

Valour Inc. (DEFI-CA, Buy, C\$2.25 PT)

Takeaways from BTIG-Hosted Virtual Investor Meetings with Mgmt.: Valour Seeking to Reignite Growth With Launch of Nine New Products, Including Six of the Asset-Backed Variety Favored by Institutions

WHAT YOU SHOULD KNOW: Shortly after Valour (DEFI) announced yesterday that Olivier Roussy Newton had been appointed as the company's CEO, and that its former chief executive, Russell Starr, would return to his prior role of Head of Capital Markets while maintaining his position as Executive Chairman, Roussy Newton and Starr met with investors during a BTIG-hosted virtual non-deal roadshow.

- Starr explained that Roussy Newton, who co-founded Valour and was the founder and former President of crypto miner HIVE Blockchain (HIVE, Not Rated), had been tapped to help the company to reaccelerate its growth and to expand its global reach. He noted that his role as Valour's CEO had not been intended to be permanent, adding that while he works out of Toronto, Roussy Newton is situated in Switzerland, which is where the bulk of the company's operations are located.
- While Valour as a firm that offers exchange-traded products (ETPs) based on various crypto tokens has been severely impacted by the "crypto winter" its assets under management (AUM) declined to US\$106.6mm as of September 30 from a peak of US\$374mm on October 27, 2021 Starr noted that the decrease had been driven by the severe slump in the prices of crypto tokens rather than by ETP outflows.
- Starr added that Valour since its launch in 2019 had yet to see month-over-month outflows in any of its funds, noting that if the prices of crypto tokens were to return to the levels they had been at in late October 2021, the company's AUM would be \$500mm or greater without any additional fund inflows.
- Roussy Newton said his plan for Valour's revival included several new crypto-related product launches as well as ramped-up marketing and distribution efforts. While much of this effort will be focused on Europe, where its funds trade on the Lang and Schwarz Exchange (LUSX.N, Not Rated) and Frankfurt Stock Exchange (DB1-DE, Not Rated) in Germany, on the Nordic Growth Market in Sweden, and on the pan-European Euronext (ENX.PA, Not Rated), it will also extend to the Middle East and Asia, he said.
- Valour in March announced that it was creating a special purpose vehicle (SPV) to support the issuance and distribution of asset-backed products. While the company has to this point issued its investment products as exchange-traded certificates, Starr noted that institutional investors preferred to purchase funds packaged as asset-backed products.
- Starr said he expects Valour's SPV to become effective at the end of this month, after which the company would be positioned to offer several asset-backed products that are in its development pipeline. While Valour currently offers 11 investment products, within the next two to three months it says it could launch as many as nine new investment offerings, of which six would be asset-backed products and three would be exchange-traded certificates.
- Valuation: Our price target of C\$2.25 for DEFI is based on 13x the company's FY24E
  adjusted earnings per share of C\$0.15 plus C\$0.25 per share from the company's
  portfolio of venture investments. The multiple we employ is based on comparable
  company analysis.

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| Company Data     |                |
|------------------|----------------|
| Closing Price    | C\$0.22        |
| Price Target     | C\$2.25        |
| Market Cap (M)   | C\$53.28       |
| Shares Out (M)   | 242.20         |
| Dividend / Yield | C\$0.00 / 0.0% |

| Revisions    |          |         |
|--------------|----------|---------|
|              | Previous | Current |
| Rating       | Buy      | Buy     |
| Price Target | C\$2.25  | C\$2.25 |
| FY22E REV    | 16.27    | 0.35    |
| FY23E REV    | 50.10    | 28.86   |
| FY22E EPS    | (0.01)   | (0.09)  |
| FY23E EPS    | 0.10     | 0.03    |

| Revenue (M) |        |                 |       |
|-------------|--------|-----------------|-------|
| FY Dec      | 2021A  | 2022E           | 2023E |
| Q1          | 3.26   | 1.82 <b>A</b>   | 3.93  |
| Q2          | (1.92) | (5.22) <b>A</b> | 5.88  |
| Q3          | 8.63   | 1.32            | 8.25  |
| Q4          | 5.11   | 2.43            | 10.79 |
| FY REV      | 15.08  | 0.35            | 28.86 |

| EPS (Adjusted) |        |                 |        |
|----------------|--------|-----------------|--------|
| FY Dec         | 2021A  | 2022E           | 2023E  |
| Q1             | (0.00) | (0.01)A         | (0.00) |
| Q2             | (0.03) | (0.06) <b>A</b> | 0.00   |
| Q3             | 0.01   | (0.01)          | 0.01   |
| Q4             | (0.01) | (0.01)          | 0.02   |
| FY EPS         | (0.04) | (0.09)          | 0.03   |

