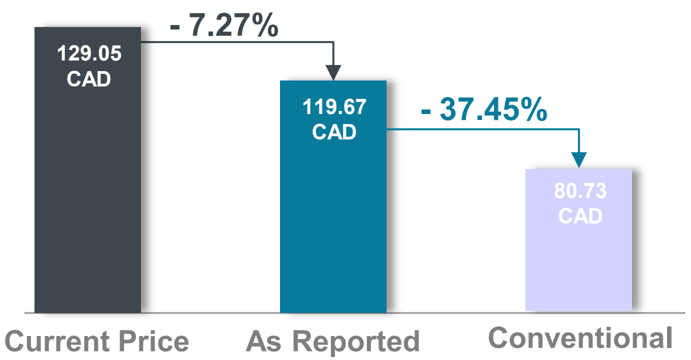
Case Disparities

Inventory Part out: Conventionally, the stored fleet would be transferred to inventory and tried to be sold instead of depreciated

No Margin Construction: In part sales, parts are transferred to inventory with book value as COGS



DCF Assumptions & Valuation Outcome



Beta: 0.68

TV g: 2.5%

WACC: 8.89%

Implications

Dividends are not covered by the operating business units, accelerated by overpaid company acquisitions of the past years

Dividends not covered

Dividend ETFs require constantly increasing dividend payments. In the current state, they will be sorted out of those ETFs within 3 years

Dividend/High yield ETFs thresholds are dismissed

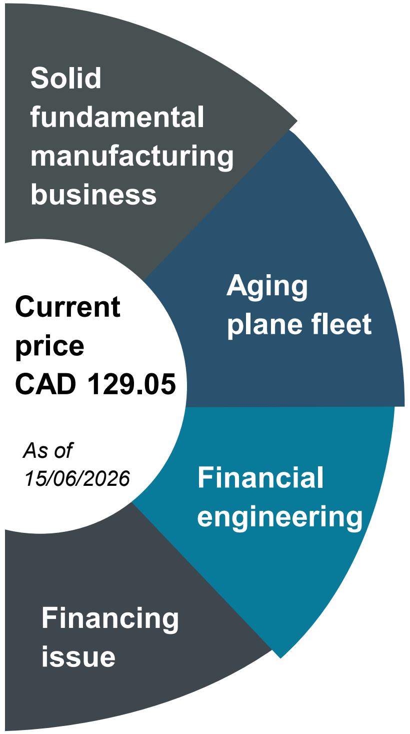
Although no acquisitions were modeled and CAPEX are accordingly lower, debt covenants will be dismissed within the next 4 years

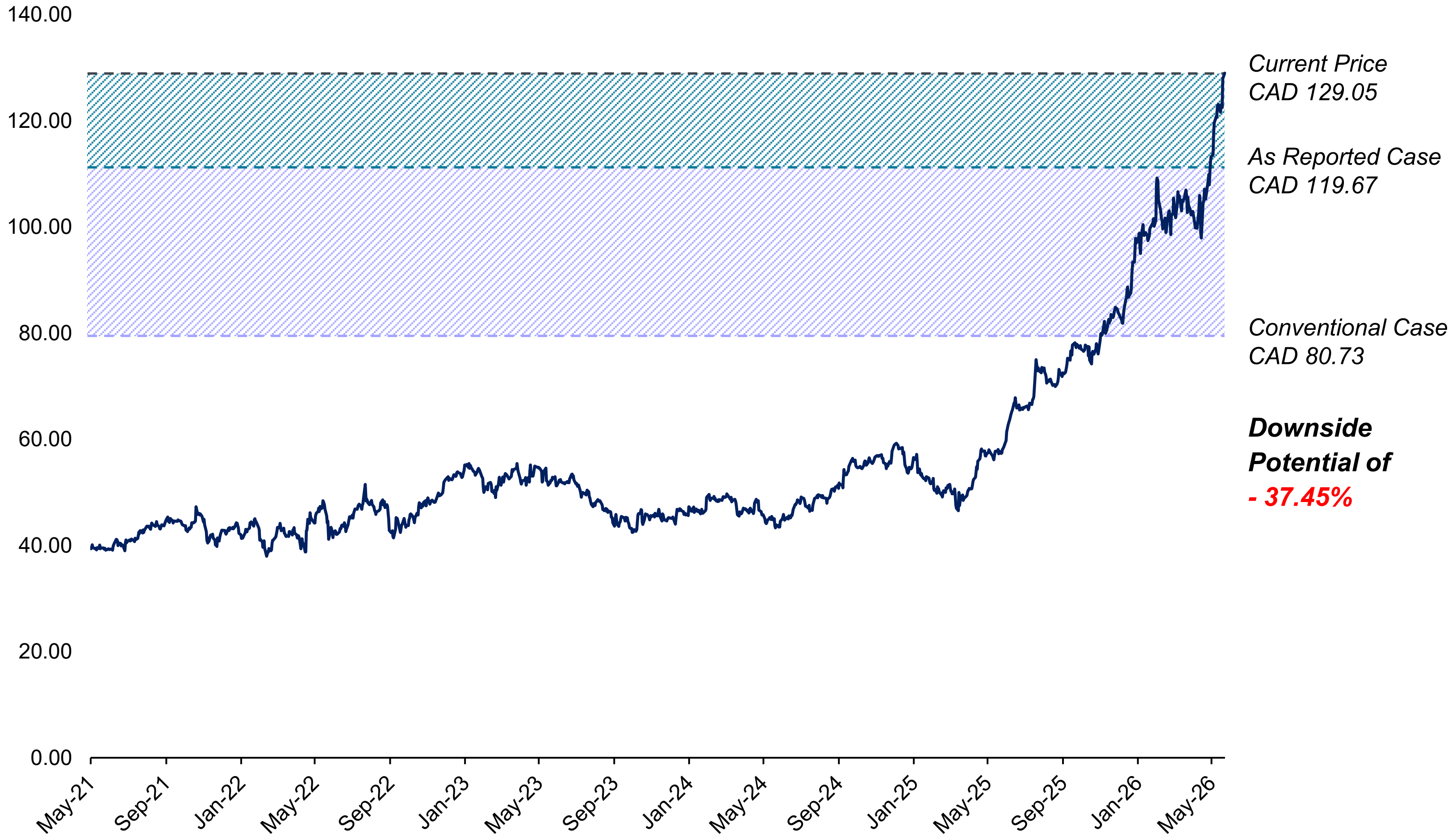
Covenant breach

Source: Annual Report

Conclusion

Despite solid subsidiaries, an aging fleet and financing issues masked by financial engineering depress valuation





Source: Bloomberg

Exchange Income Corporation

WUTIS – Equity Research

Appendix

Revenue Forecast Manufacturing

Tailored demand drivers allow a granular, subsidiary-by-subsidiary revenue forecast

Revenue Forecast by Manufacturing Subsidiary

Precision Manufacturing

5G Conversion (WesTower)

5G **rollout obligations** vs. **existing 4G coverage**, modeled per province against population

Defense & Aero (BEN Machine Products)

Military spending, **F-35** production, **aerospace OEM** demand, plus **nuclear**, **medical**, and **high-tech** end markets

Trades & Sector (SFI & Jasper Tank)

Employee count and **facility size** as constraints, scaled by **end-sector growth**

Service & Sector (LV Control)

Agricultural yields, **seed**, and **livestock** demand for **new systems**; **installed base** for **maintenance** revenue

Sales per branch (Water Blast)

Revenue per branch, tied to its **local driver** (**oil** production or **agriculture**) and that driver's **regional growth**

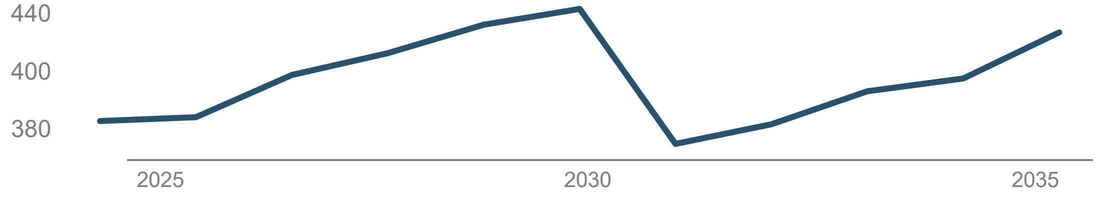
Units sold (Dryair)

Units **sold by type**, plus **rental-industry** growth driving new machine sales

Stock of CNC machines combined with end market growth (Hansen Industries Ltd. & OMI)

Built bottom-up from the **installed equipment base**: each machine tier (e.g., CNC mills, laser cutters) was assessed for its **revenue capacity**, then combined with **employee count** and **utilization rates**. **End-segment growth** was used to determine how much of that **capacity gets filled** and what **revenue can be derived**

Precision Manufacturing Revenue Forecast



Window Solutions

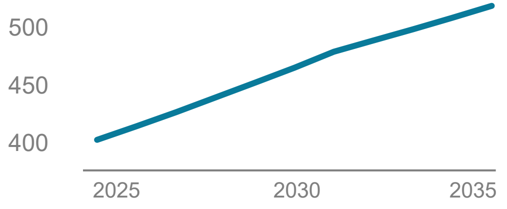
Home Construction (BVGlazing Systems & Quest)

Forecast tied to demand for **mid-to-high-rise residential construction**. City-level growth was derived from **population**, **household**, and **dwelling-unit projections**, then **weighted** by each company's footprint

Most important cities: Toronto (approx. 50% of revenue), New York, Seattle and Vancouver

Toronto Demand for 5+ Storey Residential Buildings (2025 – 2035)

Window Solutions Revenue Forecast

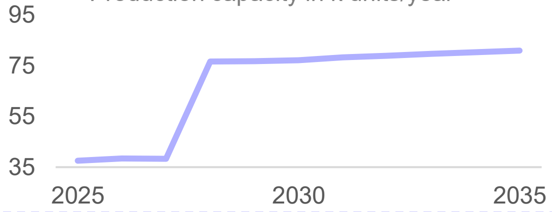


Environmental Access Solutions

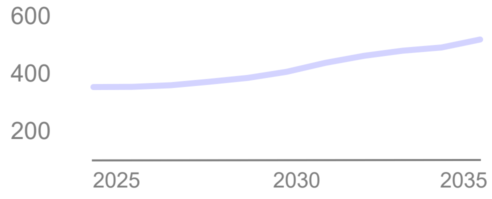
Mat Units Forecast (Spartan Composites & Northern Mat & Bridge)

Mats				Revenue
Sold	X	Price	→	**Driver** New plant, finished in 2028
Rented	X	Rate	→	

Production capacity in k units/year



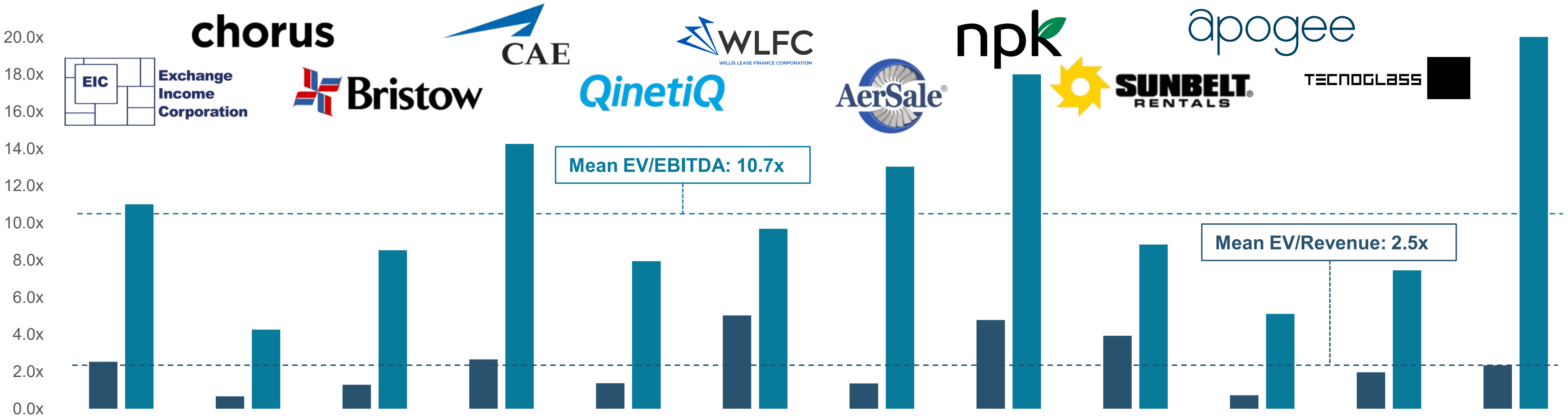
Environmental Access Solutions Revenue Forecast



CCA

A sum-of-the-parts approach values each segment against its own relevant peers

Multiple Valuation Summary

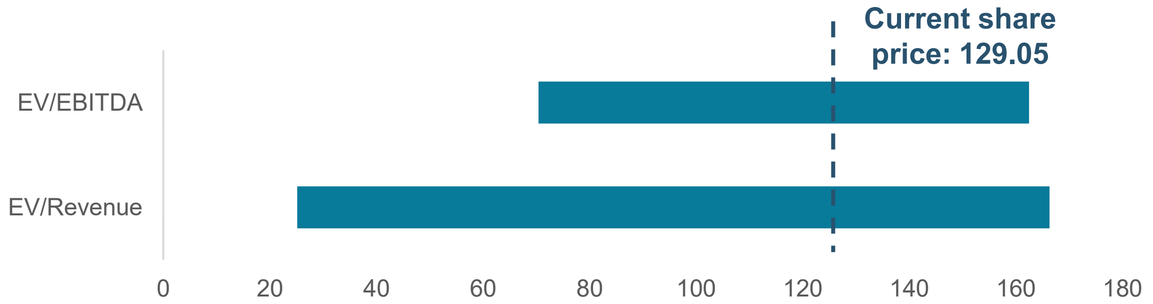


Comments

Given how broadly diversified EIC is - a blended company-level CCA fails to capture the distinct economics of each business. We therefore built a sum-of-the-parts CCA, valuing each sub-segment against its own peer group

