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INDEPENDENT EQUITY ADVISORS

The 10x Formula – How to add Great Capital Compound Stocks to Your Portfolio, the "Orphan Stock" Opportunity, Hidden AI Winners, Hard Assets & Dividend Aristocrats.

6 stocks to BUY today.

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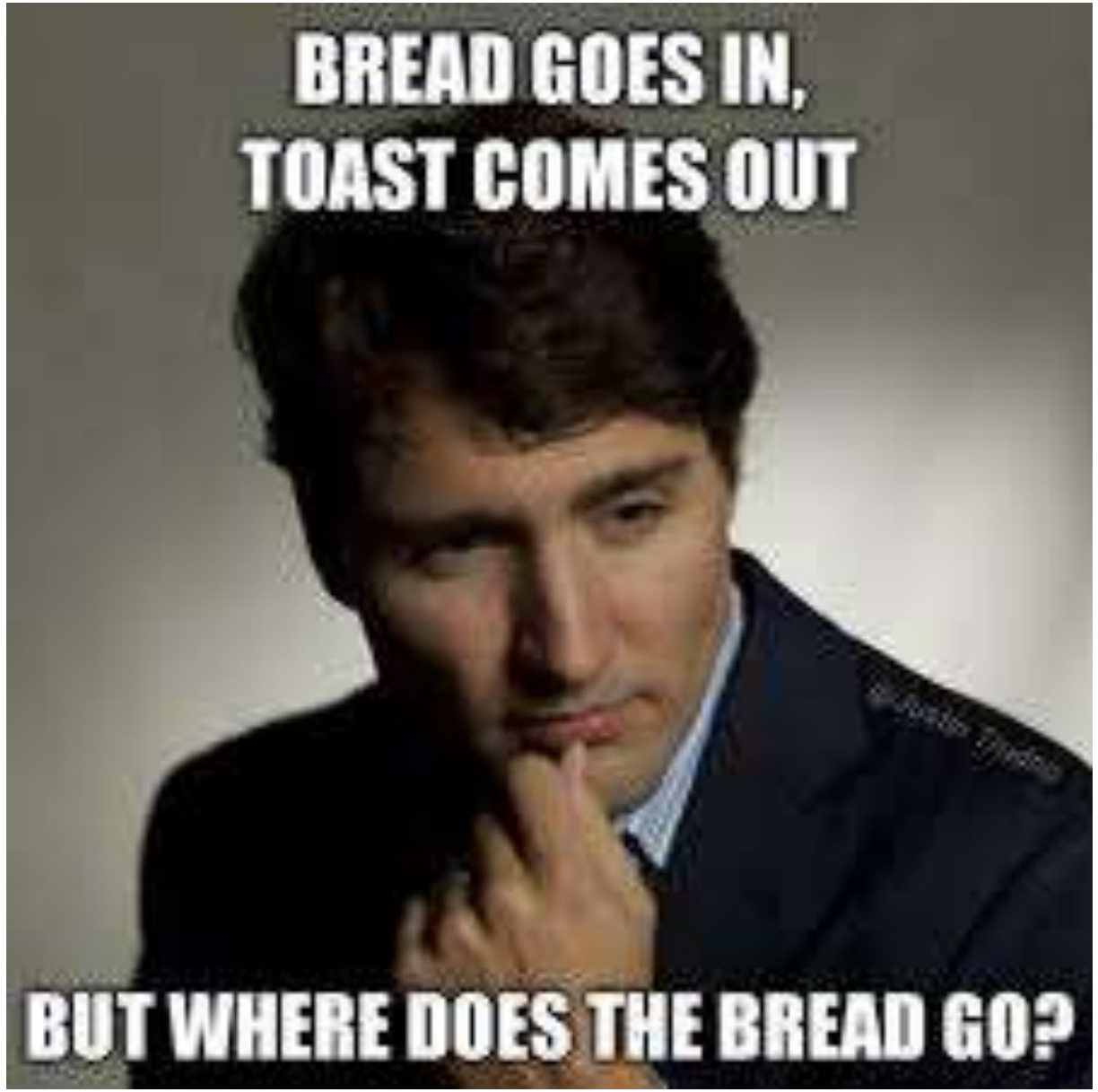
USA Wins First Men's Ice Hockey Gold Medal Since 1980

Breaking News

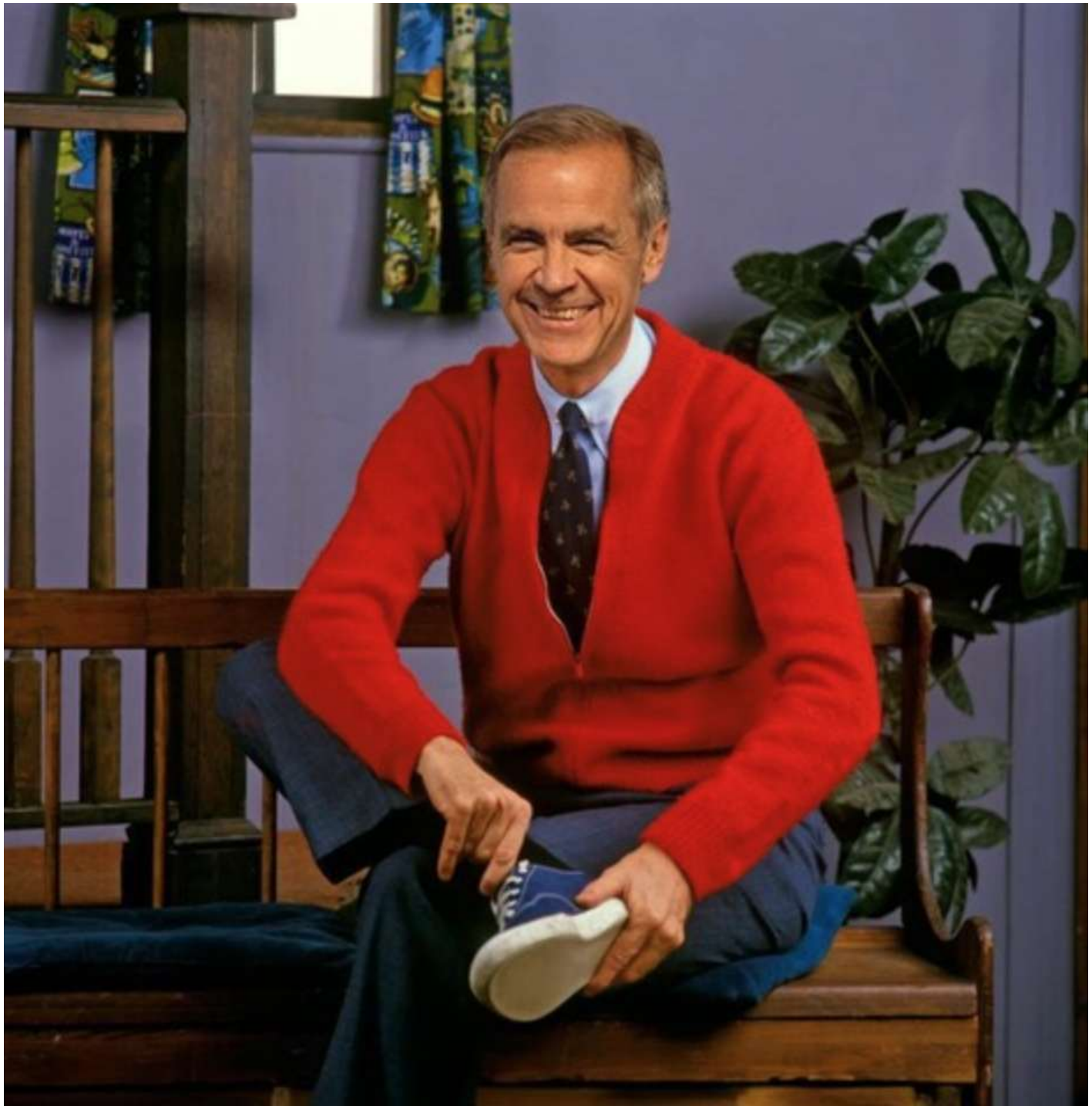
Forbes

PERRY
MONSE

Cadet Trudeau Reporting for Duty…



Won't you be my neighbour?



Get the slides.

Email Alex:

alex@keystocks.com

Website: www.keystocks.com

Tonight's Agenda:

1. **The 10x Formula: 4 Keys to Finding the Next 10x Stock** – the 4 elements to look for and 2 potential 10x stocks!
2. **Why do we search for 10x stocks?** The dramatic impact investing in 2-3 great stocks in your lifetime can have on your wealth – examples of real 10x stocks.
3. **Where to find the next 10x Stock** - Reviewing past success and detailing the raw data on what type of stock has the best chance at presenting 10x returns.
4. **How to build a simple, balanced 20-25 stock portfolio** consisting of high quality growth & dividend growth stocks.
5. **The Orphan Stock Opportunity.**
6. **Hidden AI Winners** – the profitable infrastructure powering (Nat gas, elect, and nuclear).
7. **Hard Assets & Dividend Aristocrats.**
8. **KeyStone's Research Process & VIP Service.**
9. **Money Show Starter Portfolio** - 6 profitable growth & dividend growth stocks to buy today!