Source: FactSet, BTIG Estimates and Company Documents reported as C\$ currency. FY = Fiscal Year CY = Calendar Year



#### **Investment Thesis**

DEFI shares represent one of the few ways through which traditional investors can gain exposure to DeFi protocols in a secure and compliant manner without having to open a crypto account. We believe the firm's ETP business is likely to grow at a healthy clip and to reach US\$1bn in AUM by 2024, thereby giving it flexibility to stake a significantly higher percentage of those AUM as a means of generating revenue.

#### **Upcoming Catalysts**

- Quarterly earnings reports in which DEFI reports the projected positive impact of its partnership with SEBA Bank (Private).
- Ethereum's pending upgrade likely to boost awareness of staking and its benefits, and by extension of DEFI's shares.
- Potential listing of DEFI shares on NASDAQ, increasing the universe of potential holders of its shares.

### Base Case Assumptions: C\$2.25 Price Target

- Our price target of C\$2.25 for DEFI is based on 13x the company's FY24E adjusted earnings per share of C\$0.15 plus C\$0.25 per share from the company's portfolio of venture investments.
- DEFI collects net proceeds from ETP holders of C\$111mm in FY22 and C\$370mm in FY23.
- DEFI increases the amount of its AUM staked to ~70% by the end of FY23.
- Average staking yield ends FY23 in the 6% to 7% context.

### **Upside Scenario**

- DEFI's partnership with SEBA (Private) enables it to realize AUM growth ahead of our estimates.
- The company stakes a greater percentage of its AUM sooner than we expect it will do so.
- Crypto markets improve significantly, allowing the company to earn a greater amount of staking awards in fiat terms.

### **Downside Scenario**

- Crypto market weakness deflates the company's revenues and earnings.
- DEFI is unable to grow its AUM to a point where it can stake upwards of 90% of its AUM.
- The SEBA partnership does not provide a boost to AUM to the extent that we are anticipating.

#### Price Performance



### Company Description

Valour, Inc. (NEO: DEFI, GR: RMJ.F, OTC: DEFTF) is a Toronto-based digital asset investment firm focused on making decentralized finance (DeFi) accessible to equity investors who may not be "crypto natives" or have the ability to invest directly in DeFi protocols in a secure and regulatorily compliant manner. The firm has three business lines: (1) DeFi Exchange-Traded Products (ETPs) through which it generates management fees, (2) DeFi Infrastructure, in which the company runs staking nodes for various Proof-of-Stake (PoS) protocols through which it generates rewards, and (3) DeFi Ventures, through which it invests and manages a portfolio of positions in DeFi protocols.



#### **Additional Thoughts**

- While retail investors currently account for ~70% of Valour's revenues, that figure likely would decrease, Starr said, with
  institutions likely to represent a meaningfully larger portion of its top line following the company's launch of asset-backed
  products.
- Meanwhile, Starr said, if Valour's nine new products were to gain traction, then the company could see its AUM jump back up to the US\$200mm context fairly quickly, Starr said.
- Valour generates the bulk of its revenues from lending and staking a portion of the AUM from the ETPs it issues, while it holds back a portion of those assets as a cushion against potential ETP redemption requests. Starr noted that the company's average yield on its staking activities was ~6.5%, a level enabled in part by its in-house market-making desk which finds staking platforms offering the best yields available for each token.
- Starr noted that one of Valour's key points of difference versus competitors is the fact that it has received regulatory approval to stake the crypto tokens underlying its ETPs as a means of generating revenue. He said he believed the management fees on crypto ETPs would ultimately gravitate toward 0%, and, as such, the future of the space would involve generating revenues via staking as Valour does.
- Starr pointed out that 21.co (Private), the parent company of crypto ETP-issuer 21 Shares, which he described as the only direct comp to Valour, last month raised \$25mm at an implied valuation of \$2bn. He noted that 21 Shares' valuation represented a multiple of more than 2x its AUM, while Valour trades at less than 0.5x its AUM.
- Moreover, Starr said, Valour's current valuation is roughly equal to the combined value of its investment in SEBA Bank and its holdings in various decentralized finance (DeFi) and venture investments. (Valour as of June 30 had eight private investments at a reported fair value of C\$41.4mm.) As such, he said, holders of the company's shares were getting its AUM for free at their current valuation.