Despite this granularity, the businesses remain too niche for CCA to yield a fair value. The CCA was therefore disregarded as a primary method for our valuation

Implied Share Price Range



Management Deep Dive

Management and the bodies meant to check independence are drawn from one interconnected Winnipeg network

Michael Pyle
CEO & Director

Duncan Jessiman
Co-Founder

Bruce Jack
Audit Committee Chair

- Holds a **BA in Economics and an MBA in Finance** from the **University of Manitoba**
- Worked at Roynat Capital (a private lender) in Winnipeg from 1990–1996 and again 1997–1998, served as VP Corporate Development at Westsun International (1996–1997)
- **President of the Arctic Glacier Income Fund** from 1998 to 2002
- **Co-founded Exchange Income Corporation** and has served as Chief Executive Officer and a Director since 2006

- Holds a **Bachelor of Commerce and a law degree from the University of Manitoba**
- Practiced law for over two decades, including as a partner at MLT Aikins and **Co-founded Exchange Income Corporation** and served as its initial Chairman and CEO until 2006, after which he transitioned to Vice Executive Chairman
- Additionally, he also serves as **President of Vexxit**

- Chartered Professional Accountant (FCPA, FCA) and a **graduate of the University of Manitoba**
- Spent most of his career at Deloitte Canada, where he was a partner specializing in auditing and accounting, and served on the Council of the Institute of Chartered Accountants of Manitoba
- He serves as a **Director of Exchange Income Corporation** and **chairs its Audit Committee**

Key concerns moving forward

- Former president of Arctic Glacier. The company pleaded **guilty to criminal price-fixing** and paid a US $9M fine. The conspiracy began 2001 during his tenure
- Holds **0.034% of shares** - less than the minimum ownership threshold required of a standard board director

- Jessiman's former law firm MLT Aikins was **co-counsel for Arctic Glacier's** insolvency proceedings when it collapsed under its dividend/debt load
- **Sold 33% of shares** in March 2026 right before his upcoming election at the AGM

- He acts as **the independent check** on management's financial reporting ensuring that the numbers are credible
- The role is legally required to check the financial numbers on behalf of shareholders
- While also serving as a **director of Vexxit**, a company **founded by Jessiman** creating a **conflict-of-interest** concern

EIC's **entire financial and oversight core**: CEO, CFO, Chief Corporate Development Officer, Board Chair and Audit Committee Chair are University of Manitoba graduates operating **within the same Winnipeg professional network** (shared law firm, shared outside ventures, shared CPA Manitoba circle). EIC's leadership and oversight are drawn from one small, interconnected Winnipeg business, which **structurally limits outside perspective and independent challenge**

Sources: EIC website, U.S. Department of Justice (Antitrust Division), SEDI insider-trading filings

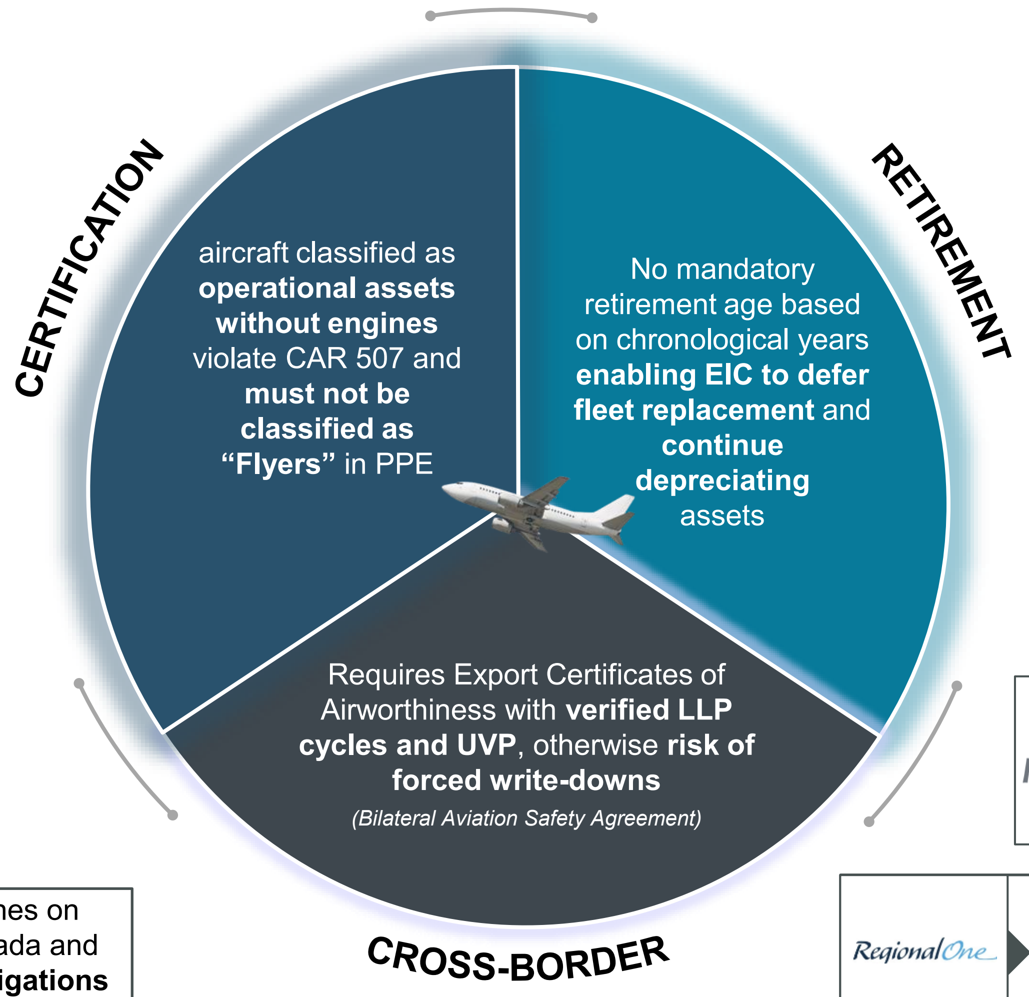
Legal Landscape for Airplanes

W U T I S

Certification and retirement constraints compress asset lives and residual values

Key Certification Requirements
(Canadian Aviation Regulations)

- **Type Certification** for the engineering design and **Supplemental Type Certification** for deviations
- **Certificate of Airworthiness** to fly with clean titles and history **including remaining cycles for LLPs**
- **Operational Maintenance Mandates:** Airworthiness Directives, Authorized Release Certificates **for every part of the plane proving their cycles**



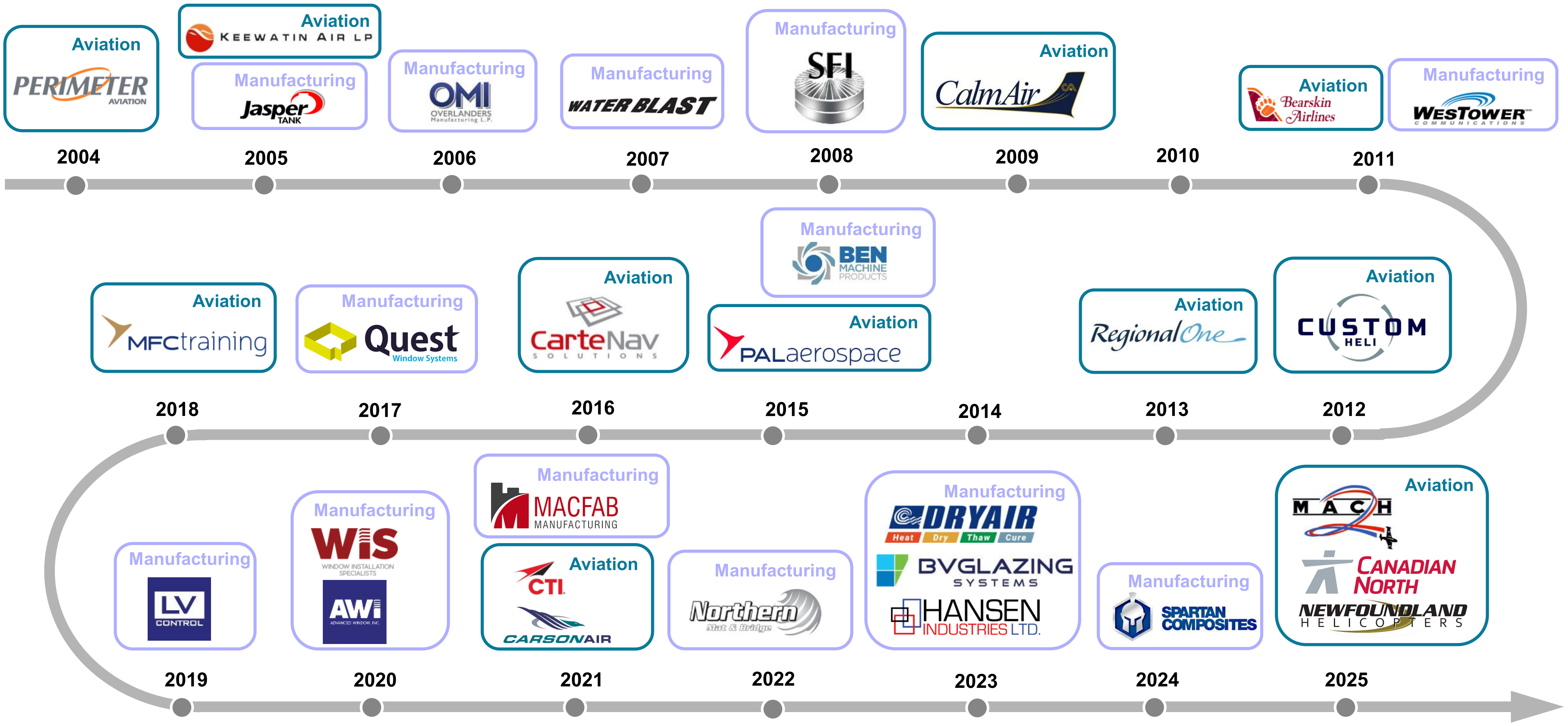
Key Retirement Requirements
(Transport Canada, Federal Aviation Administration)

- **Life-Limited Parts** (e.g. engine turbine disks, propeller hubs) have hard limits and must be scrapped and replaced
- **Widespread Fatigue Damage** as airframes age, requiring intensive structural inspections for older aircraft
- **Ultimate Limit of Validity** for main fuselage and wing box that cannot be economically replaced and must be grounded

PAL	DAO authority (No. 99-0-01) enables independent STC approval without full TCCA review but **tied to individual engineers** licensed by TC
Canadian North	**Cycle penalties** for landing planes on gravel runways in northern Canada and **additional AD compliance obligations** required on the 737 fleet
Perimeter Aviation	1970s SA226 Metros face permanent grounding upon reaching ULV, **forcing immediate write-down to scrap value**
Regional One	Acquires end-of-life aircraft and engines with remaining legal cycles, but faces **risks from LLP exhaustion, ULV threshold and WFD obligations**

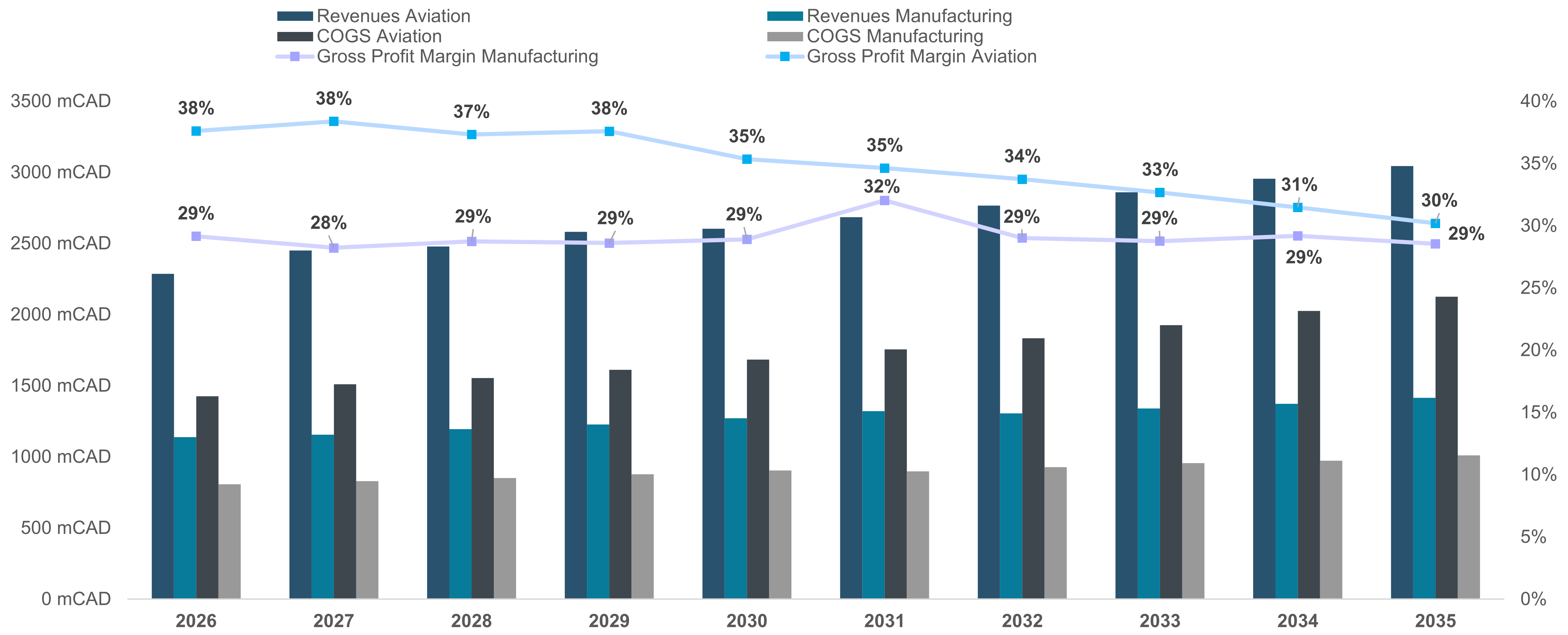
Strategy – Acquisition History

Increasing acquisition intensity raises complexity across the portfolio



Gross Profit Margin Development

Segment split and explanation



Organic downside is primarily driven by the Aviation segment, where gross profit margins are expected to deteriorate over the forecast period despite continued revenue growth. Manufacturing, by contrast, remains comparatively stable, with resilient margins and moderate growth, making it not a major downside risk in the underlying business

