GBC AG
Investment Research

Power Metallic Mines Inc.[*5a,11]

Deep drilling confirms Lion Continuity below the Maiden Resource

Industry: Mining / Mineral Exploration
Focus: Copper, PGE, nickel, gold, and silver exploration
Founded: 2020

Employees: 7
Headquarter: Toronto, Ontario, Canada
Management: Terry Lynch (CEO), Robert Suttie, Joe Campbell, Duncan Roy, Ximena Perez

Power Metallic Mines is a TSX-V-listed exploration company advancing the district-scale Nisk-Lion-Tiger project in Québec, Canada. The company's flagship Lion deposit hosts a maiden NI 43-101 resource of 4.145 Mt Indicated at 3.86% CuEq and 0.601 Mt Inferred at 4.01% CuEq, with more than 85% of the resource classified as Indicated. Metallurgical testing achieved copper recoveries above 98% into concentrates grading over 25% copper. Nisk Main adds 2.703 Mt Indicated and 2.016 Mt Inferred of nickel-copper resources. Lion remains open at depth, with recent drilling extending mineralisation approximately 25% deeper. The company's five-rig exploration programme covers an approximately 330 km² property, with the fall campaign expected to resume after the seasonal Moose Break. Key catalysts include ongoing drilling, resource expansion and a PEA targeted for H1 2027.

Asset	Value in mCAD
NISK	160
Lion + Tiger	660
Chilean Metals portfolio exposure (attributable)	5
Net Cash (31.12.2026e)	2
Gross asset value	**827**
Warrants & Options value deduction (Black Scholes)	-46
Total Equity Value	**781**
Value per share in CAD	**3.00 CAD**
Value per share in EUR	**1.86 EUR**

Investment Case

- **High-grade polymetallic resource base:** The maiden Lion MRE comprises 4.145 Mt Indicated at 3.86% CuEq and 0.601 Mt Inferred at 4.01% CuEq, containing approximately 406 Mlb CuEq. More than 85% of the resource is already Indicated, while Nisk Main provides an additional defined nickel-copper resource base.
- **Significant resource expansion potential:** Lion remains open at depth, with recent drilling extending mineralisation approximately 25% below the maiden resource, including 5.70 m at 14.00% CuEqRec. Five active drill rigs and a roughly 330 km² land package provide substantial scope for further growth and additional discoveries.
- **Strong metallurgy and infrastructure reduce development risk:** Locked-cycle testing achieved copper recoveries above 98% into concentrates grading over 25% Cu. The project also benefits from all-season road access and nearby low-carbon Hydro-Québec power infrastructure.
- **Clear pathway toward economic evaluation:** Following the C$28.2 million financing completed in June 2026, Power Metallic is executing an aggressive exploration programme. Continued drill results, resource growth and the targeted H1 2027 PEA represent key potential catalysts as Lion advances from resource definition toward economic assessment.

Rating: Buy
Target price: 3.00 C$ / 1.86 €



Price as of 02.10.26 22:00	1.13 CAD
Stock exchange	TSX.V
Bloomberg ticker	PNPN:CN
ISIN	CA73929R1055
WKN	A40S32
Number of Shares (in m)	260.50
MCap (in m CAD)	294.36
Fiscal Year-End	December 31
Accounting Standard	IFRS

Shareholders

Management/Board	19.5%
HNW	19.0%
Institutions	14.0%
Strategic	7.5%
Retail	40.0%

Financial Calendar

Q3 report	November 30, 2026

Analysts

Matthias Greiffenberger (greiffenberger@gbc-ag.de)
Cosmin Filker (filker@gbc-ag.de)

Latest GBC Research

Date: Publication / Price target / Rating
18.05.2026: RS / 3.00 CAD / Buy
17.03.2026: RS / 2.85 CAD / Buy

The research reports listed above can be accessed at www.gbc-ag.de

Completion: 05.10.2026 (15:15)
First distribution: 06.10.2026 (11:00)

Validity of price target: until max. 31.12.2027

*Catalog of possible conflicts of interest on page 9

IMPORTANT NOTICE:
Please note the disclaimer/risk notice as well as the disclosure of potential conflicts of interest pursuant to § 85 WpHG and Art. 20 MAR starting on page 9.

Note pursuant to MiFID II regulation for research "Minor Non-Monetary Benefit": The present research meets the requirements for classification as a "Minor Non-Monetary Benefit". Further information on this can be found in the disclosure under "I. Research under MiFID II".