Number one takeaway.

Great Capital Compounding Businesses turn into the next 10x stocks.

Great capital compounding businesses.

- **Strong ROIC**: > 15%.
- **High Gross Margins** to find the next 10x Stock.
- **Low Debt,** because the business generates so much cash it doesn't need to borrow.
- **Rising Free Cash Flow (FCF) / Earnings per share.**

- **6 stocks that you can start buying today.**

Proof is in the results.

KeyStone's Fall Money Show 2022 Small-Cap Picks Average Return: 411.90%			
	Initial Price (SEPT 2022)	Today's Price (CAD) (dividend incl.)	Return (including dividends)
Hammond Power (HMDPF/HPS.A: OTC/TSX)	$16.60	$296.97	**+1,712.17%**
Viemed Healthcare (VMD:NASDAQ)	$6.39	$9.13	**+42.88%**
Dynacor Group (DNGDF/DNG: OTC/TSX)	$2.65	$5.03	**+114,45%**
Calian Group (CGY: TSX)	$56.44	$84.01	**+61.55%**
BioSyent (BIOYF/RX: OTC/TSX-V)	$7.65	$16.73	**+128.43%**

Proof is in the results.

KeyStone's Money Show Fall 2023 Small-Cap Picks Average Return: 103.90%			
	Initial Price (SEPT 2023)	Today's Price (dividend incl.)	Return (including dividends)
Cipher Pharmaceuticals (CPHRF/CPH: OTC/TSX)	$4.19	$13.65	**+225.78%**
Dynacor Group (DNGDF/DNG: OTC/TSX)	$3.25	$5.03	**+69.32%**
Polaris Renewable Energy (PIF:TSX)	$14.74	$14.75	**+16.62%**

Proof is in the results.

KeyStone's 2024 Money Show Recommendations. Average Gain: 38.49%			
	Price	Sell Price/ Today's Price	Return (inc dividends)
GeoDrill (GEO:TSX)	$1.68	$2.55	**+51.79%**
Dynacor Group (DNG:TSX)	$3.95	$5.03	**+35.60%**
Enghouse Systems (ENGH:TSX)	$36.25	$16.75	**-47.33%**
VersaBank (VBNK:TSX)	$14.95	$31.78	**+113.91%**

Proof is in the results.

Stock	Rec. Price	Today	Gain
Hammond Power (HPS.A:TSX)	$0.60	$297.97	**50,569%**
Boyd Group (BYD:TSX)	$2.30	$112.00	**5,152%**
XPEL (XPEL:NASDAQ)	$1.42	$44.97	**3,070%**
WaterFurnace (WFI:TSX)	$1.15	$30.60*	**2,561%**
Janna Systems (JAN:TSX)	$1.75	$90.00*	**5,043%**

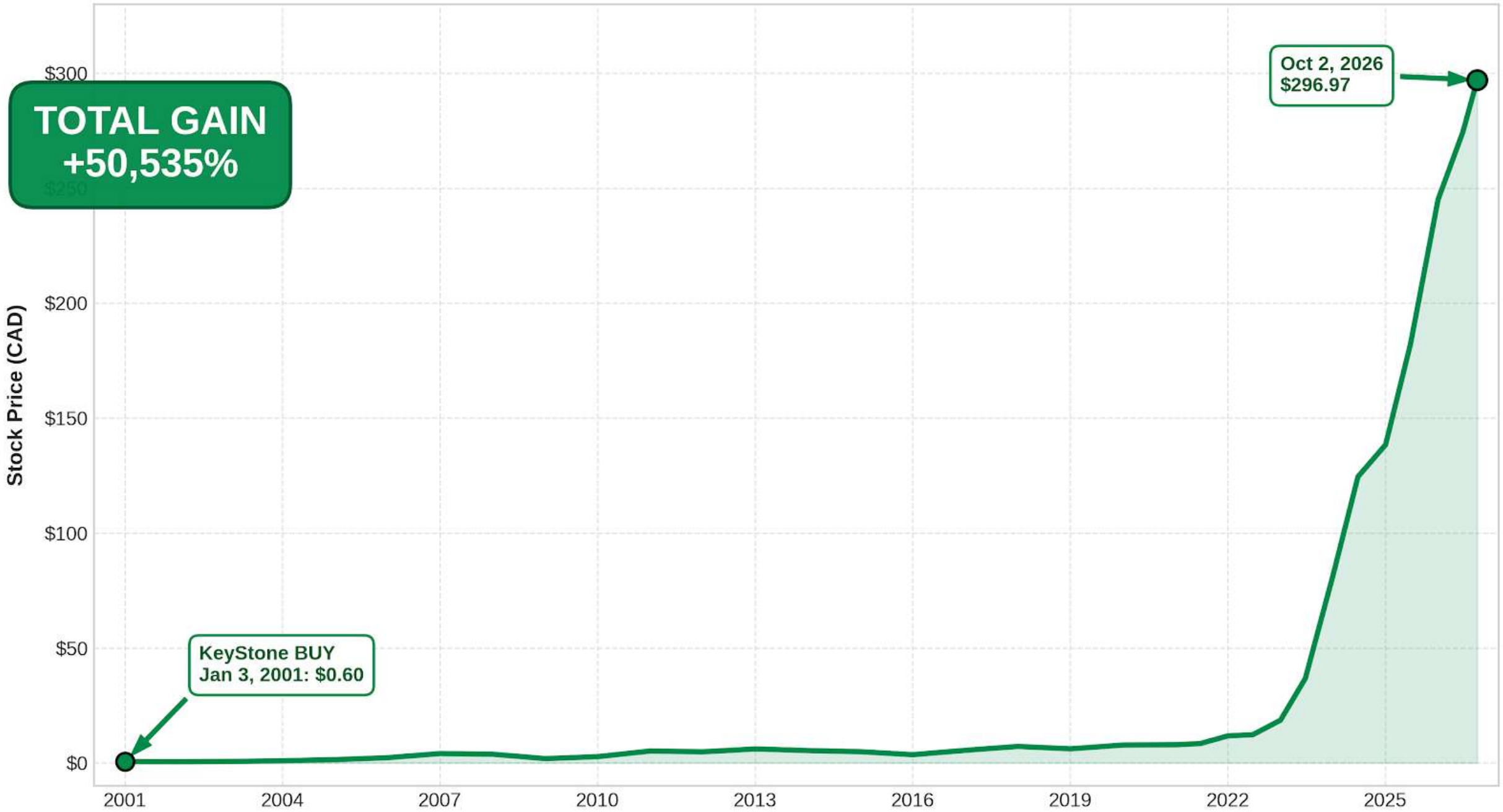
**Acquired Price*

What is a 10x stock?

