



APPENDIX A TO PRACTICE STANDARD NO. 110

Effective January 1, 2026

VALUATION REPORTS PREPARED FOR PURPOSES OF SECURITIES LEGISLATION, REGULATION OR POLICIES

INTRODUCTION

REPORT DISCLOSURE STANDARDS FOR SECURITIES REGULATION OR POLICIES

1. The objective of Appendix A is to set out the disclosure standards pertaining to valuation reports ("Valuation Reports") that are prepared for the purposes of securities legislation, regulations or policies in the context of non-arm's length transactions (collectively "Securities Regulation or Policies"). Securities Regulation or Policies include, without limitation, Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions and Companion Policy 61-101 CP issued by the Ontario Securities Commission and Autorité des marchés financiers.
2. While it is not required that sufficient information be provided to enable the reader to perform his or her own independent valuation, a Valuation Report should contain sufficient narrative and schedules to support the Valuation Conclusion for the purposes at hand. The source of any fact which is material to the Valuation Conclusion must be clearly stated, including sufficient details so that the significance of the fact can be reasonably assessed by the reader of the Valuation Report. Adequate disclosure will usually include a comparison of valuation calculations and conclusions arrived at through different methods, a discussion of the rationale for accepting or rejecting each methodology and the relative importance or weighting of relevant methodologies in arriving at a final Valuation Conclusion. A summary of a Valuation Report will be sufficient only if it provides a sufficiently detailed review of all material factors contained in the Valuation Report so that the reader can form a reasoned judgment of the key assumptions, principal underlying judgments and principal underlying reasoning of the Valuator in arriving at the Valuation Conclusion expressed in the Valuation Report.
3. The Valuator should also refer to the appropriate Securities Regulation or Policies concerning giving consent for the filing of the Valuation Report and to the inclusion of the Valuation Report or its summary in the disclosure document for the transaction for which the Valuation Report was prepared.

4. A greater level of disclosure is generally required in valuations pursuant to Securities Regulation or Policies than in other circumstances and/or for other purposes. Accordingly, while Practice Standard No. 110 applies to all Valuation Reports, Appendix A applies only to Valuation Reports prepared for the purposes of Securities Regulation or Policies. In addition to the Practice Standards set out in this Appendix, Valuation Reports prepared for the purposes of Securities Regulation or Policies shall adhere to all other relevant Practice Standards. The disclosure items set out herein are not necessarily exclusive to Valuation Reports to which this Appendix A applies. These may or may not be appropriate in other circumstances.

General

5. This Appendix A should not be viewed as an all-inclusive list of required disclosure but rather as a guideline for minimum acceptable disclosure. Where sub-lists of information are provided, they should be viewed as examples of the type and level of information that should be disclosed. There will be situations where certain items listed are not applicable or where other items that are not listed should be disclosed. The Valuator should consider the level of disclosure described herein when considering the appropriate level of disclosure in a Valuation Report concerning matters or valuation methodologies not addressed herein but that are important in reaching a Valuation Conclusion. The Valuator should also refer to the relevant Securities Regulations or Policies for disclosure required in certain specific circumstances.
6. The disclosure requirements in Appendix A are not a substitute for the professional judgment and responsibility of the Valuator. For instance, the Valuator's professional judgment is required in situations where the disclosure of certain commercially sensitive information might be viewed as potentially detrimental to the issuer or its security holders. In such circumstances, the Valuator shall determine whether the perceived detriment to the issuer or its security holders of the disclosure of such information outweighs the benefit of disclosure of such information to the readers of the Valuation Report.

Independence and Qualifications

7. A Valuation Report should disclose (i) that the assessment of the independence and objectivity of the Valuator is consistent with the independence requirements of the relevant Securities Regulation or Policies and (ii) any information regarding the independence and qualifications of the Valuator as required by such Securities Regulation or Policies.
8. For purposes of this section, a reference to the Valuator includes his/her¹ their firm, partnership or corporation.

Fundamental Financial Information

9. The disclosure requirements set out in this section should be applied to each segment of a business that the Valuator considers and values separately in arriving at an overall Valuation Conclusion.