Notice on Issuer-Sponsored Research: This research report constitutes issuer-sponsored research and has been prepared in accordance with the EU Code of Conduct for Issuer-Sponsored Research.

EXECUTIVE SUMMARY

- Lion's maiden Mineral Resource Estimate (MRE) marks an important milestone for Power Metallic and strengthens its investment case. The estimate defines 4.145 million tonnes of Indicated resources at 3.86% copper equivalent (CuEq) and 0.601 million tonnes of Inferred resources at 4.01% CuEq, containing approximately 406 million pounds CuEq. Around 87% of the tonnage is classified as Indicated, providing encouraging geological confidence and a solid foundation for engineering studies.

- The resource distribution offers promising development options. Approximately 2.882 million tonnes, or 61% of the total, lie within the conceptual open-pit resource. This near-surface inventory provides a starting point for evaluating an initial open-pit operation, followed by underground development. Although the maiden estimate is smaller than management's earlier expectations, it establishes a high-grade base from which to assess a practical mining strategy and pursue further expansion. Palladium, platinum, gold and silver add potential revenue alongside copper.

- Recent drilling reinforces the growth outlook. The MRE incorporates drilling only through April 19, 2026, leaving the deeper summer results outside the current inventory. September drilling intersected 5.70 metres at 14.00% recovered copper equivalent near 800 metres vertical depth, supporting Lion's continuation below the existing model. Follow-up drilling will help establish the size and continuity required to incorporate additional tonnes into future resource updates. Tiger and other district targets provide further discovery opportunities.

- Lion's maiden MRE could provide the foundation for further resource growth. Muon imaging results, expected by management in late October, may help identify connections to mineralised zones outside the current estimate and guide follow-up drilling. Together with the encouraging deeper intersections, this offers a promising catalyst for expansion at Lion and could support further discoveries across the wider district.

- Metallurgical results are another important strength. Laboratory tests recovered more than 98% of the copper from both blended and lower-grade samples, producing concentrates containing more than 25% copper. Strong palladium and platinum recoveries also support the potential contribution of precious metals. These results provide encouraging evidence for conventional flotation, with further testing and commercial concentrate terms set to refine the processing and revenue assumptions.

- The PEA targeted for H1 2027 should assess an initial open pit at Lion, subsequent underground mining and the possible inclusion of nickel-rich Nisk feed. Nearby road and power infrastructure could reduce development requirements, while shared facilities may improve the economics of a combined operation. The study will be a key opportunity to demonstrate how the resource, metallurgy and infrastructure translate into project returns.

- **We increase our valuation of Lion and Tiger to C$660 million from C$570 million, reflecting the defined resource and anticipated exploration and development progress. Our revised framework incorporates the**

updated share count and an assumed deduction for warrants and options. We maintain our BUY recommendation and C$3.00 target price, equivalent to approximately €1.86 at the assumed exchange rate. Further resource growth and favourable PEA results remain the principal opportunities to substantiate the assigned project values.

High-grade Lion MRE advances the investment case ahead of the PEA

Lion's maiden Mineral Resource Estimate (MRE) establishes a high-grade foundation for development studies and provides a clearer basis for assessing the project's growth potential. Announced on September 8, the SGS estimate has an effective date of June 19, 2026 and incorporates drilling through April 19. The deeper summer drilling therefore remains outside the current MRE, leaving scope for subsequent results to contribute to future resource growth.

Resource category	Million tonnes	CuEq grade	Copper grade
Lion Indicated	4.145	3.86%	1.68%
Lion Inferred	0.601	4.01%	1.84%

Source: Power Metallic resource announcement. Copper equivalent (CuEq) combines the value of copper and associated metals into a single grade measure. Figures are reported on a 100% project basis; Power Metallic holds an 80% interest. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

The MRE contains 4.746 million tonnes at a calculated weighted grade of approximately 3.88% CuEq. Around 87% of the tonnage is classified as Indicated, providing a strong level of geological confidence for a maiden estimate. Approximately 2.882 million tonnes, or 61%, lie within the conceptual open-pit resource. This near-surface component offers a promising starting point for evaluating an initial open-pit operation, followed by underground development.

Although the initial estimate is below the 10-12 million tonnes at more than 5% CuEq previously discussed by management, it defines a substantial, high-grade inventory from which to advance engineering and test extensions. Its contained metal totals approximately 405.95 million pounds CuEq, including 177.5 million pounds of actual copper. The Indicated resource also contains grades of 2.61 g/t palladium, 0.85 g/t platinum, 0.49 g/t gold and 12.21 g/t silver, adding meaningful potential revenue alongside copper. The forthcoming PEA will assess how this metal inventory translates into a practical mining operation and project returns.