1. A stock that gains 1,000% plus.

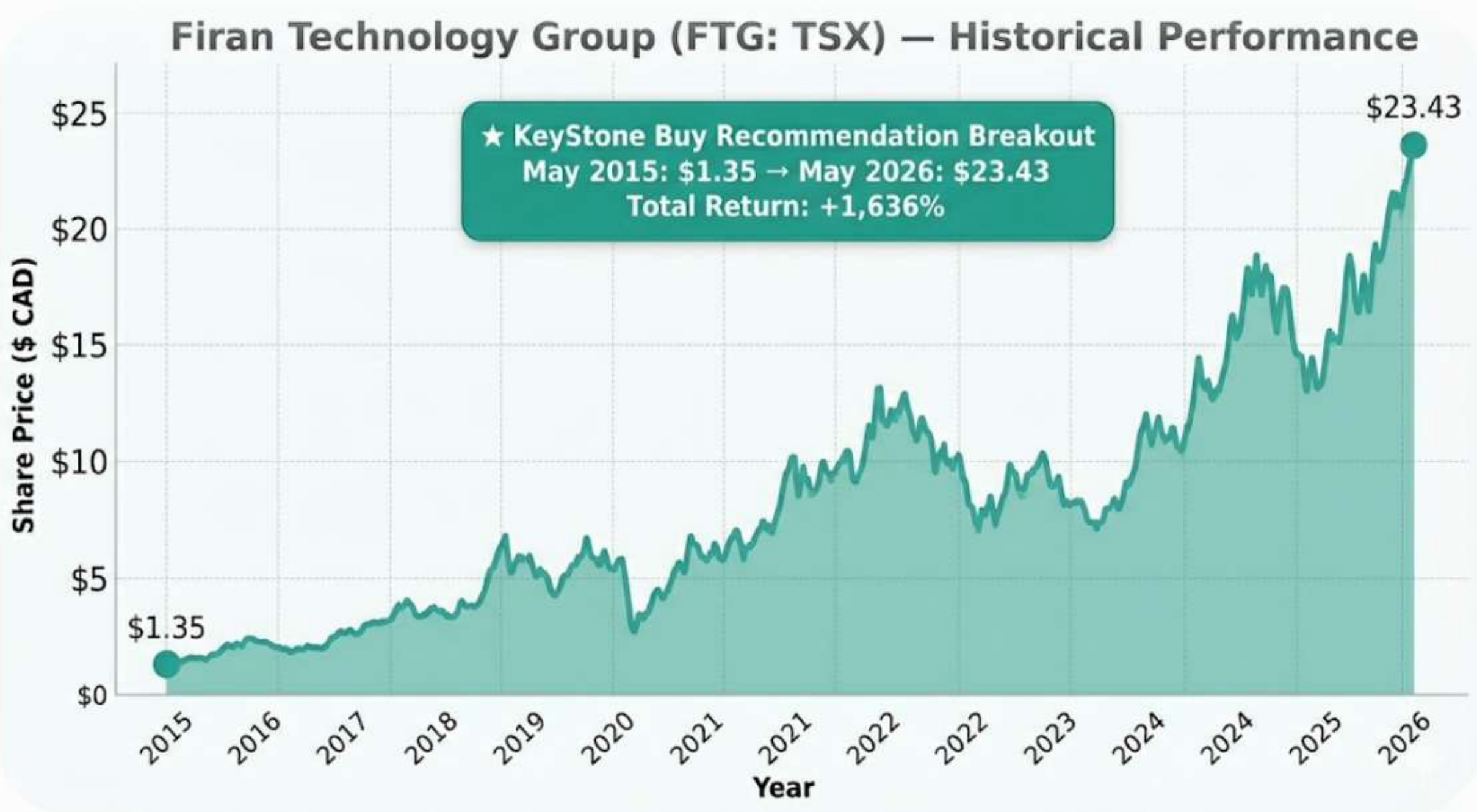
2. Great capital compounding businesses that can have a truly meaningful impact on your stock portfolio.

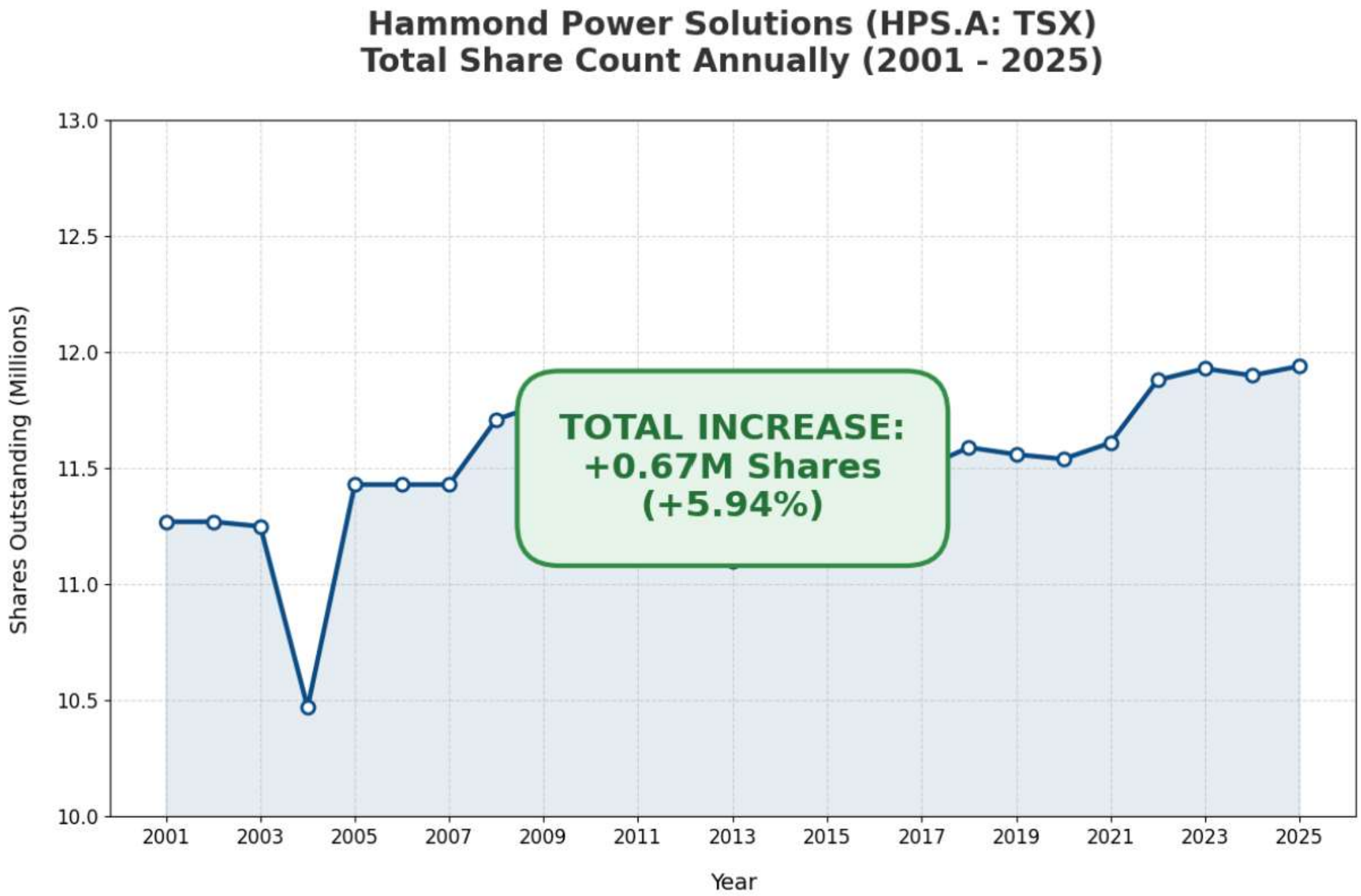
Hammond Power Solutions (TSX: HPS.A) — KeyStone BUY Return Track

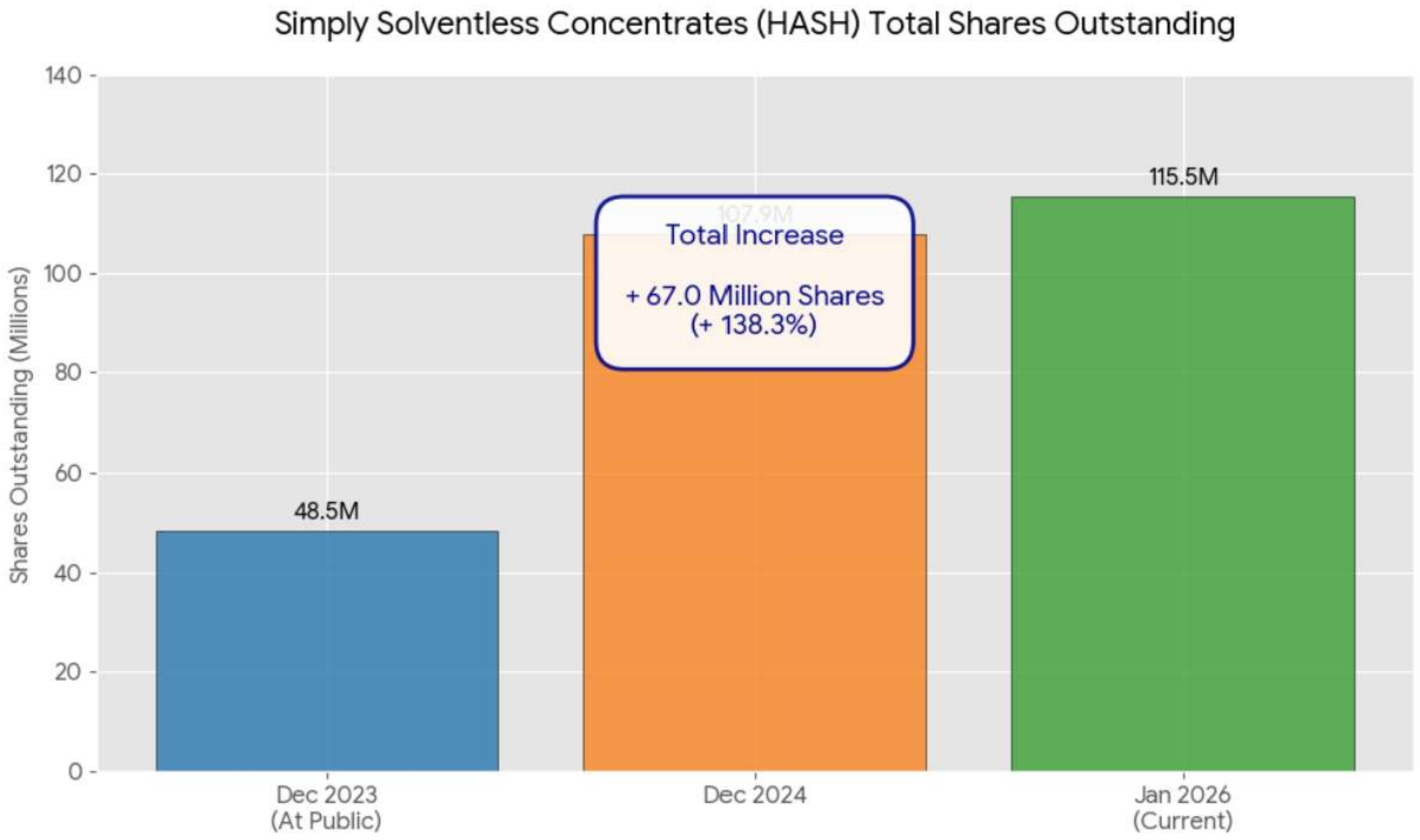


Boyd Group (BYD: TSX) — Historical Performance
★ KeyStone BUY Recommendation |
Nov 2008: $2.30 → May 2026: $148.12
Total Gain: +6,716%
$2.30
$148.12
Share Price ($ CAD)
$350
$300
$250
$200
$150
$100
$50
$0
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
2026
Year