10. The Valuation Report should contain the following fundamental financial information:

- a) **Historical Financial Information:** Unless disclosed in the document prepared in connection with the transaction to which the Valuation Report applies, or unless otherwise made available to security holders, the historical financial information should include:
 - i. **Annual Financial Information:** comparative summaries for the most recent five years (and longer if the business cycle warrants), if available, of:
 - ii. Income statements (setting out at least: sales, gross profit, major expense items, operating profit or earnings before interest and taxes, interest/financing expenses, earnings before income taxes, income taxes and net income);
 - iii. Cash flow statements (setting out at least: earnings from operations, depreciation, amortization and depletion, deferred taxes, other major deferred charges, major deferred revenues, debt borrowings and repayments, equity issues, other capital transactions and dividends);
 - iv. Balance sheets (setting out at least: cash and marketable securities, other current assets, fixed assets including accumulated depreciation, intangible assets, short-term debt, current portion of long-term debt, other current liabilities, long-term debt, deferred taxes, preferred equity and common equity);
 - v. Key financial statement ratios and metrics; and
 - vi. Key operational statistics such as those commonly provided in Annual Reports for public companies in the ~~relevant~~ industries in which the subject company operates;
 - vii. **Interim Financial Information:** comparative summaries on as similar a basis as possible to that set out in (i) above of operating results and the financial position for and as at the end of the most recent interim period for which information is available; this information should be provided on a comparative basis to the same interim period for the prior year.
- b) **Future-Oriented Financial Information:** future-oriented financial information including the following, unless the Valuator has not used such information in preparing the valuation, in which case a statement to this effect and the Valuator's reasons for this should be included in the Valuation Report:
 - viii. **Budget:** a summary of the management prepared budget for the current year, to the extent such information is available, on as similar a basis as possible to that set out in a) (i) above; and
 - ix. **Forecast/Projection:** a summary of the financial forecasts or projections used by the Valuator to the extent such information is available, on as similar a basis as possible to that set out in a) (i) above. Major differences from assumptions used by management in preparing its forecasts and projections should be identified and discussed.

- c) **Empirical Evidence:** empirical evidence underlying and supporting key financial assumptions, judgments, and calculations, such as:
- i. **Comparable Company Trading Information:** a discussion of comparable trading information for publicly traded securities the Valuator considers to be relevant and that the Valuator uses in arriving at the Valuation Conclusion; where comparable company trading information ~~is~~ used, disclosure should include at least the following (preferably in tabular form):
 - o Date(s) of the actual market price data;
 - o A brief descriptive note regarding the comparable securities; and
 - o The particular information used (~~such as~~ ~~e.g.~~ earnings~~/~~, EBIT~~/~~, EBITDA~~/~~, cash flow~~/~~, book value multiples, yields, etc.).
 - ii. **Comparable Transactional Information:** a discussion of ~~and valuation statistics from~~ comparable transactions involving businesses ~~that~~ the Valuator considers to be relevant and ~~uses~~ ~~were used~~ in arriving at the Valuation Conclusion; the disclosure ~~on~~ ~~of~~ such precedent transactions should include at least the following (preferably in tabular form):
 - o Date(s) of transaction(s);
 - o A brief descriptive note regarding the comparable transaction; and
 - o The relevant multiples implicit in the transaction (~~such as~~ ~~e.g.~~ earnings~~/~~, EBIT~~/~~, EBITDA~~/~~, cash flow~~/~~, book value multiples~~/~~, etc.), including takeover premium percentages, ~~if applicable~~.
 - iii. **Discount Rates, Multiples and Capitalization Rates:** a discussion of relevant quantitative data used to calculate discount rates, multiples and/or capitalization rates; where comparable companies and transactions have been used this should also include information described in c) (i) and (ii) above;
 - iv. **Commodity Prices:** the source and details of commodity pricing assumptions used in budgets, forecasts and projections (e.g. metal prices, timber prices, oil and gas prices, etc.) with reference to actual current prices and third-party commodity price forecasts the Valuator considered in arriving at the inputs used in the valuation; and
 - v. **Economic Assumptions:** key economic assumptions used by the Valuator as inputs into the valuation (~~such as~~ ~~e.g.~~ GDP growth, interest rates, exchange rates, etc.).