Deep drilling supports further resource growth

Results announced on September 22 strengthen the case for Lion's continuation below the current resource. Hole PML-26-125 intersected 5.70 metres at 14.00% CuEqRec, including 11.42% copper, near 800 metres vertical depth. This included a particularly high-grade interval of 2.15 metres at 24.62% CuEqRec and 20.30% copper. Hole PML-26-121a also returned 7.70 metres at 3.28% CuEqRec near 650 metres depth.

These intersections provide encouraging evidence of deeper mineralisation and clear targets for follow-up drilling. Another hole near 900 metres depth encountered copper sulphides, with assays pending in the latest release. Further drilling will establish the dimensions and continuity required to incorporate additional tonnes into an updated MRE.

Reported intervals are downhole lengths, with estimated true widths of approximately 85%. CuEqRec reflects the drill release's metal-price and recovery assumptions and differs from the CuEq measure used in the MRE. Beyond Lion, Tiger and

other district targets provide additional discovery opportunities, supported by geophysical surveys that help prioritise drilling.

Muon imaging could unlock growth beyond the maiden resource

Lion's maiden MRE establishes a high-grade foundation, while further exploration could materially expand the defined inventory. According to management, some mineralised zones were excluded because their continuity with the main resource body had not yet been sufficiently demonstrated. If follow-up drilling establishes these connections, these zones could provide a relatively direct opportunity to add tonnes to future resource estimates.

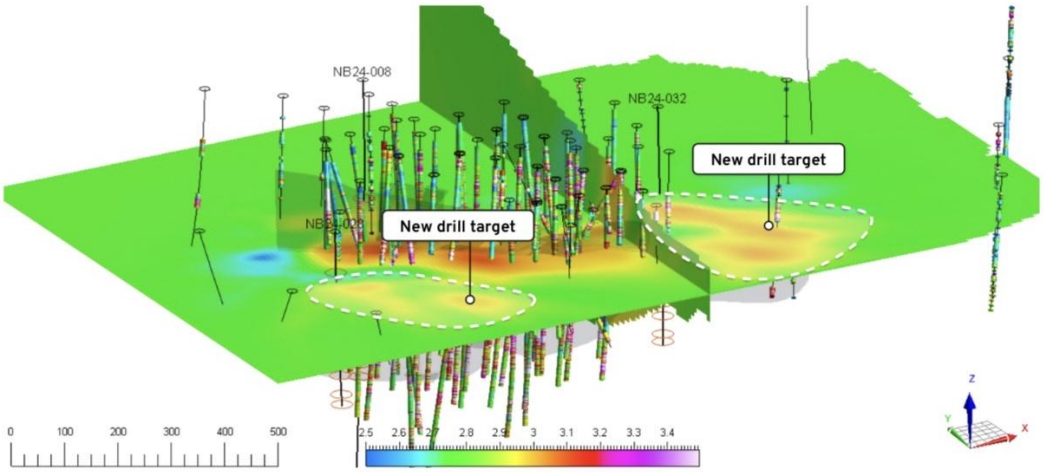


Figure 1: Plan view of a section of Boundary Zone showing new drill targets revealed by the Ideon muon tomography survey. The new targets exhibit anomalous estimate density to the east and south of the mineral resource.