XPEL, Inc. (XPEL) — Historical Performance
★ KeyStone Buy Recommendation Breakout
Sep 2018: $1.42 → May 2026: $45.97
Total Return: +3,137%
$1.42
$45.97
Share Price ($ USD)
$100
$80
$60
$40
$20
$0
2018
2019
2020
2021
2022
2023
2024
2025
2026
Year


Firan Technology Group (FTG: TSX) — Historical Performance
★ KeyStone Buy Recommendation Breakout
May 2015: $1.35 → May 2026: $23.43
Total Return: +1,636%
$23.43
$1.35
$25
$20
$15
$10
$5
$0
Share Price ($ CAD)
2015
2016
2017
2018
2019
2020
2021
2021
2022
2022
2023
2024
2024
2025
2026
Year


Hammond Power Solutions (HPS.A: TSX)
Total Share Count Annually (2001 - 2025)
TOTAL INCREASE:
+0.67M Shares
(+5.94%)
Shares Outstanding (Millions)
Year
13.0
12.5
12.0
11.5
11.0
10.5
10.0
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
2025

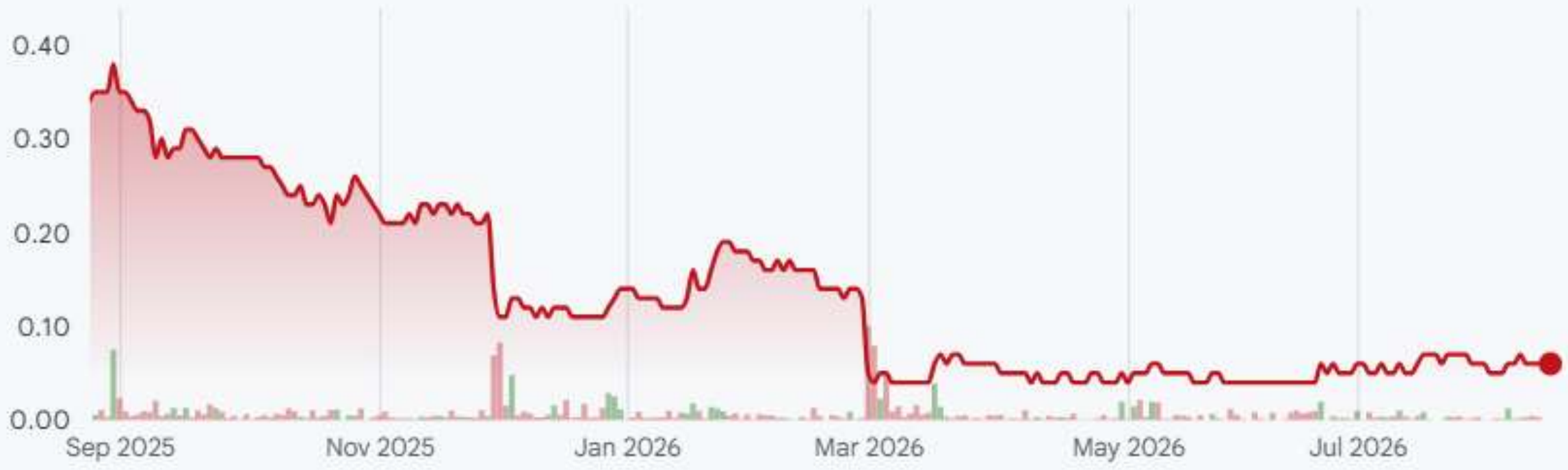

Simply Solventless Concentrates (HASH) Total Shares Outstanding
Shares Outstanding (Millions)
140
120
100
80
60
40
20
0
48.5M
107.9M
115.5M
Total Increase
+ 67.0 Million Shares
(+ 138.3%)
Dec 2023
(At Public)
Dec 2024
Jan 2026
(Current)