Source: Valuation

Covenant Breach

A covenant breach would restrict EIC's acquisition activity and dividend, the two pillars of its model

Covenant Breach
(How it unfolds)

- The borrower violates a covenant of financial, reporting or behavioral nature**. Financial Covenants** are tested on the last day of **each fiscal quarter.** The ratio is breached the moment it crosses the threshold at test date
- The borrower must deliver a **compliance certificate** with its quarterly financials. This is when the **breach becomes visible and forma**l to lenders
- **Most agreements** provide **one of two cures** before the breach becomes an enforceable event of default: a **cure period**, or an **equity cure** where shareholders inject equity that is deemed to increase EBITDA or reduce net debt, retroactively curing the ratio as of the test date. Equity cures are capped: typically usable no more than **two consecutive quarters** and a limited number of times over the life of the facility
- **If not cured, it comes to the event of default.** Lenders' rights can be exercised immediately: freeze further draws; reprice/impose default interest and fees; **block** restricted payments, **dividends and** buybacks. They may also accelerate (demand immediate repayment of the full balance. Acceleration is rare for a fundamentally solvent borrower because lenders usually prefer a **waiver or amendment**: they grant temporary covenant relief in exchange for higher margin, fees, tighter terms, and **a contractual freeze on dividends until leverage is back below threshold for a set number of consecutive quarters**

Precedent Cases

Just Energy

- Reaffirmed the dividend under pressure and cut it in stages while framing it as payout discipline
- Ultimately amended covenants where lenders froze dividends until leverage fell below threshold for two consecutive quarters

Resulted in delisting no equity recoverable

QVC Group

- Leverage climbed until net-leverage ratio breached the 4.5x covenant in its credit facility
- The breach did two things at once: it let lenders accelerate debt and stripped ability to make unlimited dividends/restricted payments

Equity collapse and planned delisting

Implications for EIC

- **The growth engine seizes up**
  A breach forces EIC to stop drawing for M&A while acquisitions are the business model. No deals result in slower EBITDA growth, which means leverage cannot fall effectively deepening the breach
- **The equity story collapses with the dividend**
  Cut the payout and EIC is no longer an income compounder. The 81% retail base sells what it no longer recognizes, and the income-fund holders are forced out by mandate
- **Future outlook**
  EIC's entire machine runs because the market believed the disciplined acquirer, safe-dividend story. Once a breach proves that story false, investors' trust is unlikely to return

Q4 and Q1 Call – Analyst Coverage

The most-used terms in the earnings calls are management's metrics with many potential concerns unmentioned

Most used financial terms in the latest Q1 and Q4 call

Observation

Level of Detail
EIC delivers exactly the top-down metrics analysts model

Difficulties
EIC deliberately minimized disclosure which makes bottom-up work expensive for Analysts

Structural sell-side incentives
There is little upside for analysts but significant downturn risk

Analysts anchor to guidance
Coverage tracks the CAD825 - 875M target, not the balance sheet trajectory behind it

Analysts wave through M&A pricing
No one challenged the multiple on deals like Canadian North financing and possible Impairments

Analysts overlook the short thesis
Glasshouse-type structural concerns appear in zero coverage notes

revenue [23] guidance [22]
EBITDA [17] margins [16] profitability [15]
leverage [13] cash flow [13]
working capital [13] returns [12] liquidity [12]
debt [10] free cash flow [9] maintenance CapEx [9]
bonds [8] interest rate [8] adjusted EBITDA [7]
net earnings [7] credit rating [6] growth CapEx [6] inventory [4]
earnings per share [2] investment grade [1]

> The most used terms are all things **management chooses to highlight** but **the risks** live in **what was not said**

Implications

A mispricing of frame, not fact
Consensus is built on the near-term metrics management presents. Revenue, guidance, adjusted EBITDA. The structural risks aren't hidden, they're simply unaggregated and outside the lens analysts apply. The opportunity exists because shareholders are looking at the wrong frame

Structural issues will force a re-rating
Once financing structure, covenant headroom and debt funded acquisition returns enter the conversation, coverage shifts from did they hit the quarter to is the model sustainable. Analysts dismiss short reports, but they do respond to long-term financial deterioration and because EIC is measured only on consolidated KPIs, not standalone business line performance, that deterioration stays invisible until it hits the headline numbers

The unwind is not an if, it is a when
Consensus has priced a flawless continuation of a 20-year record and nothing else. That makes the risk entirely one directional: the bull case is already in the stock. The bear case is in none of it. The first crack, a covenant, dividend or any bottom-up question has the potential to start the unwind

Similar Precedents

Self-marked values and uniformly bullish coverage preceded sharp repricings at Noble and Valeant

noble group

Built profits on self-marked fair values, not cash
Noble's asset-light model carried 12,000 commodity contracts and associate stakes at internally-modelled fair values. Net mark-to-market surged from near zero (2009) to bCAD 3.5 by 2014, 68% of equity, while operating cash flow lagged far behind reported profit

Aggressive carrying values that were never written down
Noble's Yancoal stake was carried at mCAD 630 against a market value of mCAD 10 - a self-serving classification (associate) used specifically to avoid impairment. Once Noble was forced to mark assets honestly, the dependable IG-rated trader story collapsed. Equity went from bCAD 7.7 toward a near-total wipe-out and a 2018 restructuring

The story broke from outside, not from the sell-side
It took an anonymous short-seller (Iceberg Research, Feb 2015), not the covering analysts or auditor (EY), to expose it and management vehemently denied everything until a forced bCAD 1.4 contract impairment in 2015 validated the critics

VALEANT
Pharmaceuticals International

A debt-and-equity-fueled roll-up with no organic growth
Valeant grew through relentless acquisitions financed by cheap debt, slashing R&D and relying on deals to sustain the model

Goodwill ballooned to dominate the balance sheet
At its peak Valeant carried bCAD 22.3 of goodwill which summed up to over a third of total assets and nearly 3x shareholders' equity - the unavoidable by-product of overpaying for serial deals

Reported earnings diverged from cash via adjusted metrics
Net income tracked cash flow until 2010, then diverged wildly as amortization, impairments and a wall of non-GAAP add-backs flattered "adjusted" performance

Near-universal Buy ratings right up to the cliff.
Analysts kept Buy ratings and mCAD 224 targets into late 2015 (one even compared it to Berkshire). It took Citron's Enron of pharma report to crack it, after which the stock fell 90% and the SEC charged the company for improper accounting

Source: Noble Group, Valeant Pharmaceuticals International

Canadian North Acquisition

W U T I S

A serially loss-making, profit-capped Arctic carrier that survived on bailouts bought for mCAD 205

Canadian North's History

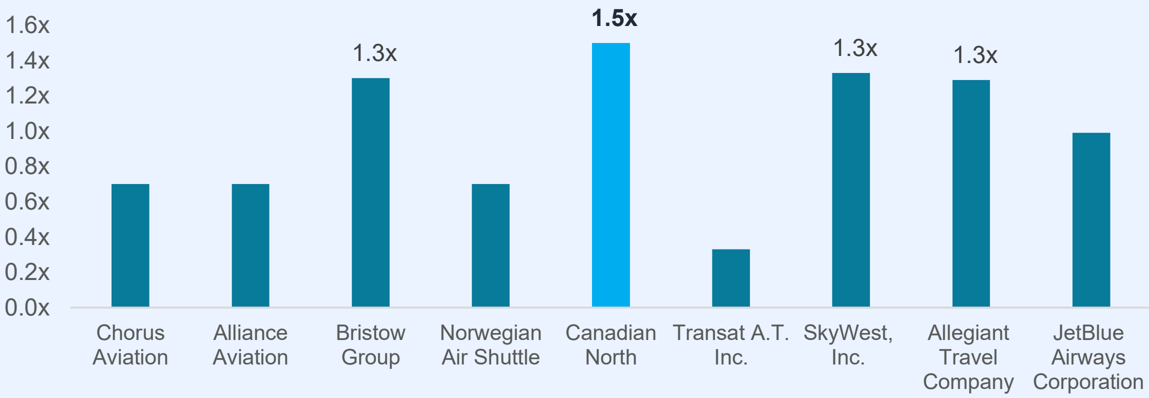
Born from distress: A survival merger (2018 - 2019)
Canadian North + First Air merged as a survival deal to relieve the substantial financial burden on their Inuit owners. The Competition Bureau opposed it. Ottawa approved only under fare caps, margin limits, a Monitor and ministerial oversight

COVID near-insolvency (2020 - 2022)
Survived only on 3 stacked federal bailouts. Northern Carrier Aid, Remote Air Services Program (part of up to mCAD 174) and Canada emergency wage subsidies. Yet Ottawa's own record states it continued posting yearly net losses despite the support

Sought regulatory relief (Oct 2022)
Formally applied to vary/rescind its merger terms, couldn't survive within them. The 2023 relief order caps profit at 10% net margin and lets it recover mCAD 32.2 of past losses, explicitly to ensure the airline's stability.

An old, capital-hungry fleet on top of it all
The asset-backed story masks an aging, maintenance heavy fleet. Canadian North runs 32 aircraft averaging 27.5 years

Acquisition multiple vs. Peers EV/Sales



Conclusion

On price, there is no discipline
1.5x - a control premium for a distressed asset. Management disclosed even less than in other deals signaling the numbers did not fit the story

On quality, the criteria are inverted
the playbook targets profitable, steady cash flow niche businesses, yet CN has recurring losses and flies a 27.5-year-old fleet that burns cash

On structure, 95% debt-funded off the revolver
below its return threshold for two years (EIC's own admission): the opposite of the accretive, self-deleveraging deals the model promises

EIC's premium rests on one claim: a disciplined serial acquirer buying profitable, niche, cash-generative businesses at low multiples. Canadian North breaks that

Employee Allegations

W U T I S

Recurring internal allegations of asset manipulation and compromised safety culture

Pilot testimony – safety culture

Pressured to fly in unsafe conditions

A former Perimeter captain alleged that after current management restructured operations, crews' safety input was disregarded and the culture shifted to flying *"at all costs."* He said he left because he *"felt like I was going to die there."*

"Much safer" before current management

A second former EIF pilot wrote that the aviation subsidiaries were *"much safer"* before the current management group took over, alleging that cost-cutting drove away experienced crews and senior maintenance engineers, narrowing the margin of safety

Maintenance engineer testimony

Engine swaps "for the books"

Former maintenance engineers alleged they were instructed to swap high-time engines for low-time engines before quarter-end *"to make the appearance of a higher overall value,"* then swap them back after the quarter began - told only it was *"for the books."*

Why it matters

Two independent functions – flight operations and maintenance – point the same way. The engine-swap claim foreshadows the asset-value concerns Glasshouse raised **nine years later, from an entirely separate source**

All accounts are anonymous allegations and could not be independently verified by us, and they are disputed by the company with no regulatory finding substantiating them. However, the fact that strikingly similar allegations: assets being dressed up to inflate reported value, have surfaced independently from former employees in 2017 and again in 2026, nearly a decade apart and from entirely separate sources, suggests this is likely more than isolated disgruntled employees and warrants serious concern