| DEFI Income Statement   | Mar-20    | Jun-20  | Sep-20  | Dec-20    | Dec-20  | Mar-21   | Jun-21    | Sep-21    | Dec-21    | Dec-21    | Mar-22    | Jun-22    | Sep-22    | Dec-22    | Dec-22    | Mar-23    | Jun-23    | Sep-23    | Dec-23    | Dec-23    | Dec-24  |
|---|-----------|---------|---------|-----------|---------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|
| C\$ millions  | 1Q20A     | 2Q20A   | 3Q20A   | 4Q20A     | 2020A   | 1Q21A    | 2Q21A     | 3Q21A     | 4Q21A     | 2021A     | 1Q22A     | 2Q22A     | 3Q22E     | 4Q22E     | 2022E     | 1Q23E     | 2Q23E     | 3Q23E     | 4Q23E     | 2023E     | 2024E   |
| Realized and unrealized gain (loss) on ETP trading                                | -         | -       | -       | -         | -       | -        | 52.328    | (41.499)  | 27.079    | 37.909    | 46,957    | 235,291   | -         | -         | 282,248   | -         | -         |           | -         | -         | -       |
| Realized and unrealized gain (loss) on digital assets                             | _         | -       | -       | -         | -       | 2.592    | (52.070)  | 43.614    | (27.469)  | (33.333)  | (47.584)  | (238.619) | -         | _         | (286.202) | -         | -         | -         | -         | _         | 1 -     |
| Realized gain on derivative asset   | _         | _       | _       | _         | _       | -        | -         | -         | 0.285     | 0.285     | (0.587)   | (0.011)   | _         | _         | (0.598)   | _         | _         | _         | _         | _         |         |
| Other trading income  | _         | _       | _       | _         | _       | _        | 0.017     | 0.000     | 0.000     | 0.017     | (5.55.)   | (0.011)   | _         | _         | (5.555)   | _         | _         | _         | _         | _         |         |
| Staking and lending income  | _         | _       | _       | _         | _       | _        | 0.066     | 0.860     | 2.430     | 3.356     | 2.185     | 1.249     | 0.860     | 1.397     | 5.692     | 2.411     | 3.820     | 5.600     | 7.498     | 19.330    | 50.332  |
| Management fees   | _         | _       | _       | _         | _       | _        | -         | 0.333     | 0.784     | 1.117     | 0.571     | 0.392     | 0.237     | 0.355     | 1.555     | 0.595     | 0.888     | 1.226     | 1.618     | 4.327     | 10.960  |
| Node revenue  | _         | _       |         |           | _       | _        |           | 0.546     | 0.544     | 1.090     | 0.288     | 0.026     | 0.226     | 0.676     | 1.216     | 0.926     | 1.176     | 1.426     | 1.676     | 5.204     | 9.204   |
| Realized gain (loss) on investments, net  | (0.202)   | 0.004   |         | _         | (0.198) | (1.925)  | 0.010     | 0.735     | 0.972     | (0.208)   | (0.012)   | 0.020     | 0.220     | 0.070     | (0.012)   | 0.520     | 1.170     | 1.420     | 1.070     | 3.204     | 3.204   |
| Unrealized gain on investments, net   | 0.006     | 0.280   | 0.082   | (0.217)   | 0.151   | 2.594    | (2.274)   | 4.036     | 0.385     | 4,740     | (0.025)   | (3.548)   |           |           | (3.573)   |           |           |           |           |           | 1       |
| Gain on sale of royalties   | 0.000     | 0.200   | 2.998   | (0.217)   | 2.998   | 2.334    | (2.274)   | 4.030     | 0.363     | 4.740     | (0.023)   | (3.346)   | -         | -         | (3.373)   | -         | -         | -         | -         |           | 1 -     |
| · ·   | -         | -       | 2.990   | -         | 2.990   | 0.000    | 0.002     |           | 0 102     | 0.100     | 0.020     | (0.001)   | -         | -         | 0.020     | -         | -         | -         | -         | -         |         |
| Interest income   | (0.100)   | 0 204   | 2 000   | (0.247)   | 2.051   |          | 0.003     | 0.002     | 0.103     | 0.108     | 0.028     | (0.001)   | 1 222     | 2 420     | 0.028     | 2.022     |           | 0.354     | 10 703    | 20.001    | 70.406  |
| Total Revenue   | (0.196)   | 0.284   | 3.080   | (0.217)   | 2.951   | 3.261    | (1.920)   | 8.626     | 5.114     | 15.081    | 1.821     | (5.220)   | 1.323     | 2.429     | 0.353     | 3.933     | 5.885     | 8.251     | 10.792    | 28.861    | 70.496  |