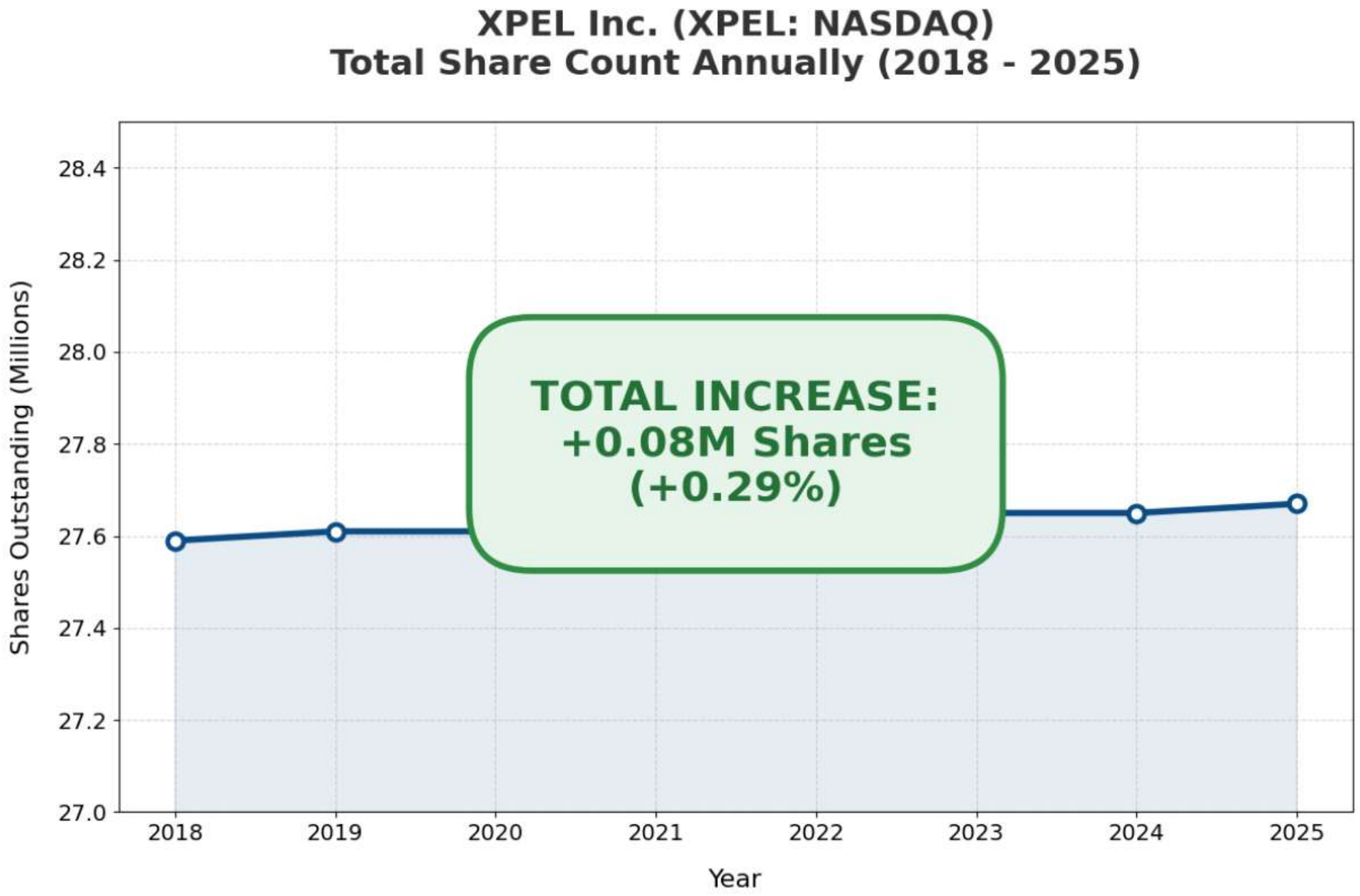
Simply Solventless Concentrates Ltd

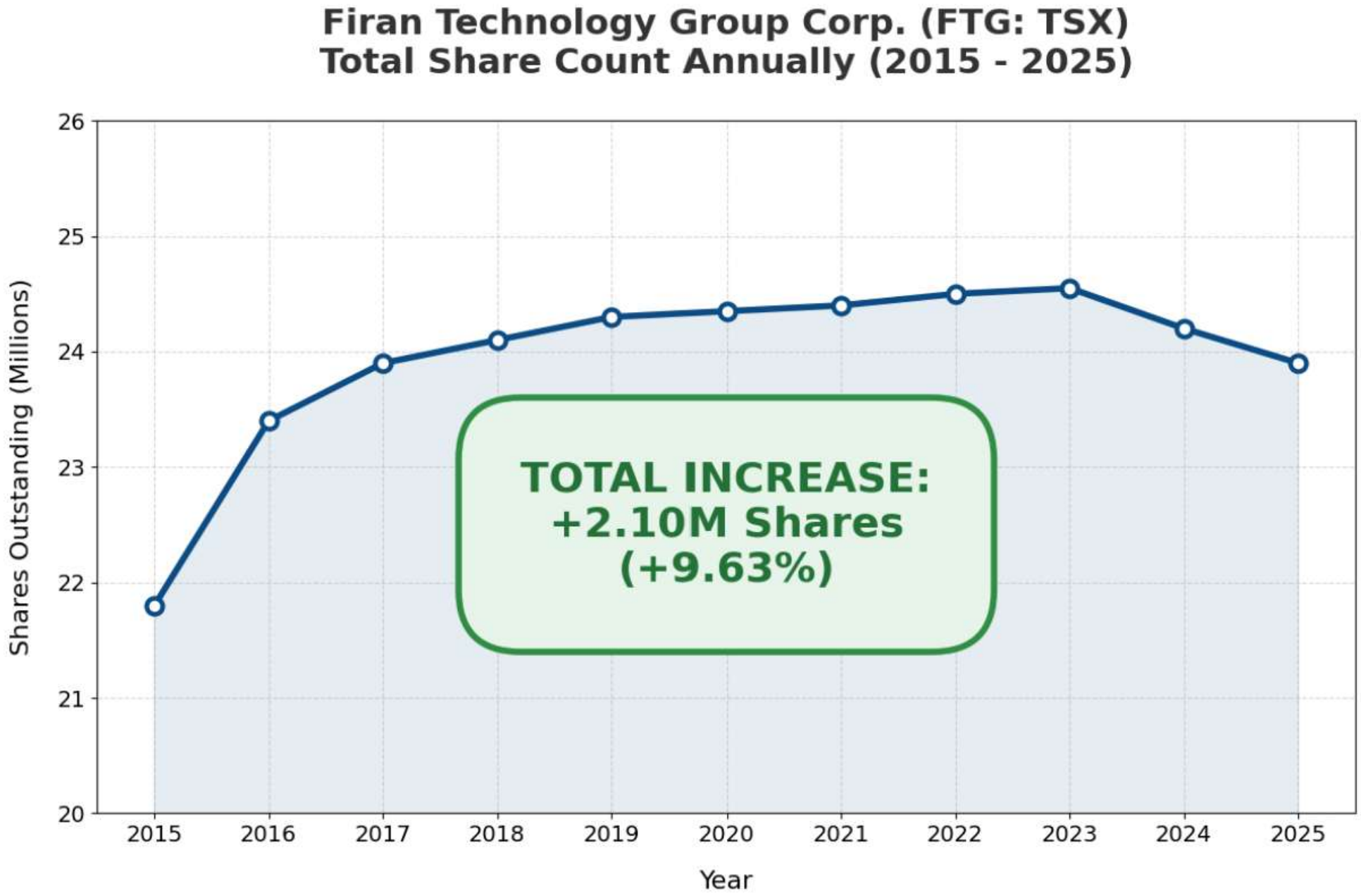
$0.060 -82.35% (-0.28) 1Y

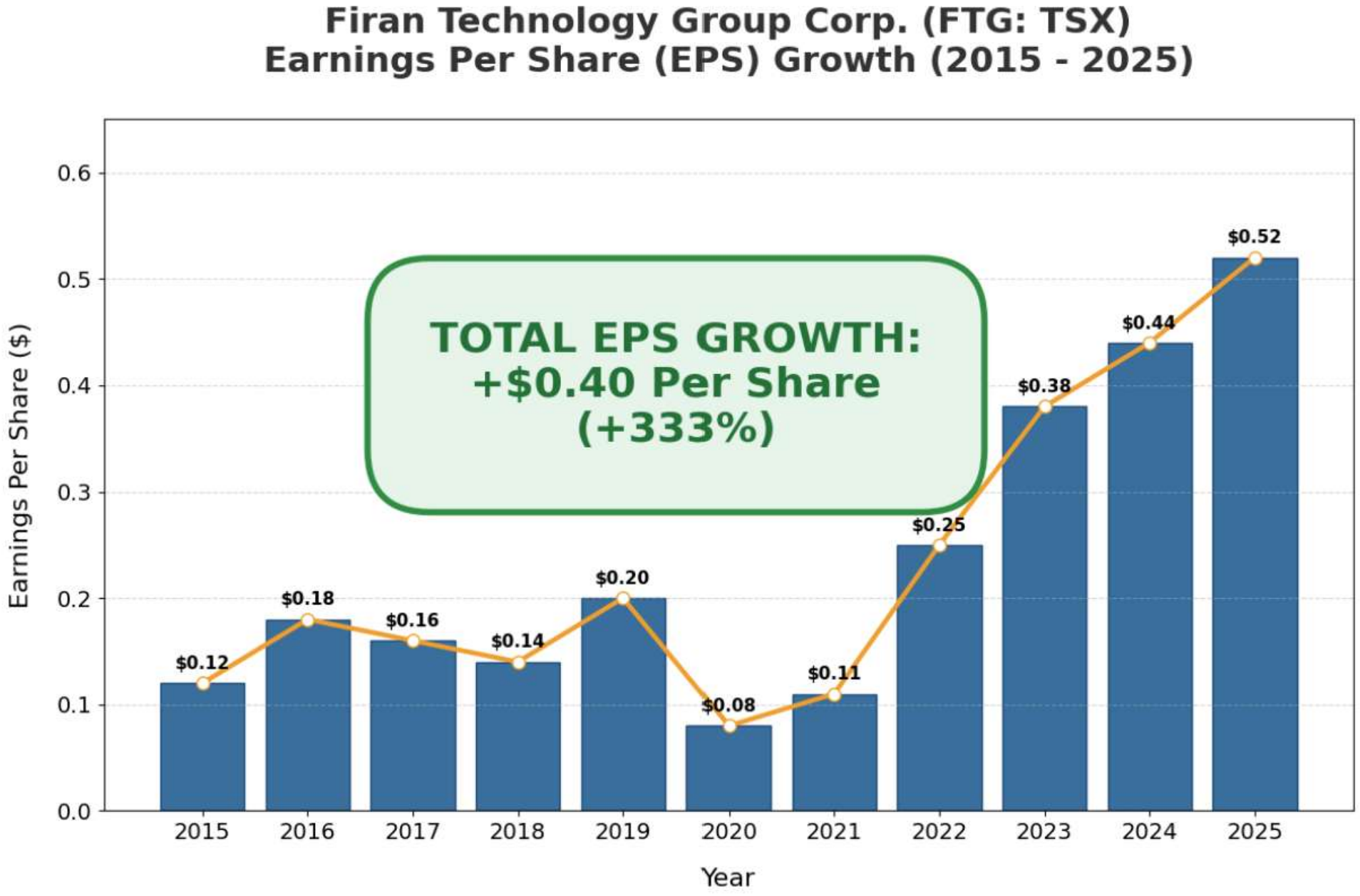
Aug 24, 5:00:00 p.m. UTC-4 · CAD

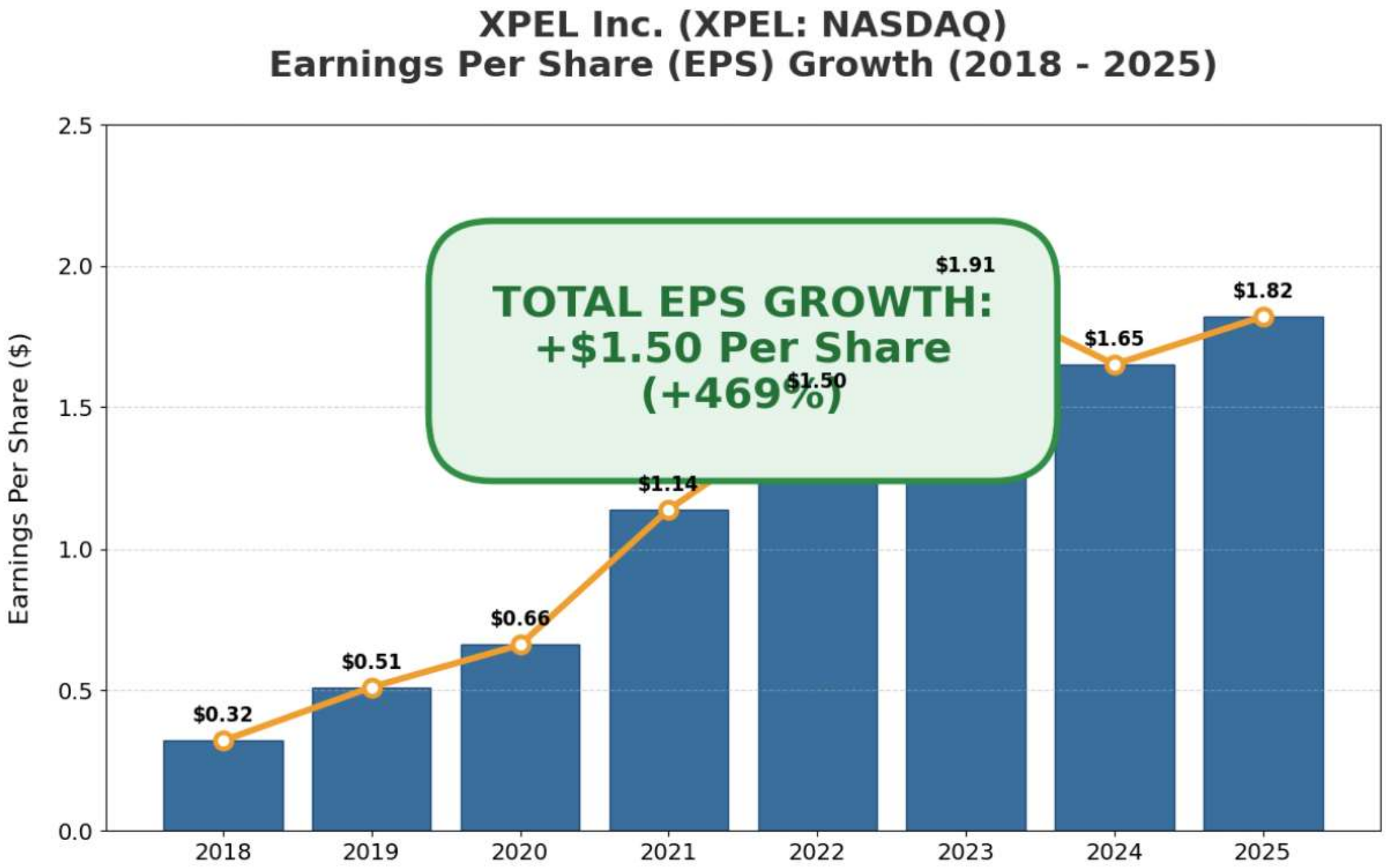
Area Compare Indicators




XPEL Inc. (XPEL: NASDAQ)
Total Share Count Annually (2018 - 2025)
Shares Outstanding (Millions)
28.4
28.2
28.0
27.8
27.6
27.4
27.2
27.0
2018
2019
2020
2021
2022
2023
2024
2025
Year
TOTAL INCREASE:
+0.08M Shares
(+0.29%)


Firan Technology Group Corp. (FTG: TSX)
Total Share Count Annually (2015 - 2025)
Shares Outstanding (Millions)
26
25
24
23
22
21
20
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Year
TOTAL INCREASE:
+2.10M Shares
(+9.63%)


Firan Technology Group Corp. (FTG: TSX)
Earnings Per Share (EPS) Growth (2015 - 2025)
TOTAL EPS GROWTH:
+$0.40 Per Share
(+333%)
$0.12
$0.18
$0.16
$0.14
$0.20
$0.08
$0.11
$0.25
$0.38
$0.44
$0.52
0.0
0.1
0.2
0.3
0.4
0.5
0.6
Earnings Per Share ($)
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Year


XPEL Inc. (XPEL: NASDAQ)
Earnings Per Share (EPS) Growth (2018 - 2025)
Earnings Per Share ($)
2.5
2.0
1.5
1.0
0.5
0.0
TOTAL EPS GROWTH:
+$1.50 Per Share
(+469%)
$0.32
$0.51
$0.66
$1.14
$1.50
$1.91
$1.65
$1.82
2018
2019
2020
2021
2022
2023
2024
2025

Boyd Group Services Inc. (BYD: TSX)
Earnings Per Share (EPS) Growth (2008 - 2025)
TOTAL EPS GROWTH:
+$5.98 Per Share
(+4,983%)
$0.12
$0.45
$0.81
$1.68
$2.85
$4.15
$3.80
$4.88
$5.40
$6.10
Adjusted Earnings Per Share ($)
Year
0
1
2
3
4
5
6
7
2008
2010
2012
2014
2016
2018
2020
2022
2024

Hammond Power Solutions (HPS.A: TSX)
Earnings Per Share (EPS) Growth (2001 - 2025)
TOTAL EPS GROWTH:
+$9.10 Per Share
(+18,200%)
$0.05
$0.65
$0.88
$1.35
$5.25
$9.15
Adjusted Earnings Per Share ($)
0
2
4
6
8
10
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
2025
Year

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Section 2: Why do we search for 10x stocks?

The dramatic impact investing in 2-3 great stocks in your lifetime can have on your wealth – examples of real 10x stocks.

Simple concept.

"Investing in just 2 or 3 truly great stocks in your *lifetime* is game changing for your portfolio."

Simple concept.

Not hyperbole.

You will not hear this from most financial advisors.

The traditional construction of investor portfolios inhibits you from building true wealth from great individual stocks.

Make simple changes to the structure of your portfolio to capitalize on great stocks long-term.

“In 58 years of Berkshire management…