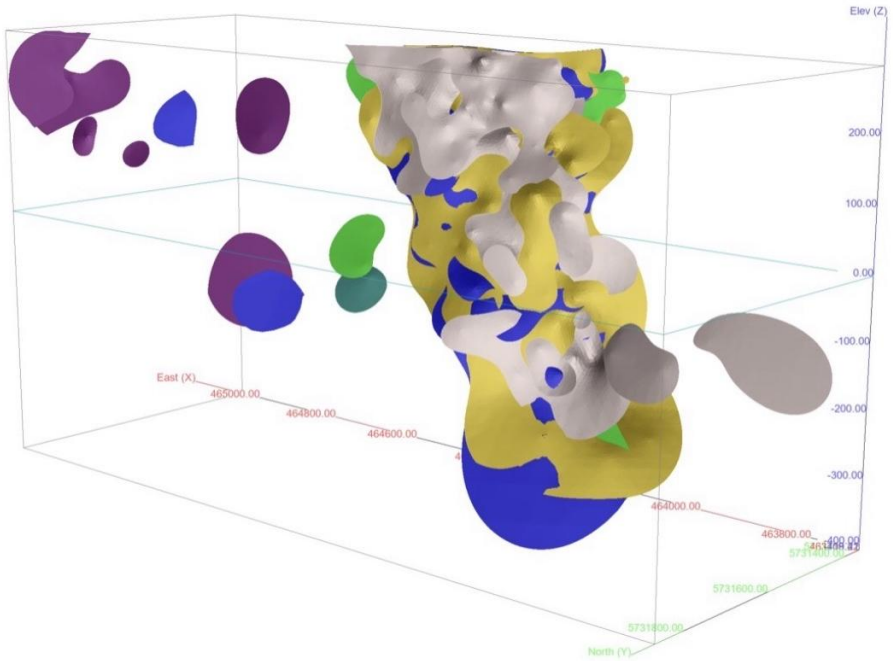
Power Metallic's muon imaging programme with Ideon Technologies could help guide this work. The technology creates a three-dimensional underground density model, helping identify dense bodies that may contain sulphide mineralisation. Management expects initial results in late October 2026. If the imaging successfully maps Lion's known mineralisation and highlights possible extensions, it could improve drilling precision and reduce the exploration expenditure required to test individual targets.

Fireweed Metals' Macmillan Pass project provides an encouraging example. Muon imaging identified targets outside the existing resource, and subsequent drilling intersected sulphide mineralisation. Although results will depend on the geology of each project, this demonstrates how the technology could help translate exploration concepts into drill-tested extensions.

The longer-term opportunity could extend across Power Metallic's approximately 330 km² land package. Management interprets Nisk-Lion-Tiger as an orthomagmatic nickel-copper-PGE system and sees potential for additional mineralised bodies beyond the discoveries already defined. Larger deposits elsewhere provide geological context for this ambition.

Resource growth could therefore emerge through both extensions around Lion and additional discoveries across the district. Successive drilling campaigns, supported by improving geological knowledge and more effective targeting, may reveal a substantially larger system over time. The maiden MRE provides a credible starting point from which to test that potential.

Mineral Resource Review – Lion Deposit MRE



Strong metallurgy supports the processing case

SGS laboratory results provide encouraging support for conventional flotation. Copper recoveries reached 98.9% in a blended sample and 98.3% in a lower-grade sample, producing concentrates containing 25.8% and 25.4% copper, respectively. The strong performance of both samples suggests that effective copper recovery is achievable across different feed grades, subject to further variability testing.

Precious-metal recoveries were also strong. The blended sample achieved recoveries of 93.9% for palladium, 96.8% for platinum, 85.0% for gold and 88.9% for silver. Recovering these metals alongside copper could make an important contribution to project revenue. The PEA will incorporate concentrate payment terms, treatment charges, transport costs and other deductions to assess the resulting economics.

Recovery varies across metals and samples. Nickel recovery was 77.1% in the blended sample and 47.7% in the lower-grade sample, while lower-grade platinum recovery was 84.1%. Further testing will help refine the processing assumptions across the resource. The company is also evaluating a more direct route to metal production, offering a potential alternative whose benefits will need to be assessed against additional capital and operating requirements.

Nisk and existing infrastructure broaden development options

Nisk Main adds 2.703 million tonnes of Indicated resources and 2.016 million tonnes of Inferred resources. Together, Lion and Nisk contain 9.465 million tonnes across both categories, equivalent to 7.572 million tonnes at Power Metallic's 80% interest. Nisk offers the opportunity to supply additional nickel-rich feed and share processing facilities with Lion.

The Nisk resource estimate uses recoveries of 70% for nickel and 44% for copper. Further processing work will assess whether blending material from the two deposits can improve Nisk's contribution and support a combined operation.

The PEA, targeted for the first half of 2027, should examine an initial open pit at Lion, subsequent underground mining and the potential inclusion of Nisk feed. Christopher Beal's appointment as Vice President of Operations in June strengthens the team responsible for advancing these studies and translating the geological results into a development plan.

Existing regional infrastructure is a further advantage. The Route du Nord provides road access, while the Albanel power substation lies approximately 4 km from Nisk and 9.1 km from Lion. Nemiscau airport is about 30 km west. These facilities could reduce off-site infrastructure requirements and support project execution. Engineering will confirm connection capacity and upgrade costs, alongside continued environmental work, engagement with Cree communities and permitting.