| Management and consulting fees  |           |         |         |           |         | 1.257    | 1.029     | 2.355     | 4.929     | 9.570     | 1.872     | 1.622     | 1.647     | 1.671     | 6.812     | 1.696     | 1.722     | 1.748     | 1.774     | 6.940     | 7.366   |
| Share based payments  |           |         |         |           |         | 1.963    | 6.286     | 4.817     | 28.969    | 42.035    | 8.725     | 6.973     | 7.078     | 7.184     | 29.960    | 7.292     | 7.401     | 7.512     | 7.625     | 29.831    | 31.661  |
| Travel and promotion  |           |         |         |           |         | 0.161    | 0.405     | 0.923     | 0.745     | 2.235     | 0.955     | 0.551     | 0.559     | 0.567     | 2.632     | 0.576     | 0.584     | 0.593     | 0.602     | 2.356     | 2.500   |
| Office and rent   |           |         |         |           |         | 0.030    | 0.581     | 0.633     | 0.567     | 1.811     | 0.455     | 0.227     | 0.229     | 0.230     | 1.140     | 0.231     | 0.232     | 0.233     | 0.234     | 0.930     | 0.949   |
| Accounting and legal  |           |         |         |           |         | 0.145    | 0.143     | 0.255     | 0.294     | 0.838     | 0.306     | 0.786     | 0.790     | 0.794     | 2.676     | 0.798     | 0.802     | 0.806     | 0.810     | 3.216     | 3.281   |
| Regualtory and transfer agent   |           |         |         |           |         | 0.314    | 0.030     | 0.009     | 0.149     | 0.501     | 0.083     | 0.033     | 0.034     | 0.034     | 0.184     | 0.035     | 0.036     | 0.037     | 0.037     | 0.145     | 0.157   |
| Other   |           |         |         |           |         | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -       |
| Total Operating, general and administration                                       | 0.127     | 0.075   | 0.120   | 0.395     | 0.716   | 3.869    | 8.474     | 8.993     | 35.653    | 56.989    | 12.395    | 10.193    | 10.336    | 10.481    | 43.405    | 10.628    | 10.777    | 10.929    | 11.083    | 43.417    | 45.913  |
| Depreciation - property, plant and equipment                                      | _         | _       | _       | _         | _       | _        | 0.001     | 0.004     | 0.003     | 0.008     | 0.003     | 0.003     | 0.003     | 0.003     | 0.013     | 0.003     | 0.003     | 0.003     | 0.003     | 0.013     | 0.013   |
| Depreciation - right of use assets  | _         | _       | _       | _         | _       | _        | 0.016     | 0.017     | 0.016     | 0.049     | 0.006     | (0.000)   | 0.006     | 0.006     | 0.017     | 0.005     | 0.005     | 0.005     | 0.005     | 0.022     | 0.022   |
| Depreciation - intangibles  | _         | _       |         |           | _       | 0.202    | 0.993     | 0.993     | 1.394     | 3.583     | 0.589     | 0.589     | 0.588     | 0.587     | 2.354     | 0.586     | 0.585     | 0.583     | 0.582     | 2.336     | 2.317   |
| Finance costs   | _         | _       | _       | _         | _       | -        | 0.465     | 0.184     | 0.538     | 1.186     | 0.898     | 1.130     | 0.900     | 0.900     | 3.828     | 0.900     | 0.900     | 0.900     | 0.900     | 3,600     | 3.600   |
| Transaction costs   | 0.001     | 0.000   |         |           | 0.002   | 0.007    | 0.354     | 0.462     | 0.492     | 1.316     | 0.437     | 0.343     | 0.346     | 0.350     | 1.476     | 0.353     | 0.357     | 0.360     | 0.364     | 1.435     | 1.493   |
| Foreign exchange loss   | 0.007     | (0.006) | 0.000   | 0.016     | 0.002   | (0.011)  | (0.031)   | 0.385     | (0.327)   | 0.015     | (0.189)   | 0.448     | -         | 0.550     | 0.259     | -         | -         | 0.500     | 0.504     | 1.455     | 1.433   |
| Impairment  | 0.007     | (0.000) | 0.000   | 0.010     | 0.010   | (0.011)  | (0.031)   | 0.505     | 11.438    | 11.438    | (0.103)   | 0.440     |           |           | 0.233     |           |           |           |           |           | 1 .     |
| Total expenses  | 0.135     | 0.069   | 0.120   | 0.411     | 0.736   | 4.067    | 10.272    | 11.038    | 49.208    | 74.585    | 14.140    | 12.706    | 12.179    | 12.326    | 51.352    | 12.476    | 12.628    | 12.781    | 12.938    | 50.822    | 53.358  |