Valuation Calculations

11. The Valuation Report should clearly set out the basis of the valuation computation for each of the valuation methodologies adopted by the Valuator and separately disclose other factors (~~such as~~ ~~e.g.~~ redundancies) in sufficient detail to assess the impact on the overall Valuation Conclusion. In this regard, the following disclosure guidelines should be followed by the Valuator in preparing the Valuation Report:

A. Capitalized Earnings/Cash Flow Approach

- i. **Unadjusted Earnings/Cash Flow:** the reported historical and future-oriented earnings/cash flow for each of the years reviewed by the Valuator;
- ii. **Normalization Adjustments:** all significant normalization adjustments, on an annual or interim basis, made by the Valuator; normalization adjustments may include, but are not limited to:
 - Non-recurring revenue and expense items (~~such as~~ e.g. start-up costs);, etc.);
 - Restructuring charges or special revenues;
 - Earnings / losses from discontinued operations;
 - Adjustments related to changing interest rates or exchange rates;
 - Expenses that are not expected to continue in the future or, conversely, that would be required in the future; and
 - Adjustments relating to redundant assets that the Valuator considered separately;
- iii. **Tax Calculations:** income tax calculations including:
 - The determination of the tax rate applied to the business;
 - The impact of tax credits and other deductions; and
 - The calculation of tax shield where appropriate;
- iv. **Financing Costs:** interest expense and other financing costs, including the calculation thereof (e.g. rates, amounts, etc.) if not actual reported amounts;
- v. **Sustaining Capital Reinvestments:** sustaining capital reinvestment and the Valuator's underlying supporting calculations and rationale;
- vi. **Cash Flow Items:** significant cash flow items ~~such as~~ (e.g. depreciation, amortization, depletion ~~and~~, net working capital movements, deferred taxes; etc.);
- vii. **Discount Rates, Multiples and Capitalization Rates:** a discussion of all relevant qualitative judgments used to calculate discount rates, multiples and capitalization rates; calculations and rationale underlying the capitalization rates selected by the Valuator; where comparable company trading or comparable transaction information is used, those companies or transactions considered most relevant by the Valuator should be specifically identified and information supporting their comparability disclosed (~~such as their~~ e.g. financial size, profitability, relative growth prospects, financial leverage, nature of operations, etc.); if the Capital Asset Pricing Model is used, disclosure should include the risk-free rate, market risk premium, beta, growth

rates and debt/equity structure assumed as well as market benchmark rates of return, betas of comparable companies and debt/equity ratios of comparable companies the Valuator considered in arriving at the inputs used in the valuation.

- viii. **Sustainable Earnings/Cash Flow:** calculations (such as ~~as e.g.~~ averaging, selected average or weighted averaging) used by the Valuator in determining sustainable earnings/cash flow to be capitalized and the rationale supporting the calculations; and
- ix. **Summary Calculations:** a summary of the overall valuation calculations that sets out at least the sustainable earnings/cash flow to be capitalized, capitalization rates, capitalized values, the tax shield where appropriate, the addition of redundant asset value where applicable and the value result.

B. Discounted Cash Flow Approach

When the discounted cash flow approach is used, in addition to applicable items being disclosed as set out elsewhere herein, the Valuation Report should contain the following valuation calculation information:

- i. **Forecast Assumptions:** key financial assumptions (such as ~~as e.g.~~ sales growth rates, major expense reductions / increases, interest rates, tax rates, depreciation rates, etc.) and supporting rationale; major differences from assumptions used by management in preparing its forecast or projection should be identified and discussed;
- ii. **Forecast Cash Flows:** for each forecast year, the following information, ~~as applicable:~~ **should be considered, as applicable to the entity's industry and operating model (levered vs. unlevered model):**
 - Revenues;
 - Operating profit/loss before income taxes;
 - Interest expense;
 - Depreciation, amortization and depletion;
 - ~~Current~~ Income taxes;
 - Capital expenditures (~~reinvestment and, separately, expansionary~~ **net of any applicable tax shield**);
 - Changes in **net** working capital;
 - ~~Cash flow~~;
 - **Total free cash flows**;
 - Additional borrowings and/or other financings; **and**