Financial performance and funding

C$ million	FY 2024	H1 2025	FY 2025	H1 2026
Exploration expenditure	14.69	8.17	30.54	21.99
Consolidated net loss	-21.00	-14.76	-39.03	-17.61
Operating cash flow	-22.21	-14.46	-35.09	-27.90
Cash	6.61	41.57	21.12	21.99
Total assets	7.81	44.31	24.41	27.49
Total liabilities	3.22	23.27	18.55	10.21
Shareholders' equity	4.58	21.04	5.87	17.28
Equity ratio	58.7%	47.5%	24.0%	62.9%
Working capital	4.57	21.03	5.47	16.89

Source: Company financial statements; GBC calculations. cash excludes restricted cash.

Power Metallic significantly increased its exploration activity during H1 2026, with expenditure rising by 169% to C$21.99 million from C$8.17 million. Almost all of this spending related to the Nisk project, including C$7.66 million for drilling and C$10.96 million for geophysical and geological work. The expanded programme supported resource definition at Lion and the identification of further targets across the district, providing a stronger technical base for continued exploration and development studies.

The consolidated net loss increased to C$17.61 million from C$14.76 million, reflecting the higher level of activity. A C$10.59 million noncash release of flow-through financing obligations partly offset exploration and other expenses. Operating cash outflow reached C$27.90 million, compared with C$14.46 million a year earlier, demonstrating the scale of investment in advancing the project.

The June financing substantially strengthened the company's financial position. Power Metallic issued 22.583 million common shares at C$1.25, raising C$28.23 million gross and C$26.68 million after issuance costs. Eric Sprott participated with an investment of C$2.0 million, becoming a new shareholder.

Despite the intensive exploration programme, cash increased slightly to C$21.99 million at June 30 from C$21.12 million at year-end 2025. Shareholders' equity rose to C$17.28 million from C$5.87 million, lifting the equity ratio to 62.9% from 24.0%. Total liabilities declined to C$10.21 million from C$18.55 million, while working capital increased to C$16.89 million from C$5.47 million.

The strengthened balance sheet provides a solid funding base for the 2026 exploration programme and continued technical work ahead of the PEA. With the maiden Lion MRE established, further investment can focus on testing extensions beyond the current resource and assessing potential mining and processing options. Spending remains substantial, and longer-term development will require additional capital, but the June financing gives Power Metallic greater flexibility to advance these next milestones.

Valuation and the unchanged target

We continue to value Power Metallic using a sum-of-the-parts approach, combining the values assigned to its mineral assets and estimated net cash before deducting outstanding share claims. Our project valuations reflect Power Metallic's attributable interests, and we use 260,495,489 basic shares outstanding to calculate the value per share.

We retain our C$160 million valuation for Nisk. This reflects its defined resource base, longer-term expansion potential and possible contribution as an additional feed source alongside Lion. Its development value will depend on further processing tests and the economic assessment of a combined operation.

We assign C$660 million to Lion and Tiger, an increase of C$90 million from the previous C$570 million valuation. Lion's maiden MRE provides a high-grade base for engineering, supported by a high proportion of Indicated resources, strong copper recoveries and mineralisation extending below the current resource. Tiger and other district targets offer further exploration potential. The assigned value incorporates expected resource growth and development progress beyond the current MRE. Further drilling and the forthcoming PEA must substantiate these expectations.

We retain a C$5 million allowance for the Chilean portfolio exposure through Chilean Metals and estimate net cash of C$2 million at December 31, 2026. The cash estimate assumes lower net spending or additional receipts during the second half and does not include potential warrant or option exercise proceeds in advance.

These components produce a gross asset value of C$827 million. Applying an assumed C$46 million allowance for warrants, options and other equity claims results in an equity value of C$781 million.

Asset	Value in mCAD
NISK	160
Lion + Tiger	660
Chilean Metals portfolio exposure (attributable)	5
Net Cash (31.12.2026e)	2
Gross asset value	**827**
Warrants & Options value deduction (Black Scholes)	-46
Total Equity Value	**781**
Value per share in CAD	**3.00 CAD**
Value per share in EUR	**1.86 EUR**

Source: GBC

Based on 260.5 million shares outstanding, the C$781 million equity value translates into our target price of C$3.00 per share. At an assumed exchange rate of C$1.61 per euro, this corresponds to approximately €1.86. We maintain our BUY recommendation, with the target dependent on further resource growth, favourable project economics and access to funding.