| Total expenses  | 0.155     | 0.009   | 0.120   | 0.411     | 0.736   | 4.007    | 10.272    | 11.056    | 49.206    | 74.303    | 14.140    | 12.700    | 12.179    | 12.320    | 51.552    | 12.476    | 12.020    | 12.761    | 12.930    | 50.622    | 33.336  |
| Income before other items   | (0.331)   | 0.215   | 2.960   | (0.628)   | 2.216   | (0.806)  | (12.193)  | (2.411)   | (44.095)  | (59.504)  | (12.319)  | (17.926)  | (10.856)  | (9.898)   | (50.999)  | (8.543)   | (6.743)   | (4.530)   | (2.145)   | (21.962)  | 17.138  |
| Other items   | -         | -       | -       | (0.142)   | (0.142) | (6.045)  | -         | -         | (5.946)   | (11.991)  | -         | -         | -         | -         |           | -         | -         | -         | -         |           |         |
| Taxes   | -         | -       | -       |           |         | -        | -         | -         | 0.000     | 0.000     | -         | -         | (2.388)   | (2.178)   | (4.566)   | (1.880)   | (1.483)   | (0.997)   | (0.472)   | (4.832)   | 3.770   |
|   |           |         |         |           |         |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           | 1       |
| Net income  | (0.331)   | 0.215   | 2.960   | (0.770)   | 2.074   | (6.851)  | (12.193)  | (2.411)   | (50.041)  | (71.495)  | (12.319)  | (17.926)  | (8.468)   | (7.720)   | (46.433)  | (6.664)   | (5.259)   | (3.534)   | (1.673)   | (17.130)  | 13.368  |
| Other comprehensive loss and FX translation                                       | -         | -       | -       | -         | -       | (0.002)  | (0.129)   | 0.334     | 0.038     | 0.241     | (0.233)   | (0.944)   | -         | -         | (1.177)   | -         | -         | -         | -         | -         | -       |
| Net Income and comprehensive income for the period                                | (0.331)   | 0.215   | 2.960   | (0.770)   | 2.0735  | (6.852)  | (12.322)  | (2.077)   | (50.003)  | (71.254)  | (12.552)  | (18.870)  | (8.468)   | (7.720)   | (47.610)  | (6.664)   | (5.259)   | (3.534)   | (1.673)   | (17.130)  | 13.368  |
| Adjusted net income-BTIG  | (0.331)   | 0.213   | 2.500   | (0.770)   | 2.0733  | (0.449)  | (6.644)   | 2.455     | (2.200)   | (6.838)   | (3.000)   | (12.971)  | (2.488)   | (1.659)   | (20.118)  | (0.519)   | 0.970     | 2.781     | 4.728     | 7.960     | 39.871  |
|   |           |         |         |           |         | , ,      |           |           | ` '       | , ,       |           | , ,       | • •       | , ,       | ,         |           |           |           |           |           | 1       |
| Basic EPS- IFRS   | \$ (0.01) | \$ 0.01 | \$ 0.05 | \$ (0.01) | \$ 0.04 | s (0.04) | \$ (0.06) | \$ (0.01) | \$ (0.24) | \$ (0.37) | \$ (0.06) | \$ (0.09) | \$ (0.04) | \$ (0.04) | \$ (0.23) | \$ (0.03) | \$ (0.02) | \$ (0.02) | \$ (0.01) | \$ (0.08) | \$ 0.06 |
| Diluted EPS- IFRS   |           | \$ 0.01 | \$ 0.05 | \$ (0.01) | -       | 1 1 1    | . : :     |           |           | \$ (0.37) |           |           | \$ (0.03) |           | \$ (0.21) | , ,,,,,,  |           |           | \$ (0.01) | \$ (0.07) | \$ 0.05 |
| Diluted EPS- Adjusted   | 1 (2.32)  |         |         | . (5.52)  |         | 7 (/     | 1 1 1     |           |           | \$ (0.04) |           |           |           |           | \$ (0.09) |           |           |           | \$ 0.02   | \$ 0.03   | \$ 0.15 |
| Weighted avg. shares outstanding- Basic   | 41.514    | 42.613  | 61.514  | 77.704    | 55.836  | 153.093  | 203.488   | 209.909   | 208.972   | 193.865   | 210.017   | 208.420   | 211.637   | 214.903   | 211.244   | 218.217   | 221.582   | 224.996   | 228.462   | 223.314   | 237.390 |
| Weighted avg. shares outstanding- basic Weighted avg. shares outstanding- Diluted | 41.514    | 42.613  | 61.514  | 85.388    | 57.757  | 153.093  | 203.488   | 209.909   | 243.781   | 192.626   | 210.017   |           | 242.200   | 245.466   | 226.526   | 248.780   | 252.144   | 255.559   | 259.025   | 253.877   | 267.953 |
| Source: Company Penarts and PTIC Estimates  | 71.514    | 72.013  | 01.514  | 05.500    | 31.737  | 133.033  | 203.700   | 203.303   | 243.701   | 132.020   | 210.017   | 200.720   | L7L.200   | 500       | 220.320   | 270.700   | 232.174   | 233.333   | 233.023   | 233.077   | 207.555 |