Source: Cohodes Research (2017), Glasshouse Research

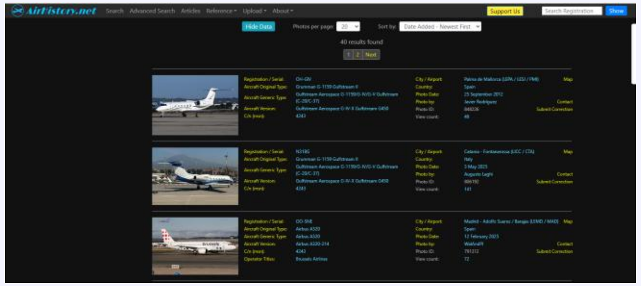
Identifying The Stored Fleet In Arizona

W U T I S

We tracked every aircraft that is currently stored

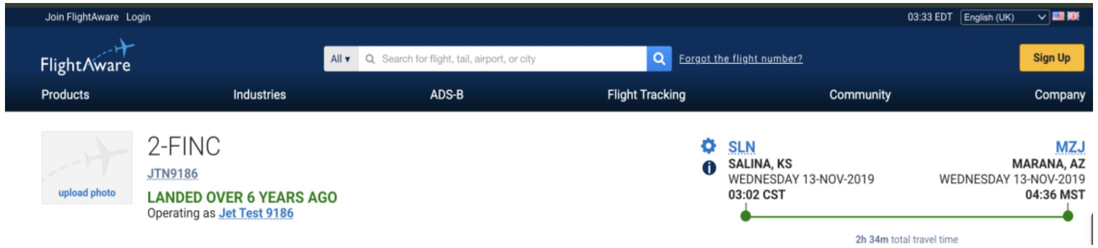
Subscription Database

MSN Number



Find out the registration / serial number

Confirm on flight radar websites if the airplane is still active / when their last recorded flight was



Pinal Airpark

2022

2026

IAS Guidelines for Goodwill

Reviewing EIC's goodwill through IFRS reporting guidelines

IAS 36.12(g) – Internal indicator

IAS 36.12(g) requires a company to assess whether there is internal evidence that an asset or cash-generating unit may be impaired. This can include evidence that financial performance is, or is expected to be, worse than previously budgeted or forecast. In EIC's case, grounded aircraft, weaker divisional performance, margin pressure, or lower-than-expected cash generation would be relevant internal factors to consider in the impairment review. The implication is not that these factors automatically require a goodwill impairment, but that they should be explicitly reflected in the assessment of recoverable value. If the annual impairment test still concludes that no write-down is required, investors would need to understand how management's assumptions bridge the gap between observed underperformance and the continued carrying value of goodwill

IAS 36.12(b) – External indicator

IAS 36.12(b) requires companies to consider whether adverse changes in the market, economic, legal, regulatory or operating environment indicate potential impairment. For EIC, factors such as tariffs, COVID-related disruption, inflation, higher financing costs, weaker end-market demand or changes in customer behaviour may represent relevant external indicators. These indicators do not mean that goodwill automatically fails the impairment test, since goodwill is tested annually in any case. However, they increase the importance of demonstrating that the assumptions used in the test are consistent with the external environment. The implication is that if market conditions have deteriorated, the impairment analysis should explain why the recoverable amount remains above carrying value despite those adverse conditions

IAS 36.33(a) – Testing rule

IAS 36.33(a) requires cash flow projections used in impairment testing to be based on reasonable and supportable assumptions, with greater weight placed on external evidence. This means that management forecasts, recovery assumptions, margin expectations and terminal value inputs should be credible when compared with market data, peer valuation levels and recent operating performance. For EIC, the key question is whether the assumptions used to support goodwill are sufficiently conservative and externally verifiable, especially if the valuation depends on a recovery in earnings or on a multiple above observable peer levels. The implication is not that management forecasts are invalid, but that a robust impairment test should show why those forecasts are reasonable given the company's current trading performance and the broader market backdrop

IAS 36.134 – Sensitivity and disclosure

IAS 36.134 requires companies to disclose information that allows investors to understand how goodwill has been tested, including the goodwill allocated to each CGU or group of CGUs, the key assumptions used, and sensitivities where a reasonably possible change in assumptions could lead to impairment. For EIC, the relevance of this standard is mainly around transparency. If goodwill is disclosed only at a broad segment level, with limited detail on CGU allocation, valuation multiples, discount rates, growth assumptions or headroom, it becomes more difficult for investors to assess the downside risk independently. The implication is that limited disclosure does not prove the impairment test is wrong, but it reduces visibility on how sensitive the carrying value is to weaker assumptions or market multiples

Source: IFRS

Dividend-Focused Institutional Ownership I

W U T I S

Dividend cuts would trigger significant investor outflows

Investor	Shares	% O/S	Dividend-Focused Vehicles	Publicly Disclosed Threshold Criteria
Dimensional Fund Advisors LP	**822,713**	**1.46 %**	Manulife Smart Dividend ETF, Manulife Smart Global Dividend ETF Portfolio, Manulife Smart International Dividend ETF, Manulife Smart U.S. Dividend ETF	High and sustainable dividends or dividends with consistent growth
BlackRock Inc.	**597,295**	**1.06 %**	iShares S&P/TSX Canadian Dividend Aristocrats Index ETF	Increased ordinary cash dividends every year for ≥ five years or maintained the same dividend for max. two consecutive years within that five-year period
BMO Asset Management Corp.	**450,776**	**0.80 %**	BMO Canadian Dividend ETF, BMO Canadian High Dividend Covered Call Fund, BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO Europe High Dividend Covered Call Fund, BMO International Dividend ETF, BMO International Dividend Hedged to CAD ETF	Not publicly disclosed
Invesco Ltd.	**315,475**	**0.56 %**	Invesco Canadian Dividend Index ETF Class	Min. 3-month avg. daily trading volume of 1 mCAD and ≥ five consecutive years of stable or growing annual dividends
State Street Global Advisors Inc.	**205,226**	**0.36 %**	Scotia Canadian Dividend Class, Scotia Canadian Dividend Fund, Scotia Global Dividend Class, Scotia Global Dividend Fund, Scotia Wealth High Yield Income Pool, Scotia Dividend Balanced Fund	Basis: iShares S&P/TSX Composite High Dividend Index; dividend yield ≥ 2% at rebalancing date
Hillsdale Investment Management Inc.	**176,581**	**0.31 %**	Russell Investments Canadian Dividend Pool	
Mackenzie Financial Corp.	**172,024**	**0.31 %**	Mackenzie Canadian Dividend Fund, Mackenzie Global Dividend Enhanced Yield Plus Fund, Mackenzie Global Dividend Fund, Mackenzie International Dividend Fund, Mackenzie US Dividend Fund, Mackenzie Canadian High Dividend Yield ETF, Mackenzie Global Dividend ETF	Company must demonstrate consistent dividend growth over an extended period

Source: Capital IQ, Fund Prospectuses

Dividend-Focused Institutional Ownership II

Dividend cuts would trigger significant investor outflows

Investor	Shares	% O/S	Dividend-Focused Vehicles	Publicly Disclosed Threshold Criteria
Connor Clark & Lunn Investment Management Ltd.	**150,880**	**0.27 %**	Scotia Canadian Dividend Class, Scotia Canadian Dividend Fund	Basis: iShares S&P/TSX Composite High Dividend Index; dividend yield ≥ 2% at rebalancing date
Pembroke Management Ltd.	**69,888**	**0.12 %**	Pembroke Dividend Growth Fund	Companies whose internally generated cash flows fully cover both dividend payments and underlying business growth
1832 Asset Management LP	**67,700**	**0.12 %**	1832 AM Canadian Dividend Value LP	
Guardian Capital LP	**60,182**	**0.11 %**	Global X Active Canadian Dividend ETF	Canada's highest-quality dividend payers demonstrating a consistent track record of dividend growth
Canada Life Asset Management Ltd.	**17,201**	**0.03 %**	WS Canada Life Investments Fund II - WS Canlife Diversified Monthly Income Fund	Monthly income generation with the prospect of long-term capital appreciation (investment horizon ≥ five years)

Why EIC is **Pressured to Maintain and Grow Dividends**

EIC's consecutive dividend increases have created **structural market expectations**

A **deviation triggers automatic** ETF exclusion and discretionary **selling** regardless of underlying cash flow

Management has **no operational lever** to absorb the compounded price impact

EIC's investor communication

Dividends – The Passive Investment Trap

W U T I S

Navigating structural risks in passive dividend fund mandates to mitigate forced institutional sell-offs

Passive Investors	Actively managed funds

Passive Investors

- **CDZ (iShares Cdn Dividend Aristocrats)**
1.8% weight, mCAD 19.2. Criterion: dividends increased every year for ≥ 5 years, flat allowed max 2 consecutive years. Suspension = automatic index deletion

- **ZDV (BMO Canadian Dividend)**
1.49% weight, mCAD 25.6, the largest single dividend-fund position. Criteria: 3-year dividend growth rate, yield, and payout ratio screens. A non-payer fails all three

- **PDC (Invesco Canadian Dividend)**
0.71% weight, mCAD 7.3. Requires current payment plus a multi-year stable/growing dividend record

- **XEI (iShares S&P/TSX Composite High Dividend)**
0.37% weight. Pure indicated-yield ranking; zero yield is ineligible

- **ZDIV (BMO MSCI Canada IMI High Dividend Yield)**
0.57% weight. MSCI's HDY methodology is the strictest of all: requires positive dividend, screens for dividend *persistence and sustainability* (payout ratio, 5-yr DPS track record, quality screens) — EIC fails on day one of a suspension

Actively managed funds

- **HAL (Global X Active Canadian Dividend)**
4.73% weight, the highest conviction dividend bet on EIF anywhere

- **Mawer Investment Management**
0.40% weight, buys wealth creating businesses (ROIC > cost of capital), strong capital-allocating management, at a discount to DCF value

- **T. Rowe Price (Intl Discovery)**
1.16% weight, small/mid-cap growth: buys the earnings story - defense + Arctic infrastructure + M&A backlog. Covenant breach signals a capital-constrained runway = thesis broken

- **Industrielle Alliance (IA) Gestion**
0.35% weight, active value / core Cdn equity: mid-cap industrial with durable FCF at a reasonable multiple

At 96% Growth, 92% large-cap mandates, and 77% very low / low turnover, EIC's institutional base is sticky and benchmark driven and not fast-money positioned to defend the stock. When the structural re-rating forces these mandate-bound holders to sell, there is little active, opportunistic capital underneath to absorb it

Source: Capital IQ

Coverage

Latest analyst reports indicate that EIC has small upside potential after the stock is already up 116% YoY

Date	Firm	Target	Upside	Rating
04/06/2026	RAYMOND JAMES	**CAD 142**	**10.89%**	**Buy**
10/06/2026	CIBC	**CAD 141**	**10.11%**	**Buy**
26/02/2026	Ventum Financial	**CAD 135**	**5.42%**	**Hold** *(Published at a lower share price)*
13/05/2026	cg/Canaccord Genuity	**CAD 129**	**0.07%**	**Hold** *(Published at a lower share price)*

All four covering firms are full-service dealers whose investment-banking arms solicit advisory and capital-raising mandates from the companies they cover. This is the standard sell-side conflict: research that turns hostile risks the firm's banking relationship. It is legal and disclosed but it structurally biases coverage toward Buy/Hold especially during the recent performance of the stock

Source: Raymond James, CIBC World Markets, Ventum Financial, Canaccord Genuity

Short Seller Restriction Request

Common in isolation, but consistent with a documented pattern of narrative control

W U T I S

Exchange Income Corporation

Mike Pyle
Chief Executive Officer

101-990 Lorimer Blvd
Winnipeg, MB R3P 0Z9

P: (204) 982-1850
F: (204) 982-1855
www.exchangeincomecorp.ca

March 1, 2021

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
E-mail: comments@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: (514) 864-8381
E-mail: consultation-en-cours@lautorite.qc.ca

cc:
British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Dear Secretary and Me Lebel,

Re: CSA Consultation Paper 25-403 - *Activist Short Selling*

We commend the Canadian Securities Administrators (CSA) for addressing this issue and for their diligence in undertaking the extensive research and analysis presented in the Consultation Paper.
Activist short sellers, who have no relationship with the company, have the ability to issue a short report that could have a material impact on a company's reputation, its valuation and its shareholder's assets without any regulatory oversight, detailed disclosure requirements or recourse. On behalf of Exchange Income Corporation, a TSX-listed issuer, we support the recommendations noted below as included in the submission from the Canadian Investor Relations Institute (CIRI) dated February 25, 2021 responding to the above referenced CSA Consultation Paper.

Recommendations

CIRI recommends the CSA introduce a regulatory regime:

- that requires the activist short seller to provide their report to the issuer in advance of publishing, to ensure factual accuracy;
- that requires all short sellers disclose their opening, changes in and closing positions as well as their identity and that such disclosure be made daily;
- that bans the practice that allows shares to be sold short without first borrowing the security, in line with the Capital Markets Modernization Taskforce recommendations;
- that implements a 10-day minimum holding period that would apply to any short seller who opens a short position and disseminates market-moving information; and
- that includes recourse for activist short sellers that disclose inaccurate or misleading information.

CIRI also recommends the CSA reviews the impact the removal of the tick test has had on the market since 2012.

As a publicly listed issuer in Canada, we support and encourage a regulatory regime including disclosure requirements around activist short selling, as outlined above. The adoption of these recommendations would improve the efficiency and transparency of the Canadian capital market.