“Our satisfactory results have been the product of about **a dozen truly good decisions** – that would be about **one every five years**.”

- Warren Buffett.

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How impactful one great stock can become. ($500,000 portfolio).

Boyd Group Services (BYD:TSX)	Hammond Power (HPS.A:TSX)
$25,000 (one of 20 stocks).	$25,000 (one of 20 stocks).
Today's Value: $1.70 million.	**Today's Value: $10.29 million.**

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Section 3: Where to find the next 10x Stock.

Reviewing past success and detailing the raw data on what type of stock has the best chance at presenting 10x returns.

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Past success & the data.

1. Real examples of stocks that have gained greater than 10x plus from KeyStone's buy recommendations.

2. The data.

Proof is in the results.

Stock	Rec. Price	Today	Gain
Hammond Power (HPS.A:TSX)	$0.60	$297.97	**50,569%**
Boyd Group (BYD:TSX)	$2.30	$112.00	**5,152%**
XPEL (XPEL:NASDAQ)	$1.42	$44.97	**3,070%**
WaterFurnace (WFI:TSX)	$1.15	$30.60*	**2,561%**
Janna Systems (JAN:TSX)	$1.75	$90.00*	**5,043%**

**Acquired Price*

Size at Buy Recommendation.

Company	Market Capitalization
Hammond Power (HPS.A:TSX):	$6.77 million
Boyd Group (BYD:TSX):	$28.08 million
XPEL Inc. (XPEL:NASDAQ):	US$39.21 million
WaterFurnace (WFI:TSX):	$14.21 million
Janna Systems (JAN:TSX):	$19.25 million

Industry commonalities.

Company	Industry
Hammond Power (HPS.A:TSX):	Electrical Equipment & Parts.
Boyd Group (BYD:TSX):	Automotive repair services.
XPEL Inc. (XPEL:NASDAQ):	Paint protection (auto).
WaterFurnace (WFI:TSX):	Engineering - Geothermal H&C.
Janna Systems (JAN:TSX):	Software.

Basic financial commonalities.

Company	Revenue?
Hammond Power (HPS.A:TSX):	Yes.
Boyd Group (BYD:TSX):	Yes.
XPEL Inc. (XPEL:NASDAQ):	Yes.
WaterFurnace (WFI:TSX):	Yes.
Janna Systems (JAN:TSX):	Yes.

Basic financial commonalities.

Company	Profitable?
Hammond Power (HPS.A:TSX):	Yes.
Boyd Group (BYD:TSX):	Yes.
XPEL Inc. (XPEL:NASDAQ):	Yes.
WaterFurnace (WFI:TSX):	Yes.
Janna Systems (JAN:TSX):	Yes.

Investor/Industry awareness.

Company	Well known/covered?
Hammond Power (HPS.A:TSX):	No.
Boyd Group (BYD:TSX):	No.
XPEL Inc. (XPEL:NASDAQ):	No.
WaterFurnace (WFI:TSX):	No.
Janna Systems (JAN:TSX):	No.

4 basic commonalities of potential 10x stocks (from our 5 examples).

At recommendation (prior to ascent):

1. Small (small-caps).
2. Profitable (net income positive).
3. Unknown (no big bank buys).
4. Low Dilution – discipline per share earnings growth.