ANNEX

§1 Research under MiFID II - Minor Non-Monetary Benefit

I. There is an agreement between GBC AG as the research provider and the issuer regarding the independent preparation, publication and distribution of research on the respective issuer. GBC AG is remunerated by the issuer for these services. The existing contractual and remuneration relationship is disclosed in the respective research report.

II. The research is not made available exclusively to individual investment firms, clients or investors, but is made accessible to interested investment firms and/or the general public.

III. Issuer-Sponsored Research fully paid for by the issuer is made publicly available free of charge.

IV. Written research material commissioned and paid for by an issuer may be classified as an acceptable minor non-monetary benefit under Article 12(3)(b) of Commission Delegated Directive (EU) 2017/593, provided that the contractual relationship is clearly disclosed and the material is made available to interested investment firms or the general public.

V. In GBC AG's assessment, this research meets these requirements. The final regulatory assessment of whether the research may be accepted and used rests with each recipient investment firm, taking into account its own regulatory obligations and client relationships.

VI. Where research is not commissioned by an issuer or any other client, it is prepared independently, without a client mandate and without influence from third parties.

§2 Issuer-Sponsored Research under the EU Code of Conduct

I. Classification and Remuneration

This research report is Issuer-Sponsored Research and was prepared by GBC AG in accordance with the applicable EU Code of Conduct for Issuer-Sponsored Research.

The issuer has fully remunerated GBC AG for the preparation, publication and ongoing updating of this research report. The agreed remuneration is fixed. It is neither directly nor indirectly linked to the content of the research, the recommendation, rating, price target, valuation, share price performance, investor demand, capital market reaction or the issuer's satisfaction.

II. Public Availability

This research report is classified as 'public' and is made available to the general public free of charge. The report may be published and distributed through GBC AG's website, research portals, email distribution lists, financial data platforms, stock exchange publication systems, media, data providers and other suitable distribution channels.

III. Independence and Responsibility

The analysis, methodology, valuation approach, assumptions, recommendation, rating, price target, investment case and conclusions are the sole responsibility of GBC AG and the responsible analysts.

The paid or sponsored nature of the research must not compromise the independence and objectivity of the analysis. GBC AG, its analysts and other relevant persons do not promise the issuer positive coverage, a favourable recommendation, any particular rating, price target or capital market reaction.

IV. Conflicts of Interest

GBC AG maintains a conflicts of interest policy and a conflicts of interest register or comparable documented records. Relevant existing or potential conflicts of interest are disclosed in this research report, in GBC AG's disclosure register or by other appropriate means.

The conflicts of interest policy and further disclosures can be viewed on GBC AG's website under 'Disclosure'.

V. 5 % Revenue Threshold

Revenue generated from the business relationship with the issuer, including remuneration for Issuer-Sponsored Research and other issuer-related revenue, did not exceed 5 % of GBC AG's consolidated gross revenue in the previous financial year.

VI. Contractual and Client Relationship

The issuer commissioned the research and is a client of GBC AG. During the twelve months preceding publication of this research report, a contractual relationship existed for the preparation, publication and distribution of research for remuneration.

Additional contractual relationship: The issuer participated in an investor conference organised by GBC AG.

VII. External Research Analysts

No external or third-party research analyst made a material contribution to the preparation of this research report.

VIII. Draft Review

Where a draft of the research report was provided to the issuer before publication, this was done solely to verify factual accuracy and/or compliance with legal or regulatory obligations. Such a draft contained no final or indicative recommendation, rating, price target, valuation section, investment case or investment conclusion. The issuer had no right to approve, amend, block or delay the research, or to prevent its publication. GBC AG independently decided whether, and to what extent, comments based on factual or legal grounds were taken into account.

§3 Disclaimer/Limitation of Liability

This document is for information purposes only. All data and information contained in this report are derived from sources that GBC AG considers reliable. In addition, the authors have exercised the utmost care to ensure that the facts used and the opinions expressed are reasonable and accurate.

Despite this care, no express or implied representation or warranty is given as to the accuracy, completeness or currency of the information contained herein, and no liability is accepted in this respect. Information may be incomplete, abridged or summarised. Neither GBC AG nor the individual authors accept any liability for damage or loss arising from the use of this document, its contents or otherwise in connection with this document, to the extent that such exclusion of liability is legally permissible.

This document constitutes neither an offer nor a solicitation of an offer to purchase, subscribe for, hold or sell any security or other financial instrument. It may not, in whole or in part, form the basis of any binding contract or be relied upon in that context as the sole or a reliable basis for a decision.