Sincerely,
Exchange Income Corporation

Per: Mike Pyle
Chief Executive Officer

CEO lobbied the CSA (2021) to restrict activist short sellers. Common on its own, included as pattern context and a likely process-over-substance tell.
Context, not evidence; the thesis stands on the financials

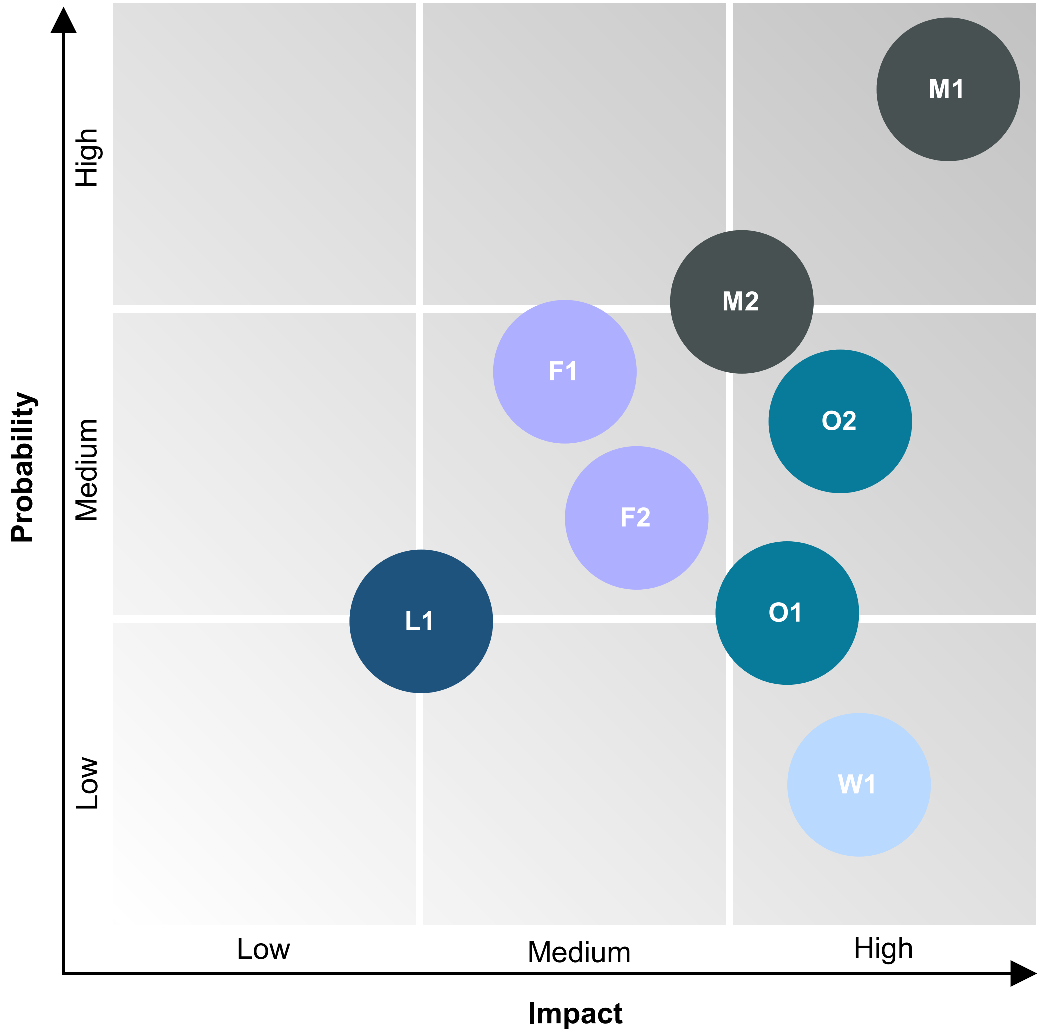
Risks

W U T I S

Acquisition-driven growth increases execution and downside risks

- **M1** — **Organic Growth Gap:** Q1 2026's 30% revenue growth was acquisition-driven and organic growth materially lower; guidance excludes future M&A
- **M2** — **US-Canada Tariff Exposure:** 50% aluminum tariff pressures Window Solutions, while USMCA renegotiation mid-2026 adds uncertainty
- **O1** — **Simultaneous Integration Risk:** Canadian North, MACH 2, and Spartan integrating simultaneously; Canadian North below-threshold returns
- **O2** — **Aging Fleet and Parts Dependency:** Core aircraft no longer in production, maintenance costs and parts availability are uncertain
- **F1** — **FX Translation Exposure:** Growing US revenue base (Spartan, MACH 2, Regional One) increases CAD/USD translation risk
- **F2** — **Dividend Sustainability:** Adj. net earnings payout ratio of 84% TTM leaves minimal buffer, pressuring dividend that has been uncut since 2004
- **L1** — **Aviation Regulatory Tightening:** APPR amendments, Pay Equity Act compliance, and carbon pricing increase operating costs in EAS
- **W1** — **Key Man Risk:** Pyle co-founded EIC in 2002 and has been CEO for 20 years, owns only 0.45% of shares with no visible succession plan

Operations (O) – Market (M) – Financial (F) – Legislation (L) – Workforce (W)



Source: EIC Annual Report and Management Information Circular, Canadian Transportation Agency, Own Research

PESTLE Analysis

Increasing operational complexity and cost pressures challenge EIC's acquisition-led growth model

Impact

High / Medium / Low (positive)		High / Medium / Low (negative)
Arctic Sovereignty Momentum: Canada's bCAD 40 Arctic defense and infrastructure expansion (March 26) strengthens demand for EIC's northern aviation, ISR, and infrastructure capabilities.	P	**US-Canada Trade Tensions:** 50% US tariff on Canadian aluminum exports (eff. Apr 26) pressures EIC's manufacturing margins and increases uncertainty for cross-border supply chains.
Strengthened Financial Flexibility: EIC achieved investment-grade credit rating (BBB low) in Feb 2026 and closed a bCAD 3.5 credit facility, unlocking new capital for acquisitions.	E	**FX and Interest Rate Exposure:** Acquisition-intensive model is sensitive to elevated interest rates, and CAD/USD volatility can pressure acquisition costs, margins, and translated earnings.
Indigenous Community Positioning: Uniquely positioned as the primary air service provider in remote First Nations communities and the government's preferred Arctic development partner.	S	**Aviation Labor Shortage:** Structural shortages of pilots and skilled aviation personnel may increase wage pressure and constrain EIC's ability to scale essential air services.
ISR and Missionization Expansion: PAL Aerospace selected as partner for maritime surveillance (May 26) and ISR contracts in Europe show growing demand for surveillance, border security, and SAR capabilities.	T	**Cybersecurity and Fleet Complexity:** Increasing dependency on advanced ISR system raises cybersecurity and technological investment requirements.
Long-Term Contractual Revenue: Multi-year public air services agreements provide revenue certainty and reduce cyclicality across aviation operations.	L	**Regulatory Approval Dependency:** Acquisition strategy depends on timely regulatory approvals and cross-border compliance complexity across national security frameworks.
Environmental Access Solution Demand: Composite matting and infrastructure business benefits from long-term Arctic development and decarbonization-driven investments.	E	**Climate and Emissions Risk:** Aviation fleet generates material carbon emissions, subject to tightening regulatory scrutiny, while climate volatility creates operational disruption.

Source: EIC Press Releases, EIC Annual Report, Government of Canada, Own Research

SWOT Analysis

W U T I S

Defensive market position offset by acquisition dependency and execution risk

STRENGTHS

- **Near-Monopoly in Northern Aviation Network:** Structurally indispensable operator across remote Canadian routes following the Canadian North acquisition
- **Diversified Revenue Base:** Essential air services, aerospace, aircraft sales & leasing and three manufacturing sub-segments provide cross-cycle resilience
- **Long-Term Government Contracts:** 10-year air services agreement with the government of Nunavut and ISR contract renewals provide revenue visibility
- **Investment-Grade Balance Sheet:** BBB low (stable) rating from Morningstar DBRS and a bCAD 3.5 credit facility provide financial flexibility

OPPORTUNITIES

- **Arctic Sovereignty Program:** Canada's bCAD 40 Arctic defense plan creates long-term demand for EIC's northern aviation and ISR capabilities
- **ISR International Expansion:** PAL Aerospace selected by Air Greenland for Arctic maritime surveillance
- **MACH 2 Narrow Body Aftermarket:** Accelerates Regional One into the largest segment of the global aircraft parts market, leveraging Canadian North's 737 fleet
- **Environmental Access Solutions:** US composite matting plant running at maximum capacity and new Mississippi plant under construction

EIC Exchange Income Corporation

WEAKNESSES

- **Growth Dependent on Acquisition Pipeline:** Q1 2026's revenue growth was acquisition driven, while organic growth is materially lower
- **Growth CAPEX Compresses FCF:** Acquisition-intensive model depletes available cash, leaving the dividend reliant on operational consistency across subsidiaries
- **Window Solutions Underperformance:** Margin drags across five consecutive quarters with no visible catalyst for improvement
- **ISR Concentration Risk:** Defense upside entirely concentrated in PAL Aerospace, thus a single contract loss would disproportionately affect the portfolio

THREATS

- **US Aluminum Tariffs:** 50% tariff on Canadian aluminum exports since April 2026 directly pressures Multi-Storey Window Solutions with no near-term resolution
- **Acquisition Integration Risk:** Three major integrations running simultaneously elevating execution risk across the group
- **Structural Pilot Shortage:** Canada is projected to face 42,000–55,000 aviation worker shortfall by 2035, constraining EIC's ability to scale its largest segment
- **Climate and Operational Volatility:** Wildfire season may cause revenue and margin headwinds as a structurally growing risk

Source: EIC Press Releases, EIC Annual Report, Government of Canada, Own Research

Appendix – Valuation

“As Reported“ Case: DCF Outcome

Discounted Cash Flow

TV g: 2,5%
TV Multiple: 8,0x

DCF Valuation	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	FY 2034E	FY 2035E	TV
Valuation Date: 800 DD, YYYY	Dec 31, 2024	Dec 31, 2025	Dec 31, 2026	Dec 31, 2027	Dec 31, 2028	Dec 31, 2029	Dec 31, 2030	Dec 31, 2031	Dec 31, 2032	Dec 31, 2033	Dec 31, 2034	Dec 31, 2035	Dec 31, 2035
in C$ millions													
Net Sales	**2 659,9**	**3 277,5**	**3 578,0**	**3 660,0**	**3 767,5**	**3 842,6**	**3 980,6**	**4 142,2**	**4 204,0**	**4 369,8**	**4 455,3**	**4 610,7**	
Growth YoY (%)	*n.a.*	*23,2%*	*9,2%*	*2,3%*	*2,9%*	*2,0%*	*3,6%*	*4,1%*	*1,5%*	*3,9%*	*2,0%*	*3,5%*	
Gross Profit	968,2	1 197,1	1 310,3	1 308,9	1 349,7	1 350,6	1 386,1	1 469,2	1 425,1	1 457,9	1 435,7	1 443,1	
Gross Profit Margin (%)	*36,4%*	*36,5%*	*36,6%*	*35,8%*	*35,8%*	*35,1%*	*34,8%*	*35,5%*	*33,9%*	*33,4%*	*32,2%*	*31,3%*	
EBITDA	616,3	744,7	773,6	759,9	784,6	774,2	789,0	847,9	794,5	802,4	767,4	751,5	
EBITDA Margin (%)	*23,2%*	*22,7%*	*21,6%*	*20,8%*	*20,8%*	*20,1%*	*19,8%*	*20,5%*	*18,9%*	*18,4%*	*17,2%*	*16,3%*	
EBIT	**305,8**	**359,8**	**493,4**	**441,2**	**457,7**	**425,4**	**423,4**	**479,5**	**405,1**	**403,6**	**334,1**	**298,3**	
EBIT Margin (%)	*11,5%*	*11,0%*	*13,8%*	*12,1%*	*12,1%*	*11,1%*	*10,6%*	*11,6%*	*9,6%*	*9,2%*	*7,5%*	*6,5%*	
- Taxes	(46,7)	(60,7)	(94,2)	(89,3)	(91,8)	(80,9)	(78,4)	(98,0)	(74,3)	(71,6)	(50,4)	(38,3)	
Tax rate (%)	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	
NOPLAT	**259,1**	**299,1**	**399,2**	**351,9**	**365,9**	**344,5**	**345,0**	**381,5**	**330,8**	**332,0**	**283,7**	**260,0**	
+ Depreciation & Amort.	310,4	384,9	280,2	318,7	326,9	348,8	365,6	368,4	389,4	398,8	433,3	453,1	
- Change in NWC	(164,7)	98,7	(98,2)	(14,2)	(13,8)	(9,9)	(17,4)	(6,9)	(14,6)	(24,1)	(8,8)	(23,1)	
- Capital Expenditures	(490,4)	(730,2)	(470,0)	(402,0)	(430,0)	(406,8)	(465,5)	(400,5)	(401,1)	(432,3)	(471,3)	(492,6)	
+ Proceeds from Borrowings	375,8	535,7	600,0	365,6	370,8	331,2	318,3	400,5	401,1	396,9	390,8	385,8	
- Repayment of Borrowings	(58,8)	(160,1)	(600,0)	(200,0)	(200,0)	(200,0)	(200,0)	(500,0)	(500,0)	(200,0)	(200,0)	(200,0)	
													g = 2.5%
Levered FCF	**231,4**	**428,1**	**111,3**	**419,9**	**419,8**	**407,8**	**346,0**	**243,0**	**205,7**	**471,3**	**427,6**	**383,3**	**4 706,43**
in % of Net Sales	*8,7%*	*13,1%*	*3,1%*	*11,5%*	*11,1%*	*10,6%*	*8,7%*	*5,9%*	*4,9%*	*10,8%*	*9,6%*	*8,3%*	
Reinvestment Rate, % NOPLAT	*133,0%*	*82,4%*	*72,1%*	*27,7%*	*32,0%*	*19,7%*	*34,0%*	*10,2%*	*7,9%*	*17,3%*	*16,5%*	*24,1%*	
Partial Period Adjustment			0,39	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	
Adjusted UFCFs			**43,0**	**419,9**	**419,8**	**407,8**	**346,0**	**243,0**	**205,7**	**471,3**	**427,6**	**383,3**	**4 706,4**
COE (%)			*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*
Periods for Discounting			0,39	1,39	2,39	3,39	4,39	5,39	6,39	7,39	8,39	9,39	9,39
Discount Factor			0,96	0,87	0,78	0,71	0,64	0,57	0,52	0,47	0,42	0,38	0,38
PV of Adjusted UFCFs			**41,3**	**364,1**	**328,4**	**287,8**	**220,2**	**139,6**	**106,5**	**220,3**	**180,3**	**145,8**	**1 790,2**