- ~~○ Loan repayments, if discounting leveraged cash flows; and~~
 - ~~○ Lease payments, if discounting leveraged cash flows;~~
- iii. **Terminal/Residual Value:** the rationale for determination of the terminal/residual value along with all relevant calculations and significant assumptions. If alternative methods were considered to be relevant, their calculations should be disclosed and the results compared. Where capitalization of earnings or cash flow is used, the amount to be capitalized should be separately disclosed in the forecast and the rationale and underlying empirical support for the capitalization rate (including the assumed long-term growth rate) should be disclosed as described in 11 a) vii) above;
- iv. **Discount Rates, Multiples and Capitalization Rates:** as described in 11 a) vii) above;
- v. **Sensitivity Analysis:** a summary of the effect on discounted cash flow results from varying key assumptions, (such as e.g. the discount rate, commodity pricing, and/or major operating assumptions, etc.); and
- vi. **Summary Calculations:** a summary of the overall valuation calculations showing the discount rate(s), net present value of cash flows discounted, net present value of the terminal value and the value of redundant assets where applicable.

C. Asset Based Approaches

When asset-based approaches are used, in addition to applicable items being disclosed as set out elsewhere herein, the Valuation Report should contain the following information:

- i. **Fair Market Value of Assets and Liabilities:** where a going concern assumption is appropriate, the fair market value method of valuation and valuation calculations for each significant asset and liability (tangible, intangible and off-balance sheet) together with comparisons to their net book values;
- ii. **Liquidation-Based Value of Assets and Liabilities:** where a liquidation-based valuation approach is appropriate, the liquidation values for each significant asset and liability together with all significant liquidation costs, all relevant assumptions and supporting data (e.g. selling or auction commissions, legal fees, administrative costs and operating losses, severance and vacation pay, tax costs of realization of assets, tax costs to the corporation of distribution of net assets to shareholders, time value of money, etc.);
- iii. **Summary:** a summary of the overall valuation calculations.

D. Redundant Assets

Each significant redundant asset should be separately identified with the rationale in support of its identification. Both the method of valuing the redundant asset as well as

the valuation calculations should be disclosed as set out elsewhere herein. The financial impact, if any, on historical and projected income and cash flow statements should be disclosed. As relevant, the following type of information supporting the calculation of value should be disclosed:

- i. Appraisal values, appraisal dates, and names of appraisers;
- ii. Estimated costs of disposition, if any;
- iii. Tax calculations (e.g. tax rates, capital gains, tax shield, etc.);
- iv. Interest rates; and
- v. Financial ratios (such as e.g. current ratio, debt/equity ratios, etc.) used to determine excess or redundant leverage.

E. Other Approaches

Where other valuation methodologies are used, the Valuation Report should set out the rationale for using the methodologies and should contain a level of financial disclosure of such methodologies, including supporting empirical evidence, consistent with the level of financial disclosure set out herein.

F. Prior *Bona Fide* Offers, Prior Valuations or Other Expert Reports

Where prior bona fide offers or transactions involving the Company's securities, prior valuations or other material expert reports were considered by the Valuator in connection with the Valuation Report, a discussion by the Valuator should be included regarding their relevance. Where the Valuation Report differs materially from any such prior valuation, an explanation of the material differences should be included if reasonably practical to do so.

G. Distinctive Material Benefit

The Valuation Report shall disclose any distinctive material benefit that might accrue to an interested party (as defined by the applicable Securities Regulation or Policies) as a consequence of the transaction and whether such benefit is reflected in the Valuation Conclusion.

H. Valuation Conclusions

The valuation ranges developed by the different methodologies used should be compared and discussed. The Valuator may choose to arrive at the overall conclusion of value based on a single valuation method, or some synthesis of the value conclusions determined under different methodologies. The Valuator should reconcile the results of different methodologies and discuss the reasoning in support of the final Valuation Conclusion.

~~June 17, 2009~~

September 23, 2025