Any decision in connection with a public or private offering of securities by a company discussed in this publication should be made solely on the basis of the published offering documents, securities prospectuses or other sales documents legally applicable to that offering.

GBC AG gives no assurance that any forecasts, return expectations, price targets, valuations or other forward-looking statements presented will materialise. Changes in assumptions, market conditions, company performance or other factors may have a material effect on the results, forecasts and price targets presented.

Investment returns and the prices of financial instruments are subject to fluctuations. Investors may lose some or all of the capital invested. Investment decisions should be made in light of personal circumstances, investment objectives and risk tolerance and, where appropriate, after consulting a suitably qualified investment adviser.

This research report does not constitute individual investment advice, legal advice or tax advice, nor does it constitute a recommendation tailored to the personal circumstances of any particular recipient.

Distribution Outside the Federal Republic of Germany

Where this publication is distributed in the United Kingdom, it may be made available only to persons who (i) are authorised persons or exempt persons within the meaning of the Financial Services and Markets Act 2000 or (ii) are relevant persons within the meaning of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, in each case as amended from time to time.

This publication is not directed at retail clients within the meaning of the Financial Conduct Authority rules and may not be distributed, directly or indirectly, to or used by such persons where this is not permitted under the applicable rules.

This publication does not constitute an offer, solicitation or personal recommendation to buy or sell financial instruments within the meaning of the Financial Services and Markets Act 2000.

No person other than the relevant persons referred to above is entitled to rely on this publication or take any action solely on the basis of it.

The distribution of this publication may be subject to legal restrictions in other jurisdictions. Persons into whose possession this publication comes are required to inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the applicable securities and financial market laws.

By accepting this document, the recipient acknowledges the foregoing limitations of liability and distribution restrictions, to the extent legally permissible.

§4 Legal Notices and Disclosures pursuant to Section 85 WpHG, Article 20 MAR and Commission Delegated Regulation (EU) 2016/958

I. Updating

No specific update of this analysis is currently scheduled for a fixed date. GBC AG reserves the right to update the analysis without prior notice.

For Issuer-Sponsored Research, GBC AG uses its best endeavours during the relevant coverage period to provide a timely update when significant information is published that is expected to have a material impact on the financial instruments covered by the research. GBC AG independently decides whether and to what extent an update is required.

II. Recommendations/Classifications/Ratings

Since 1 July 2006, GBC AG has used a three-tier absolute equity rating system. Since 1 July 2007, the ratings have applied to an investment horizon of at least six and no more than 18 months. Before that date, the ratings applied to an investment horizon of up to twelve months.

When the analysis is published, investment recommendations are assigned to the categories described below on the basis of expected return. Temporary price movements outside these ranges do not automatically lead to a change in classification, but may prompt a review of the original recommendation.

BUY

The expected return, based on the determined price target and including expected dividend payments over the relevant time horizon, is at least +10 %.

HOLD

The expected return, based on the determined price target and including expected dividend payments over the relevant time horizon, is more than -10 % and less than +10 %.

SELL

The expected return, based on the determined price target and including expected dividend payments over the relevant time horizon, is at most -10 %.

GBC AG's price targets are set on the basis of the calculated fair value per share. This is determined using generally accepted and widely used fundamental analysis methods, such as a discounted cash flow method, a peer group comparison and/or a sum-of-the-parts valuation.

Where relevant, fundamental factors and corporate actions such as stock splits, capital reductions, capital increases, M&A activities or share buybacks are taken into account.

III. Historical Recommendations

GBC AG's historical recommendations relating to this analysis can be viewed in the disclosure register on GBC AG's website.

IV. Basis of Information

Publicly available information about the issuer that GBC AG considers reliable was used in preparing this analysis. This may include, in particular, annual and quarterly reports, ad hoc announcements, press releases, securities prospectuses, company presentations and other publicly available information.

In addition, discussions may have been held with management or other representatives of the company under analysis to obtain further explanations of publicly known facts, business activities and business performance.

Before transmission, the issuer is required to clearly identify as such any non-public or confidential information, or any information that may qualify as inside information. GBC AG may refuse to receive such information.

V. Conflicts of Interest pursuant to Section 85 WpHG and Article 20 MAR

GBC AG and the responsible analysts declare that, at the time of publication, the existing or potential conflicts of interest specified below exist with regard to the company named in the analysis. An explanation of each conflict of interest is provided in the catalogue of potential conflicts of interest under § 4 (VI) below.