PV Sum of Adjusted UFCFs	30,2%	2 034,2
PV of Terminal Value	69,8%	4 706,4
Enterprise Value (EV)	100,0%	**6 740,6**
- Total Debt (incl. Leases)		
+ Cash & ST Investments		
= (Net Debt)		
- Preferred Shares		
- Non-controlling Interests		
- Long-Term Provisions		
Implied Equity Value		**6 740,6**
/ Shares Outstanding		56,3
Implied Price per Share		**119,67 CAD**

Source: Valuation

Appendix – Valuation

W U T I S

“As Reported“ Case: Income Statement Forecast

Income Statement	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	FY 2034E	FY 2035E
in C$ millions	31Dez 2024	31Dez 2025	31Dez 2026	31Dez 2027	31Dez 2028	31Dez 2029	31Dez 2030	31Dez 2031	31Dez 2032	31Dez 2033	31Dez 2034	31Dez 2035
Revenues Aerospace & Aviation	1 644,3	2 142,2	2 439,6	2 504,4	2 572,3	2 614,5	2 708,6	2 820,8	2 898,0	3 029,2	3 082,7	3 195,8
Revenues Manufacturing	1 015,6	1 135,3	1 138,4	1 155,6	1 195,2	1 228,1	1 272,0	1 321,3	1 306,0	1 340,5	1 372,6	1 414,9
Net Sales	**2 659,9**	**3 277,5**	**3 578,0**	**3 660,0**	**3 767,5**	**3 842,6**	**3 980,6**	**4 142,2**	**4 204,0**	**4 369,8**	**4 455,3**	**4 610,7**
Growth YoY (%)	*6,5%*	*23,2%*	*9,2%*	*2,3%*	*2,9%*	*2,0%*	*3,6%*	*4,1%*	*1,5%*	*3,9%*	*2,0%*	*3,5%*
- Cost of Sales Aerospace & Aviation	(941,2)	(1 284,3)	(1 461,2)	(1 521,7)	(1 566,1)	(1 615,2)	(1 690,3)	(1 774,9)	(1 851,8)	(1 956,8)	(2 047,5)	(2 156,6)
- Cost of Sales Manufacturing	(750,5)	(796,1)	(806,5)	(829,4)	(851,7)	(876,8)	(904,3)	(898,1)	(927,1)	(955,1)	(972,1)	(1 011,0)
Gross Profit	**968,2**	**1 197,1**	**1 310,3**	**1 308,9**	**1 349,7**	**1 350,6**	**1 386,1**	**1 469,2**	**1 425,1**	**1 457,9**	**1 435,7**	**1 443,1**
Gross Profit Margin (%)	*36,4%*	*36,5%*	*36,6%*	*35,8%*	*35,8%*	*35,1%*	*34,8%*	*35,5%*	*33,9%*	*33,4%*	*32,2%*	*31,3%*
- G&A	(340,1)	(442,7)	(536,7)	(549,0)	(565,1)	(576,4)	(597,1)	(621,3)	(630,6)	(655,5)	(668,3)	(691,6)
- Acquisition Expenses	(11,8)	(9,7)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBITDA	**616,3**	**744,7**	773,6	759,9	784,6	774,2	789,0	847,9	794,5	802,4	767,4	751,5
EBITDA Margin (%)	*23,2%*	*22,7%*	*21,6%*	*20,8%*	*20,8%*	*20,1%*	*19,8%*	*20,5%*	*18,9%*	*18,4%*	*17,2%*	*16,3%*
- Depreciation & Amortization	(310,4)	(384,9)	(280,2)	(318,7)	(326,9)	(348,8)	(365,6)	(368,4)	(389,4)	(398,8)	(433,3)	(453,1)
EBIT	**305,8**	**359,8**	**493,4**	**441,2**	**457,7**	**425,4**	**423,4**	**479,5**	**405,1**	**403,6**	**334,1**	**298,3**
EBIT Margin (%)	*11,5%*	*11,0%*	*13,8%*	*12,1%*	*12,1%*	*11,1%*	*10,6%*	*11,6%*	*9,6%*	*9,2%*	*7,5%*	*6,5%*
Interest Income	0,0	0,0	0,6	2,4	3,9	5,0	4,9	2,1	(1,0)	1,4	2,7	3,6
Interest Expense	(137,9)	(131,6)	(143,4)	(111,0)	(119,9)	(129,1)	(136,2)	(116,7)	(127,5)	(138,4)	(149,0)	(159,3)
EBT	**168,0**	**228,2**	**350,6**	**332,7**	**341,7**	**301,3**	**292,1**	**364,9**	**276,6**	**266,6**	**187,8**	**142,6**
- Current Taxes	(40,3)	(34,1)	(94,2)	(89,3)	(91,8)	(80,9)	(78,4)	(98,0)	(74,3)	(71,6)	(50,4)	(38,3)
- Deferred Taxes	(6,4)	(26,6)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Taxes	**(46,7)**	**(60,7)**	**(94,2)**	**(89,3)**	**(91,8)**	**(80,9)**	**(78,4)**	**(98,0)**	**(74,3)**	**(71,6)**	**(50,4)**	**(38,3)**
Tax Rate (%)	*27,8%*	*26,6%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*
Net Income	**121,2**	**167,5**	**256,5**	**243,3**	**250,0**	**220,4**	**213,7**	**266,9**	**202,3**	**195,0**	**137,4**	**104,3**
	4,6%	*5,1%*	*7,2%*	*6,6%*	*6,6%*	*5,7%*	*5,4%*	*6,4%*	*4,8%*	*4,5%*	*3,1%*	*2,3%*

Source: Valuation

Appendix – Valuation

W U T I S

"As Reported" Case: Balance Sheet Forecast

Balance Sheet	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	FY 2034E	FY 2035E
in C$ millions	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Current Assets												
Cash & Cash Equivalents	71,8	145,8	31,8	121,6	197,3	251,9	245,3	104,4	(50,4)	70,8	134,3	178,0
Inventory	496,5	511,2	494,0	507,3	516,0	527,2	541,8	553,5	569,5	586,2	601,3	622,1
Accounts Receivables	673,9	654,9	597,3	612,6	629,2	641,9	663,6	678,2	697,6	725,5	737,3	765,4
Prepaid Expenses	37,0	60,6	60,6	60,6	60,6	60,6	60,6	60,6	60,6	60,6	60,6	60,6
Income Tax Payable	0,0	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6
Total Current Assets	**1 279,2**	**1 373,1**	**1 184,4**	**1 302,8**	**1 403,6**	**1 482,3**	**1 511,9**	**1 397,3**	**1 277,9**	**1 443,7**	**1 534,1**	**1 626,7**
Non-Current Assets												
Property, Plant & Equipment (PP&E)	1 824,6	2 357,0	2 514,4	2 587,2	2 679,0	2 737,0	2 836,9	2 859,4	2 866,3	2 886,2	2 924,2	2 959,9
Other Non-Current Assets	134,7	110,6	110,6	110,6	110,6	110,6	110,6	110,6	110,6	110,6	110,6	110,6
Intangible Assets	364,6	348,2	348,2	348,2	348,2	348,2	348,2	348,2	348,2	348,2	348,2	348,2
Goodwill	827,2	825,4	825,4	825,4	825,4	825,4	825,4	825,4	825,4	825,4	825,4	825,4
Right of Use Assets	168,6	247,4	247,4	247,4	247,4	247,4	247,4	247,4	247,4	247,4	247,4	247,4
Total Non-Current Assets	**3 319,8**	**3 888,6**	**4 046,1**	**4 118,8**	**4 210,7**	**4 268,6**	**4 368,6**	**4 391,1**	**4 398,0**	**4 417,8**	**4 455,9**	**4 491,6**
Total Assets	**4 599,0**	**5 261,7**	**5 230,5**	**5 421,6**	**5 614,3**	**5 750,9**	**5 880,5**	**5 788,4**	**5 675,9**	**5 861,6**	**5 990,0**	**6 118,3**
Current Liabilities												
Accounts Payables	482,7	577,1	404,2	418,6	430,0	444,1	462,9	482,4	503,2	523,7	541,8	567,6
Deferred Revenue	81,6	123,1	123,1	123,1	123,1	123,1	123,1	123,1	123,1	123,1	123,1	123,1
Amounts Due to Customers on Construction Contracts	46,6	48,2	60,1	62,3	64,1	66,1	68,8	70,9	73,7	77,2	80,0	84,0
Current Portion of Right of Use Lease Liability	39,8	56,6	56,6	56,6	56,6	56,6	56,6	56,6	56,6	56,6	56,6	56,6
Current Portion of Convertible Debentures	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total Current Liabilites	**650,8**	**805,0**	**644,0**	**660,5**	**673,7**	**689,8**	**711,3**	**732,9**	**756,5**	**780,5**	**801,5**	**831,2**
Non-Current Liabilities												
Interest-bearing Liabilities (Debt)	2 152,3	2 174,7	2 174,7	2 340,2	2 511,1	2 642,3	2 760,6	2 661,0	2 562,1	2 759,0	2 949,8	3 135,5
Other Non-Current Liabilities	386,3	519,6	519,6	519,6	519,6	519,6	519,6	519,6	519,6	519,6	519,6	519,6
Total Non-Current Liabilities	**2 538,5**	**2 694,3**	**2 694,3**	**2 859,9**	**3 030,7**	**3 161,9**	**3 280,2**	**3 180,7**	**3 081,8**	**3 278,6**	**3 469,4**	**3 655,2**
Shareholders' Equity												
Share Capital and APIC	1 422,7	1 776,7	1 776,7	1 776,7	1 776,7	1 776,7	1 776,7	1 776,7	1 776,7	1 776,7	1 776,7	1 776,7
Retained Earnings	(13,0)	(14,3)	115,5	124,5	133,2	122,5	112,3	98,1	61,0	25,7	(57,6)	(144,8)
Total Shareholders' Equity	**1 409,7**	**1 762,4**	**1 892,2**	**1 901,1**	**1 909,9**	**1 899,2**	**1 888,9**	**1 874,8**	**1 837,6**	**1 802,4**	**1 719,1**	**1 631,9**
Total Liabilities and Equity	**4 599,0**	**5 261,7**	**5 230,5**	**5 421,6**	**5 614,3**	**5 750,9**	**5 880,5**	**5 788,4**	**5 675,9**	**5 861,6**	**5 990,0**	**6 118,3**

Source: Valuation

Appendix – Valuation

W U T I S

“As Reported“ Case: Cash Flow Statement Forecast and WACC

Cash Flow Statement	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	FY 2034E	FY 2035E
in C$ millions	31Dez 2024	31Dez 2025	31Dez 2026	31Dez 2027	31Dez 2028	31Dez 2029	31Dez 2030	31Dez 2031	31Dez 2032	31Dez 2033	31Dez 2034	31Dez 2035
Net Income	**121,2**	**167,5**	**256,5**	**243,3**	**250,0**	**220,4**	**213,7**	**266,9**	**202,3**	**195,0**	**137,4**	**104,3**
+ Depreciation & Amortization	310,4	384,9	280,2	318,7	326,9	348,8	365,6	368,4	389,4	398,8	433,3	453,1
+ Impairments	(7,8)	(3,9)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
+ Stock-based Compensation (SBC)	1,7	2,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
+ Other	13,2	31,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cash Earnings	**438,8**	**582,4**	**536,7**	**562,1**	**576,9**	**569,2**	**579,2**	**635,3**	**591,7**	**593,9**	**570,7**	**557,4**
+/- Change in:												
Accounts Receivables	(57,2)	74,6	57,6	(15,3)	(16,6)	(12,8)	(21,6)	(14,6)	(19,4)	(27,9)	(11,8)	(28,1)
Inventory	(46,9)	(12,9)	17,1	(13,3)	(8,7)	(11,3)	(14,6)	(11,7)	(16,0)	(16,7)	(15,1)	(20,8)
Prepaid Expenses	30,0	(23,9)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Accounts Payables	(17,9)	25,1	(172,9)	14,4	11,4	14,1	18,8	19,5	20,8	20,5	18,2	25,7
Deferred Revenue	10,2	2,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other Current Operating Assets	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other Current Operating Liabilites	0,0	0,0	11,9	2,2	1,8	2,0	2,7	2,1	2,8	3,5	2,9	3,9
Non Cash Adfjustment from Transferral	0,0	0,0	32,3	10,6	11,2	0,0	0,0	9,6	4,7	13,6	0,0	3,8
Cash from Working Capital	**(81,8)**	**65,6**	**(54,0)**	**(1,4)**	**(0,8)**	**(7,9)**	**(14,7)**	**4,8**	**(7,1)**	**(7,0)**	**(6,0)**	**(15,4)**
- Income Taxes paid												
Net Cash Flow from Operating Activities	**357,0**	**647,9**	**482,7**	**560,7**	**576,0**	**561,3**	**564,5**	**640,1**	**584,7**	**586,9**	**564,7**	**542,1**
+ Proceeds from sale of PP&E and intangible assets	60,2	105,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Purchases of PP&E and intangible assets	(490,4)	(730,2)	(470,0)	(402,0)	(430,0)	(406,8)	(465,5)	(400,5)	(401,1)	(432,3)	(471,3)	(492,6)
+ Proceeds from sale of other investments	16,4	21,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Purchases of other investments	(153,8)	(176,8)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net Cash Flow from Investing Activities	**(567,5)**	**(780,0)**	**(470,0)**	**(402,0)**	**(430,0)**	**(406,8)**	**(465,5)**	**(400,5)**	**(401,1)**	**(432,3)**	**(471,3)**	**(492,6)**
Proceeds from borrow ings	375,8	535,7	600,0	365,6	370,8	331,2	318,3	400,5	401,1	396,9	390,8	385,8
Repayments of borrow ings	(58,8)	(160,1)	(600,0)	(200,0)	(200,0)	(200,0)	(200,0)	(500,0)	(500,0)	(200,0)	(200,0)	(200,0)
Payments of lease liabilities	(39,0)	(50,1)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Issuance of Shares	24,2	23,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividends paid to non-controlling interests	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividends paid to equity holders	(125,9)	(139,9)	(126,7)	(234,4)	(241,2)	(231,0)	(224,0)	(281,0)	(239,5)	(230,3)	(220,7)	(191,5)
Net Cash Flow from Financing Activities	**176,3**	**209,1**	**(126,7)**	**(68,9)**	**(70,4)**	**(99,8)**	**(105,7)**	**(380,5)**	**(338,4)**	**(33,4)**	**(30,0)**	**(5,7)**
Effects of exchange rate changes on C&CE	2,4	(3,0)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net change in cash and cash equivalents	**(31,8)**	**74,0**	**(113,9)**	**89,8**	**75,7**	**54,7**	**(6,6)**	**(140,9)**	**(154,8)**	**121,2**	**63,5**	**43,8**