Source: Company Reports and BTIG Estimates



# BTIG Covered Companies Mentioned in this Report

Valour Inc. (DEFI-CA, Buy, C\$2.25 PT; Closing Price: C\$0.22; Analyst: Mark Palmer)



# Appendix: Analyst Certification and Other Important Disclosures

### **Analyst Certification**

- I, Mark Palmer, hereby certify that the views about the companies and securities discussed in this report are accurately expressed and that I have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.
- I, Andrew Harte, hereby certify that the views about the companies and securities discussed in this report are accurately expressed and that I have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

### **Regulatory Disclosures**

### **Ratings Definitions**

BTIG LLC's ("BTIG") ratings, effective June 12, 2017, are defined as follows:

**BUY** – A security which is expected to produce a positive total return of 15% or greater over the 12 months following the recommendation. The BUY rating may be maintained as long as it is deemed appropriate, notwithstanding price fluctuations that would cause the target to fall outside of the 15% return.

**SELL** – A security which is expected to produce a negative total return of 15% or greater over the next 12 months following the recommendation. The SELL rating may be maintained as long as it is deemed appropriate, notwithstanding price fluctuations that would cause the target to fall outside of the 15% return.

**NEUTRAL** – A security which is not expected to appreciate or depreciate meaningfully over the next 12 months.

**NOT RATED** – A security which is not rated or covered by BTIG.

**UNDER REVIEW** – Effective immediately, coverage of the following securities is Under Review. Ratings, price targets, disclosures, and estimates for the companies listed below are suspended and should no longer be relied upon.

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# **Company Valuation and Risk Disclosures**

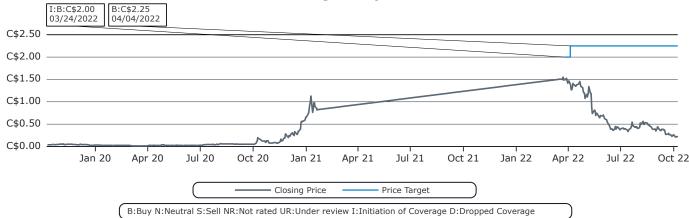
#### Valour Inc. (DEFI-CA, Buy, C\$2.25 PT)

**Valuation:** Our price target of C\$2.25 for DEFI is based on 13x the company's FY24E adjusted earnings per share of C\$0.15 plus C \$0.25 per share from the company's portfolio of venture investments. The multiple we employ is based on comparable company analysis.

Risks: Risks to our Buy rating include crypto market volatility, regulatory risk, investor sentiment, and liquidity risk.



### Valour Inc. Rating History as of 10/07/2022



### **Other Disclosures**

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