The Data: Recent study of all 10x stocks globally over the last 10 years (Jenga Partners).

Commonalities:

- 87% of all global equities that went up 1,000% (10x) or more over the past ten years **started as micro/small-caps.**
- **82% of those were profitable** at the start of their ascent, and **91% had some history of profitability**.

The key is a small, profitable, and unknown – this is why we focus on profitable small-caps.

Warren Buffett pines for the days when he could invest in quality small & mid cap stocks.

"**It's a huge structural advantage not to have a lot of money.** I think I could make you 50 percent a year on $1 million. No, I know I could. I guarantee that.

…the elephants *(large caps)* are not as attractive as the mosquitoes *(small-caps)*.

- *Warren Buffett.*

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Section 4: Small-Caps – the what & why?

The relative valuation opportunity.

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What? Defining small-cap stocks.

Market capitalization: a measurement of a company's size - total value of a company's outstanding shares of stock (stock price x shares out.)

U.S. market cap tiers.

Mega-cap stocks: stocks with a capitalization or market value over $200 billion

Large-cap: market value between $10 billion and $200 billion

Mid-cap: market value between $2 billion and $10 billion

Small-cap: market value between $250 million and $2 billion.

Micro-cap: market value of less than $250 million.

Canadian market cap tiers.

Large-cap: market value above $10 billion.

Mid-cap: market value between $1 billion and $10 billion

Small-cap: market value between $150 million and $1 billion.

Micro-cap: market value of less than $150 million.

Defining KeyStone's small-cap universe.

Canadian Small-cap Coverage (micro to mid): market value **between $5 million and $2.5 billion** – roughly 2,200 stocks.

U.S. Small-cap Coverage (micro to mid): market value **between $5 million and $10 billion** – roughly 10,000 stocks.

Why the outperformance?

Higher Growth Rates (Prospects).

Easier to double earnings of $1 million to $2 million then to double earnings of $1 billion to $2 billion.

Why the outperformance?

Lack of Coverage = greater chance of a mispriced stock.

- KeyStone initially often the only official research coverage on a small-cap stock.
- Vs. large-caps with hundreds of analysts.

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Section 4 Continued: Small-Caps – the what & why?

The relative valuation opportunity.

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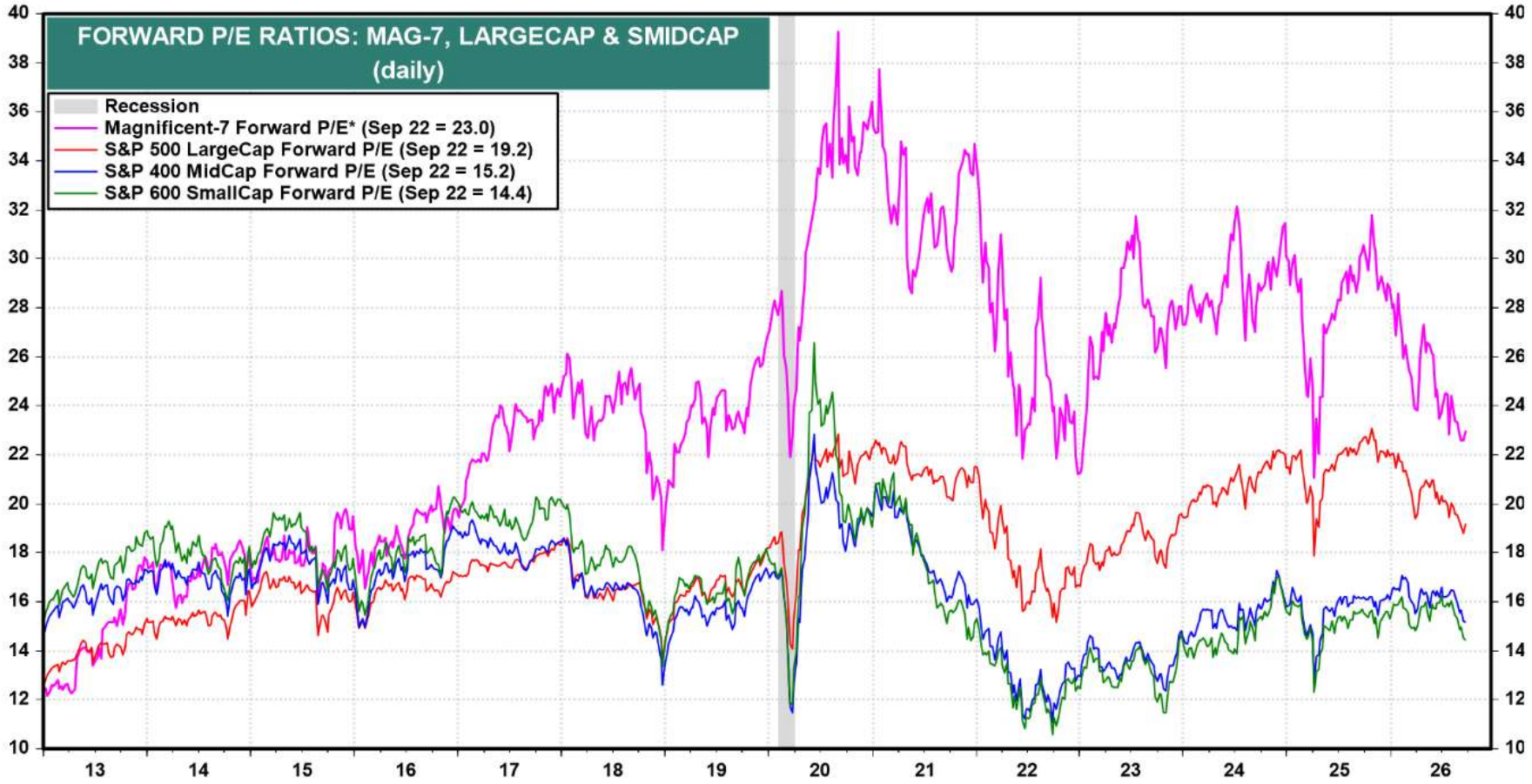
Relative valuations – Small-Cap vs. Large Cap Stocks (Yardeni Research).



Source: LSEG Datastream and © Yardeni Research, and Standard & Poor's.

* Magnificent-7 stocks include Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, NVIDIA, and Tesla. Both classes of Alphabet are included.

October 2026.

Forward Looking PE's on:

1) Mega-Cap 7: 23.0
2) S&P 500 Large Cap: 19.2

Vs.

1) S&P 400 Mid-Cap: 15.2
2) S&P 600 Small-Cap: 14.4

Small Caps Discounted vs Large Caps
45x
40x
35x
30x
25x
20x
15x
10x
5x
0x
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
S&P 600 - NTM P/E
S&P 500 - NTM P/E

Opportunity.

The continued inversion of the ratio continues to create an opportunity.

If this multiple were to reverse in favour of small caps as it held for the first 20 years of this century, there remains significant upside in small-caps.

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Section 5: How to build a simple, balanced 20-25 stock portfolio consisting of high quality growth & dividend growth stocks.

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Build your stock portfolio.

Take control.

Low-Cost Market Mirror Portfolio.