Cost of Equity	
Risk-free Rate	*3.96%*
Unlevered Beta (β_{UL})	***0.68***
Implied D/E Ratio	*34.06%*
Relevered Beta	0.92
Market Risk Premium	*7.51%*
Country Risk Premium (CRP CoE)	*0.00%*
Inflation Differential	*0.00%*
Size Premium	*0.00%*
Cost of Equity (CoE)	***10.85%***

Cost of Debt	
Risk-free Rate	*3.96%*
Credit spread	*0.36%*
Country Risk Premium (CRP CoD)	*0.00%*
Inflation Differential	*0.00%*
Size Premium	*0.00%*
Cost of Debt (CoD)	***4.32%***
Effective Tax Rate (t)	*26.9%*
Cost of Debt (After-tax)	***3.16%***

WACC Calculation	
Net Debt (EoP)	2,366.1
Market Cap, as of 600 dd, YYYY	6,947.3
Implied EV	**9,313.4**
Equity / Value *(capped at 100%)*	*74.6%*
Debt / Value	*25.4%*
WACC (Modigliani Miller)	***8.89%***

Appendix – Valuation

W U T I S

“Conventional“ Case: DCF Outcome

Discounted Cash Flow

TV g:	2,5%
TV Multiple:	8,0x

DCF Valuation	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	FY 2034E	FY 2035E	TV
Valuation Date: 800 DD, YYYY	Dec 31, 2024	Dec 31, 2025	Dec 31, 2026	Dec 31, 2027	Dec 31, 2028	Dec 31, 2029	Dec 31, 2030	Dec 31, 2031	Dec 31, 2032	Dec 31, 2033	Dec 31, 2034	Dec 31, 2035	Dec 31, 2035
in C$ millions													
Net Sales	**2 659,9**	**3 277,5**	**3 424,6**	**3 607,0**	**3 673,4**	**3 810,6**	**3 876,0**	**4 006,4**	**4 072,8**	**4 200,4**	**4 328,0**	**4 459,6**	
Growth YoY (%)	*n.a.*	*23,2%*	*4,5%*	*5,3%*	*1,8%*	*3,7%*	*1,7%*	*3,4%*	*1,7%*	*3,1%*	*3,0%*	*3,0%*	
Gross Profit	968,2	1 197,1	1 275,8	1 361,3	1 372,3	1 449,9	1 441,6	1 517,2	1 487,7	1 507,4	1 531,6	1 538,9	
Gross Profit Margin (%)	*36,4%*	*36,5%*	*37,3%*	*37,7%*	*37,4%*	*38,0%*	*37,2%*	*37,9%*	*36,5%*	*35,9%*	*35,4%*	*34,5%*	
EBITDA	616,3	744,7	762,1	820,3	821,3	878,3	860,2	916,2	876,7	877,3	882,4	870,0	
EBITDA Margin (%)	*23,2%*	*22,7%*	*22,3%*	*22,7%*	*22,4%*	*23,0%*	*22,2%*	*22,9%*	*21,5%*	*20,9%*	*20,4%*	*19,5%*	
EBIT	**305,8**	**359,8**	**589,5**	**605,2**	**577,6**	**606,9**	**557,8**	**587,4**	**521,2**	**493,4**	**467,1**	**421,9**	
EBIT Margin (%)	*11,5%*	*11,0%*	*17,2%*	*16,8%*	*15,7%*	*15,9%*	*14,4%*	*14,7%*	*12,8%*	*11,7%*	*10,8%*	*9,5%*	
- Taxes	(46,7)	(60,7)	(120,6)	(134,5)	(126,3)	(133,4)	(119,4)	(135,2)	(114,4)	(104,2)	(97,8)	(86,5)	
Tax rate (%)	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	
NOPLAT	**259,1**	**299,1**	**469,0**	**470,7**	**451,3**	**473,6**	**438,4**	**452,2**	**406,8**	**389,2**	**369,3**	**335,4**	
+ Depreciation & Amort.	310,4	384,9	172,5	215,0	243,7	271,4	302,4	328,9	355,5	383,9	415,4	448,1	
- Change in NWC	(164,7)	98,7	(192,5)	107,5	(10,7)	(35,9)	(20,8)	(2,3)	(15,9)	(18,4)	(16,4)	(19,8)	
- Capital Expenditures	(490,4)	(730,2)	(462,0)	(406,7)	(430,1)	(414,8)	(465,5)	(397,4)	(399,1)	(426,5)	(471,3)	(490,5)	
+ Proceeds from Borrowings	375,8	535,7	600,0	306,6	289,7	244,4	136,8	397,4	399,1	158,3	146,3	158,6	
- Repayment of Borrowings	(58,8)	(160,1)	(600,0)	(200,0)	(200,0)	(200,0)	(200,0)	(500,0)	(500,0)	(200,0)	(200,0)	(200,0)	
													#WERT!
Levered FCF	**231,4**	**428,1**	**(13,0)**	**493,2**	**344,0**	**338,7**	**191,3**	**278,7**	**246,4**	**286,5**	**243,3**	**231,7**	**2 845,44**
in % of Net Sales	*8,7%*	*13,1%*	*(0,4%)*	*13,7%*	*9,4%*	*8,9%*	*4,9%*	*7,0%*	*6,0%*	*6,8%*	*5,6%*	*5,2%*	
Reinvestment Rate, % NOPLAT	*133,0%*	*82,4%*	*102,8%*	*17,9%*	*43,7%*	*37,9%*	*42,0%*	*15,7%*	*14,6%*	*15,7%*	*19,6%*	*18,6%*	
Partial Period Adjustment			0,39	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	
Adjusted UFCFs			**(5,0)**	**493,2**	**344,0**	**338,7**	**191,3**	**278,7**	**246,4**	**286,5**	**243,3**	**231,7**	**2 845,4**
COE (%)			*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*	*10,85%*
Periods for Discounting			0,39	1,39	2,39	3,39	4,39	5,39	6,39	7,39	8,39	9,39	9,39
Discount Factor			0,96	0,87	0,78	0,71	0,64	0,57	0,52	0,47	0,42	0,38	0,38
PV of Adjusted UFCFs			**(4,8)**	**427,6**	**269,0**	**239,0**	**121,8**	**160,1**	**127,6**	**133,9**	**102,6**	**88,1**	**1 082,3**

PV Sum of Adjusted UFCFs	*36,9%*	1 664,9
PV of Terminal Value	*63,1%*	2 845,4
Enterprise Value (EV)	*100,0%*	**4 510,3**
- Total Debt (incl. Leases)		
+ Cash & ST Investments		
= (Net Debt)		
- Preferred Shares		
- Non-controlling Interests		
- Long-Term Provisions		
Implied Equity Value		**4 510,3**
/ Shares Outstanding		56,3
Implied Price per Share		**80,08 CAD**

Source: Valuation

Appendix – Valuation

W U T I S

"Conventional" Case: Income Statement Forecast

Income Statement	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	FY 2034E	FY 2035E
in C$ millions	31Dez 2024	31Dez 2025	31Dez 2026	31Dez 2027	31Dez 2028	31Dez 2029	31Dez 2030	31Dez 2031	31Dez 2032	31Dez 2033	31Dez 2034	31Dez 2035
Revenues Aerospace & Aviation	1 644,3	2 142,2	2 286,2	2 451,4	2 478,2	2 582,4	2 604,0	2 685,1	2 766,8	2 859,9	2 955,4	3 044,8
Revenues Manufacturing	1 015,6	1 135,3	1 138,4	1 155,6	1 195,2	1 228,1	1 272,0	1 321,3	1 306,0	1 340,5	1 372,6	1 414,9
Net Sales	**2 659,9**	**3 277,5**	**3 424,6**	**3 607,0**	**3 673,4**	**3 810,6**	**3 876,0**	**4 006,4**	**4 072,8**	**4 200,4**	**4 328,0**	**4 459,6**
Growth YoY (%)	*6,5%*	*23,2%*	*4,5%*	*5,3%*	*1,8%*	*3,7%*	*1,7%*	*3,4%*	*1,7%*	*3,1%*	*3,0%*	*3,0%*
- Cost of Sales Aerospace & Aviation	(941,2)	(1 284,3)	(1 342,3)	(1 416,3)	(1 449,4)	(1 483,9)	(1 530,1)	(1 591,2)	(1 658,0)	(1 738,0)	(1 824,3)	(1 909,7)
- Cost of Sales Manufacturing	(750,5)	(796,1)	(806,5)	(829,4)	(851,7)	(876,8)	(904,3)	(898,1)	(927,1)	(955,1)	(972,1)	(1 011,0)
Gross Profit	**968,2**	**1 197,1**	**1 275,8**	**1 361,3**	**1 372,3**	**1 449,9**	**1 441,6**	**1 517,2**	**1 487,7**	**1 507,4**	**1 531,6**	**1 538,9**
Gross Profit Margin (%)	*36,4%*	*36,5%*	*37,3%*	*37,7%*	*37,4%*	*38,0%*	*37,2%*	*37,9%*	*36,5%*	*35,9%*	*35,4%*	*34,5%*
- G&A	(340,1)	(442,7)	(513,7)	(541,1)	(551,0)	(571,6)	(581,4)	(601,0)	(610,9)	(630,1)	(649,2)	(668,9)
- Acquisition Expenses	(11,8)	(9,7)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBITDA	**616,3**	**744,7**	762,1	820,3	821,3	878,3	860,2	916,2	876,7	877,3	882,4	870,0
EBITDA Margin (%)	*23,2%*	*22,7%*	*22,3%*	*22,7%*	*22,4%*	*23,0%*	*22,2%*	*22,9%*	*21,5%*	*20,9%*	*20,4%*	*19,5%*
- Depreciation & Amortization	(310,4)	(384,9)	(172,5)	(215,0)	(243,7)	(271,4)	(302,4)	(328,9)	(355,5)	(383,9)	(415,4)	(448,1)
EBIT	**305,8**	**359,8**	**589,5**	**605,2**	**577,6**	**606,9**	**557,8**	**587,4**	**521,2**	**493,4**	**467,1**	**421,9**
EBIT Margin (%)	*11,5%*	*11,0%*	*17,2%*	*16,8%*	*15,7%*	*15,9%*	*14,4%*	*14,7%*	*12,8%*	*11,7%*	*10,8%*	*9,5%*
Interest Income	0,0	0,0	2,8	6,7	9,4	11,4	11,0	10,7	10,2	10,7	10,8	11,1
Interest Expense	(137,9)	(131,6)	(143,4)	(111,0)	(116,7)	(121,6)	(124,0)	(94,6)	(105,3)	(116,0)	(113,8)	(110,9)
EBT	**168,0**	**228,2**	**449,0**	**500,9**	**470,2**	**496,7**	**444,8**	**503,4**	**426,2**	**388,1**	**364,1**	**322,1**
- Current Taxes	(40,3)	(34,1)	(120,6)	(134,5)	(126,3)	(133,4)	(119,4)	(135,2)	(114,4)	(104,2)	(97,8)	(86,5)
- Deferred Taxes	(6,4)	(26,6)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Taxes	**(46,7)**	**(60,7)**	**(120,6)**	**(134,5)**	**(126,3)**	**(133,4)**	**(119,4)**	**(135,2)**	**(114,4)**	**(104,2)**	**(97,8)**	**(86,5)**
Tax Rate (%)	*27,8%*	*26,6%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*	*26,9%*
Net Income	**121,2**	**167,5**	**328,4**	**366,4**	**343,9**	**363,3**	**325,3**	**368,2**	**311,7**	**283,9**	**266,3**	**235,6**
	4,6%	*5,1%*	*9,6%*	*10,2%*	*9,4%*	*9,5%*	*8,4%*	*9,2%*	*7,7%*	*6,8%*	*6,2%*	*5,3%*