The following potential conflicts of interest exist with respect to the securities or financial instruments discussed in the analysis: 5a,11

VI. Catalogue of Potential Conflicts of Interest

(1) At the time of publication, GBC AG or an affiliated legal entity holds shares or other financial instruments in the company under analysis or in the financial instrument or financial product under analysis.

(2) The company under analysis holds more than 3 % of the shares in GBC AG or an affiliated legal entity.

(3) GBC AG or an affiliated legal entity is a market maker or designated sponsor for financial instruments of the company under analysis.

(4) Within the past twelve months, GBC AG or an affiliated legal entity acted as lead manager or in a supporting role in a public offering of financial instruments by the company under analysis.

(5a) Within the past twelve months, GBC AG or an affiliated legal entity has entered into an agreement with the company under analysis or the issuer of the financial instrument under analysis to prepare research reports for remuneration. Where a draft of the research was provided to the issuer before publication, this was done solely to verify factual accuracy and/or compliance with legal or regulatory obligations. The draft contained no final or indicative recommendation, rating, price target, valuation section, investment case or investment conclusion.

(5b) The draft research was amended on the basis of legitimate factual, publicly verifiable or legal comments from the company or issuer. The decision whether to take those comments into account was made exclusively by GBC AG.

(6a) Within the past twelve months, GBC AG or an affiliated legal entity has entered into an agreement with a third party to prepare research reports on the company or financial instrument under analysis for remuneration. Where a draft was made available to the third party and/or the issuer before publication, this was done solely to verify factual information and/or compliance with legal or regulatory obligations. The draft contained no final or indicative recommendation, rating, price target, valuation section, investment case or investment conclusion.

(6b) The draft research was amended on the basis of legitimate factual, publicly verifiable or legal comments from the third party and/or issuer. The decision whether to take those comments into account was made exclusively by GBC AG.

(7) At the time of publication, the responsible analyst, the Chief Analyst, the Deputy Chief Analyst and/or any other person involved in preparing the research holds shares or other financial instruments in the company under analysis.

(8) The analyst responsible for the company under analysis is a member of a management or supervisory body of that company.

(9) The responsible analyst received or acquired shares in the company under analysis before those shares were publicly offered and before publication of this research.

(10) Within the past twelve months, GBC AG or an affiliated legal entity has entered into an agreement with the company under analysis to provide advisory services.

(11) GBC AG or an affiliated legal entity has other significant financial interests in the company under analysis. These may include, in particular, securing or executing mandates and providing other services, such as presenting the company at investor conferences, roundtables or roadshows.

(12) At the time of the research, the company under analysis is included in a financial instrument or financial product managed or advised by GBC AG or an affiliated legal entity, such as a certificate or fund.

(13) Revenue generated from the business relationship with the company or issuer under analysis, including remuneration for Issuer-Sponsored Research and other issuer-related revenue, exceeded 5 % of GBC AG's consolidated gross revenue in the previous financial year. The relevant percentage and the measures taken to prevent or manage the resulting specific conflict of interest are disclosed in the respective research report.

VII. Compliance

GBC AG has implemented internal regulatory and organisational arrangements to identify, prevent or manage conflicts of interest and appropriately disclose existing or potential conflicts of interest. In particular, GBC AG maintains a conflicts of interest policy, a conflicts of interest register or comparable documented records, internal compliance and restricted list processes, and rules governing personal transactions in securities and approval procedures.

GBC AG's Compliance function is responsible for monitoring compliance with the relevant requirements. Enquiries may be directed to compliance@gbc-ag.de.

VIII. Responsibility for Preparation

The company responsible for preparing this analysis is GBC AG, based in Augsburg.

GBC AG is represented by its Management Board members Manuel Hölzle and Jörg Grunwald.

The analysts responsible for this analysis are:

Matthias Greiffenberger, M.Sc., M.A., Financial Analyst

Cosmin Filker, Diploma in Business Administration (University of Applied Sciences), Deputy Chief Analyst

§5. Copyright

This document is protected by copyright. It is provided to the recipient solely for information purposes.

Any reproduction, editing, distribution or other use beyond the limitations permitted by copyright law generally requires the prior consent of GBC AG or the relevant rights holder.

Where the issuer has been granted contractual rights of use or publication, the research may not be distorted, misleadingly abridged, taken out of context or used in a manner that could create a misleading impression.

If published or distributed by the issuer, GBC AG must be identified as the research provider and reference must be made to the full research report.

GBC AG
Halderstraße 27
86150 Augsburg, Germany
E-Mail: compliance@gbc-ag.de