Source: Valuation

Appendix – Valuation

W U T I S

“Conventional“ Case: Balance Sheet Forecast

Balance Sheet	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	FY 2034E	FY 2035E
in C$ millions	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Current Assets												
Cash & Cash Equivalents	71.8	145.8	141.5	333.6	467.8	567.9	547.8	534.8	510.3	536.4	541.7	553.3
Inventory	496.5	511.2	599.5	473.8	485.1	510.8	538.9	549.4	564.1	579.3	592.8	611.6
Accounts Receivables	673.9	654.9	573.6	605.5	615.4	638.4	648.2	657.8	678.1	699.8	718.6	742.9
Prepaid Expenses	37.0	60.6	60.6	60.6	60.6	60.6	60.6	60.6	60.6	60.6	60.6	60.6
Income Tax Payable	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Current Assets	**1,279.2**	**1,373.1**	**1,375.9**	**1,474.1**	**1,629.6**	**1,778.4**	**1,796.2**	**1,803.3**	**1,813.8**	**1,876.7**	**1,914.3**	**1,969.0**
Non-Current Assets												
Property, Plant & Equipment (PP&E)	1,824.6	2,357.0	2,505.9	2,697.5	2,883.8	3,027.3	3,190.4	3,258.8	3,302.5	3,345.0	3,401.0	3,443.5
Other Non-Current Assets	134.7	110.6	110.6	110.6	110.6	110.6	110.6	110.6	110.6	110.6	110.6	110.6
Intangible Assets	364.6	348.2	348.2	348.2	348.2	348.2	348.2	348.2	348.2	348.2	348.2	348.2
Goodwill	827.2	825.4	825.4	825.4	825.4	825.4	825.4	825.4	825.4	825.4	825.4	825.4
Right of Use Assets	168.6	247.4	247.4	247.4	247.4	247.4	247.4	247.4	247.4	247.4	247.4	247.4
Total Non-Current Assets	**3,319.8**	**3,888.6**	**4,037.5**	**4,229.1**	**4,415.5**	**4,558.9**	**4,722.0**	**4,790.5**	**4,834.1**	**4,876.7**	**4,932.6**	**4,975.1**
Total Assets	**4,599.0**	**5,261.7**	**5,413.4**	**5,703.2**	**6,045.0**	**6,337.3**	**6,518.2**	**6,593.7**	**6,647.9**	**6,753.4**	**6,846.9**	**6,944.1**
Current Liabilities												
Accounts Payables	482.7	577.1	391.7	405.4	415.9	428.8	445.9	463.6	482.7	501.1	517.1	540.4
Deferred Revenue	81.6	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1
Amounts Due to Customers on Construction Contracts	46.6	48.2	57.0	59.5	61.0	62.6	64.5	66.0	68.5	71.4	74.1	77.4
Current Portion of Right of Use Lease Liability	39.8	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6	56.6
Current Portion of Convertible Debentures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilites	**650.8**	**805.0**	**628.3**	**644.6**	**656.6**	**671.0**	**690.1**	**709.3**	**730.8**	**752.2**	**770.9**	**797.4**
Non-Current Liabilities												
Interest-bearing Liabilities (Debt)	2,152.3	2,174.7	2,174.7	2,281.3	2,371.0	2,415.4	2,352.2	2,249.6	2,148.7	2,107.0	2,053.3	2,011.9
Other Non-Current Liabilities	386.3	519.6	519.6	519.6	519.6	519.6	519.6	519.6	519.6	519.6	519.6	519.6
Total Non-Current Liabilities	**2,538.5**	**2,694.3**	**2,694.3**	**2,800.9**	**2,890.6**	**2,935.0**	**2,871.9**	**2,769.2**	**2,668.4**	**2,626.6**	**2,572.9**	**2,531.5**
Shareholders' Equity												
Share Capital and APIC	1,422.7	1,776.7	1,776.7	1,776.7	1,776.7	1,776.7	1,776.7	1,776.7	1,776.7	1,776.7	1,776.7	1,776.7
Retained Earnings	(13.0)	(14.3)	314.1	481.1	721.2	954.6	1,179.6	1,338.6	1,472.0	1,597.9	1,726.5	1,838.5
Total Shareholders' Equity	**1,409.7**	**1,762.4**	**2,090.8**	**2,257.8**	**2,497.9**	**2,731.3**	**2,956.3**	**3,115.3**	**3,248.7**	**3,374.5**	**3,503.1**	**3,615.1**
Total Liabilities and Equity	**4,599.0**	**5,261.7**	**5,413.4**	**5,703.2**	**6,045.0**	**6,337.3**	**6,518.2**	**6,593.7**	**6,647.9**	**6,753.4**	**6,846.9**	**6,944.1**

Source: Valuation

Appendix – Valuation

“Conventional” Case: Cash Flow Statement Forecast

Cash Flow Statement	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E	FY 2034E	FY 2035E
in C$ millions	31 Dec 2024	31 Dec 2025	31 Dec 2026	31 Dec 2027	31 Dec 2028	31 Dec 2029	31 Dec 2030	31 Dec 2031	31 Dec 2032	31 Dec 2033	31 Dec 2034	31 Dec 2035
Net Income	**121.2**	**167.5**	**328.4**	**366.4**	**343.9**	**363.3**	**325.3**	**368.2**	**311.7**	**283.9**	**266.3**	**235.6**
+ Depreciation & Amortization	310.4	384.9	172.5	215.0	243.7	271.4	302.4	328.9	355.5	383.9	415.4	448.1
+ Impairments	(7.8)	(3.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Stock-based Compensation (SBC)	1.7	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Other	13.2	31.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Earnings	**438.8**	**582.4**	**501.0**	**581.5**	**587.6**	**634.7**	**627.7**	**697.1**	**667.2**	**667.8**	**681.7**	**683.7**
+/- Change in:												
Accounts Receivables	(57.2)	74.6	81.3	(31.9)	(9.9)	(23.0)	(9.8)	(9.6)	(20.3)	(21.7)	(18.9)	(24.3)
Inventory	(46.9)	(12.9)	(88.4)	125.8	(11.4)	(25.7)	(28.1)	(10.5)	(14.7)	(15.2)	(13.4)	(18.8)
Prepaid Expenses	30.0	(23.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts Payables	(17.9)	25.1	(185.4)	13.7	10.5	12.9	17.1	17.8	19.0	18.5	16.0	23.3
Deferred Revenue	10.2	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Current Operating Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Current Operating Liabilites	0.0	0.0	8.7	2.6	1.5	1.6	2.0	1.5	2.5	2.9	2.7	3.3
Non Cash Adfjustment from Transferral	0.0	0.0	140.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash from Working Capital	**(81.8)**	**65.6**	**(43.2)**	**110.1**	**(9.2)**	**(34.3)**	**(18.9)**	**(0.9)**	**(13.4)**	**(15.6)**	**(13.6)**	**(16.5)**
- Income Taxes paid												
Net Cash Flow from Operating Activities	**357.0**	**647.9**	**457.8**	**691.6**	**578.4**	**600.4**	**608.9**	**696.3**	**653.9**	**652.2**	**668.1**	**667.2**
+ Proceeds from sale of PP&E and intangible assets	60.2	105.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Purchases of PP&E and intangible assets	(490.4)	(730.2)	(462.0)	(406.7)	(430.1)	(414.8)	(465.5)	(397.4)	(399.1)	(426.5)	(471.3)	(490.5)
+ Proceeds from sale of other investments	16.4	21.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Purchases of other investments	(153.8)	(176.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow from Investing Activities	**(567.5)**	**(780.0)**	**(462.0)**	**(406.7)**	**(430.1)**	**(414.8)**	**(465.5)**	**(397.4)**	**(399.1)**	**(426.5)**	**(471.3)**	**(490.5)**
Proceeds from borrowings	375.8	535.7	600.0	306.6	289.7	244.4	136.8	397.4	399.1	158.3	146.3	158.6
Repayments of borrowings	(58.8)	(160.1)	(600.0)	(200.0)	(200.0)	(200.0)	(200.0)	(500.0)	(500.0)	(200.0)	(200.0)	(200.0)
Payments of lease liabilities	(39.0)	(50.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Issuance of Shares	24.2	23.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid to equity holders	(125.9)	(139.9)	0.0	(199.4)	(103.8)	(129.9)	(100.4)	(209.2)	(178.3)	(158.0)	(137.7)	(123.6)
Net Cash Flow from Financing Activities	**176.3**	**209.1**	**0.0**	**(92.9)**	**(14.1)**	**(85.5)**	**(163.5)**	**(311.9)**	**(279.2)**	**(199.7)**	**(191.4)**	**(165.0)**
Effects of exchange rate changes on C&CE	2.4	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net change in cash and cash equivalents	**(31.8)**	**74.0**	**(4.2)**	**192.0**	**134.2**	**100.1**	**(20.2)**	**(13.0)**	**(24.4)**	**26.0**	**5.3**	**11.6**

Source: Valuation

Disclaimer

This document is being made available by WUTIS Trading and Investment Society, acting through its society ("WUTIS"), for information purposes only and for the sole and exclusive use of the addressee in connection with the matter or possible transaction to which this document relates. This document is incomplete without reference to, and should be assessed solely in conjunction with, the oral briefing provided by WUTIS.

This document is strictly confidential and remains the property of WUTIS. You agree that you shall only use this document for the purpose of evaluating and considering the matter or possible transaction to which this document relates. This document may not be distributed, published, reproduced, or disclosed, in whole or in part, to any other person, nor relied upon by you or any other person, nor used for any other purpose at any time, in each case without the prior written consent of WUTIS.

This document does not constitute nor does it form part of an offer to sell or purchase, or the solicitation of an offer to sell or purchase, any securities or any of the businesses or assets described herein or an offer or recommendation to enter into any transaction described herein nor does this document constitute an offer or commitment to provide, arrange or underwrite any financing. You are responsible for making your own independent investigation and appraisal of the risks, benefits, appropriateness and suitability of any transaction or matter contemplated by this document and WUTIS is not making any recommendation (personal or otherwise) or giving any investment advice and will have no liability with respect thereto. The decision to proceed with any transaction or action contemplated by this document must be made by you in the light of your own commercial assessments and WUTIS will not be responsible for such assessments.

Neither WUTIS nor any of its subsidiaries or affiliates, nor any of their respective officers, directors, employees or agents (WUTIS together with such persons being the “WUTIS Group”) accepts any liability whatsoever for any direct, indirect or consequential losses (in contract, tort or otherwise) arising from the use of this document or its contents or any reliance on the information contained herein. WUTIS Group is not responsible for any specialist advice, including legal, regulatory, accounting, model accounting, tax, actuarial or other advice.

This document was prepared on the basis of information and data, obtained from publicly available sources and, where applicable, from you and/or any other entity that may be involved in any transaction or matter contemplated by this document (and/or any of your or the aforementioned entities’ affiliates), in each case prior to or on the date hereof. The information in this document has not been independently verified by WUTIS. WUTIS has relied on any information provided by you or from third party or public sources as complete, true, fair, accurate and not misleading. With respect to any financial or operating forecasts and analyses provided to it, WUTIS has assumed that they are achievable and have been reasonably and properly prepared on bases reflecting the best currently available information, estimates and judgments as to the future financial performance of the entity(ies) to which they relate and that such forecasts or analyses would be realised in the amounts and time periods contemplated thereby. No member of the WUTIS Group, makes any warranty or representation, express or implied, as to the accuracy, completeness or reasonableness of the information (including projections and assumptions) contained in this document whether obtained from or based upon third party or public sources or otherwise.

This document is given as at the date hereof, may not be final, is based on information available to WUTIS as at the date hereof, is subject to any assumptions set out therein and is subject to change without notice. Accordingly, this document may be based on (a) data and information that may no longer be current and (b) estimates that may involve highly subjective assessments. It should be understood that subsequent developments may affect this document and the WUTIS Group does not undertake any obligation to provide any additional information or to update any of the information or the conclusions contained herein or to correct any inaccuracies which may become apparent. Any data or information regarding, or based on, past performance is no indication of future performance.

Members of the WUTIS Group are involved in a wide range of commercial banking, investment banking and other activities out of which conflicting interests or duties may arise. In the ordinary course of its business, the WUTIS Group may provide services to any other entity or person whether or not a member of the same group as you (a “Third Party”), engage in any transaction (whether on its own account, on behalf of any Third Party or otherwise, and including any transaction or matter contemplated by this document), notwithstanding that such services, transactions or actions may be adverse to you or any member of your group, and the WUTIS Group may retain for its own benefit any related remuneration or profit. The WUTIS Group operates in accordance with a conflicts of interest policy which identifies conflicts of interest it faces in the ordinary course of its business, and establishes organisational and procedural measures to manage those conflicts where it is reasonably able to do so. Neither WUTIS nor any other part of the WUTIS Group shall have any duty to disclose to you or utilise for your benefit any non-public information acquired in the course of providing services to any other person, engaging in any transaction (on its own account or otherwise) or otherwise carrying on its business. WUTIS’ research analysts and research departments are independent and are subject to certain regulations and internal policies. WUTIS research analysts may hold opinions and make statements or investment recommendations and/or publish research reports with respect to any company referred to herein, the transactions contemplated herein or any person or entity involved therein or related thereto that differ from or are inconsistent with the views or advice communicated by WUTIS.