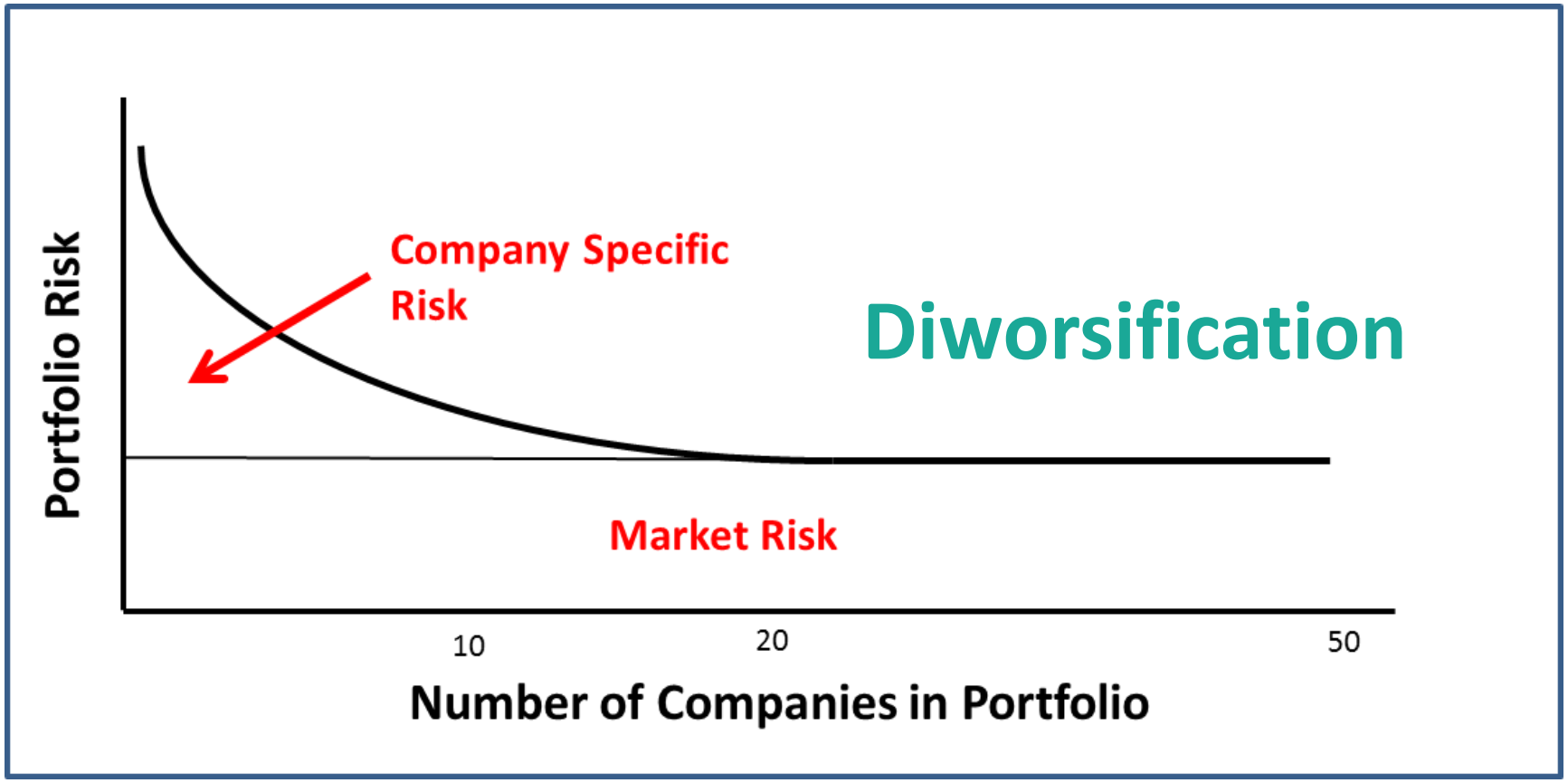
Canadian Market ETF	US Market ETF	International ETF
Weighting: 33.33%	Weighting: 33.33%	Weighting: 33.33%
Index to Mirror: S&P TSX	Index to Mirror: S&P 500	Global Indexes Outside NA.
Vanguard FTSE Canada All Cap Index ETF (VCN)	iShares Core S&P 500 ETF (IVV)	Vanguard FTSE Developed All Cap ex North America ETF (VIU)
MER: 0.06%	MER: 0.04%	MER: 0.23%

Build your stock portfolio.

Take control.

If you want to ***beat*** the market, you cannot ***be*** the market.

How many stocks should you hold?



Build your stock portfolio.

Take control.

If you want to ***beat*** the market, you cannot ***be*** the market.

Create your own simple equity portfolio.

Building your stock portfolio.
Focussed Diversification

Build a 20 to 25 stock portfolio, gradually, over a period of 18-24 months.

- Reduces risk/exposure to short-term market correction.
- Provides flexibility to add positions as new opportunities become available.

Process:

- Start with 3 to 5 initial positions.
- Add 2 to 3 new stocks per quarter as new information/research is released.

Simple 20-25 Stock Portfolio

5-8 Stocks

Canadian Growth (Small-Cap) Stocks

Hammond Power Solutions (HPS.A:TSX)

The Boyd Group (BYD:TSX)

+

5-8 Stocks

Core Canadian Dividend Stocks

Brookfield Infrastructure Partners (BIP.UN:TSX)

Exchange Income (EIF:TSX)

+

5-8 Stocks

U.S. Growth (Small-Cap) Stocks

XPEL Inc. (XPEL:NASDAQ)

Acme United (ACU:NYSE)

+

5-8 Stocks

Core U.S. & Dividend Stocks

Microsoft (MSFT:NASDAQ)

Fortinet (FTNT:NASDAQ)

Simple Allocation Example:

$500,000 portfolio:

- **20 Stocks** with an equal weighting.
- **$25,000 in each stock** ($500,000/20 = $25,000).

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Section 6: The Orphan Stock Opportunity.

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What is an orphan stock?

Defined: Stocks, often small caps, that have been ignored by the investment community and as a result may be trading at low valuations measured against their current or future prospects.

Higher risk: **Estimated to be 50 – 100% plus undervalued to compensate for the risk.**

What is an orphan stock?

Very rare: We find about 2-5 annually after researching 5,000+ stocks.

Potential to provide an element of higher risk growth that is often lacking in the average investor stock portfolio.

Why does a stock become orphaned?

A lack of value creation from a shareholder perspective.

Over the long-term - fundamentals are like gravity.

KeyStone's "Stock Sins": no revenue or limited revenue, limited to no historic profits, weak margins, limited or negative growth per share, or poor business structures.

"Orphaned" or ignored by the market.

What changes a floundering business into an “orphan opportunity”?

A fundamental change in the business that dramatically alters the company’s profitability equation.

A catalyst that brings about change through a spike in profitability which is what ultimately drives stock prices.

How do we identify orphan stock opportunities?

Best weapon is brute force and volume.

We identify 2 to 5 of these opportunities annually from looking at 5,000+ companies.

How?

- Study the disclosures, conference calls, presentations, financial statements, and conducting investigative interviews of 1,000s of public companies –to identify these anomalies.
- We exploit the inefficiencies at the less followed end of the market.

The Process.

Wait for the catalyst to confirm our thesis.

This confirmation helps allay some of the execution risk and helps prevent becoming stuck in an investment "concept" that continues to suffer from failure to launch.

Once confirmed, **we act swiftly – issuing specific buy recommendation to clients**.

Argan Inc.
(AGX: NYSE)

Engineering, construction, maintenance, and project development services to the power generation market in the US, Ireland, and the UK. Specializing in Nat Gas fired plants – used in AI Data Center applications.

- **Rating (NT/LT):** HOLD
- **Industry:** Eng. Power.
- **Recommended:** March 2024
- **Recommendation Price:** $49.85
- **Current Price:** $371.61
- **Market Cap:** $5.20 B
- **Yield:** 0.74%
- **Risk:** High
- **Research Area:** US Small-Cap Growth

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Argan Inc. (AGX:NYSE)

Rating: SPEC BUY (Half Position) **Current Price (March 27, 2024): $49.85**

Portfolio: Discovery
Recommended: March 2024
Recommended Price: $49.85
Industry: Eng./Construction

Market Cap: $646.6 Million
Shares Outstand: 13,330,000
Fully Diluted: 13,558,986
Dividend Yield: 2.47%

Quarterly Financial Data			
USD$ Thousands	Q3 2024	Q3 2023	Change
Revenue	$163,755	$117,900	38.9%
EBITDA	$8,478	$10,400	-18.5%
EPS	$0.40	$0.56	-28.0%

Annual Financial Data			
USD$ Thousands	2023	2022	Change
Revenue	$455,000	$509,400	-10.7%
EBITDA	$45,400	$48,800	-7.0%
EPS	$2.33	$2.40	-2.9%

Ratios	
P/E (TTM)	18.39
P/EBITDA (TTM)	13.22
EV/EBITDA (TTM)	9.34
P/S (TTM)	1.18

COMPANY DESCRIPTION

Argan Inc. (AGX) is primarily a construction firm involved in Power Industry Services (74%), Industrial Construction Services (23.5%), and Telecommunications (2.5%) that conducts operations through its wholly owned subsidiaries, Gemma Power Systems, LLC and affiliates (GPS); The Roberts Company Inc. (TRC); Atlantic Projects Company Limited and affiliates (APC) and Southern Maryland Cable, Inc. (SMC). Through GPS and APC, AGX provides a full range of engineering, procurement, construction, commissioning, maintenance, project development, and technical consulting services to the power generation market. GPS and APC represent the company's power industry services reportable segment.

INVESTMENT SUMMARY

- AGX is an interesting company which pays a decent dividend, continues to buy back shares and has generated significant cash flow over time, but it generates revenue through non-recurring contract (lumpy earnings) wins that must constantly be replenished, AGX generally trades at a discount valuation.
- Backlog is significant at $730 million, and management expects the backlog to increase during the fourth quarter and over the coming fiscal year - bidding on a number of very sizable deals in the range of $400-$600 million.
- AGX trades with relatively attractive valuations on a trailing (past 12-month) basis including a P/E of 18.39, P/EBITDA of 13.22, EV/EBITDA of 9.34, and a P/S of 1.18. Cash & liquid investments totaled $397.5 million and balance sheet net liquidity is $240.2 million with no debt.
- AGX is a high-risk investment opportunity which faces weaker near-term earnings for 1-2 quarters due to a one-time project that has soured, but holds a very strong balance sheet with solid core EPS potential over the next 1-3 years and blue sky potential via elephant type contracts if signed in FY 2024.

EXPANDED COMPANY DESCRIPTION

Through TRC, the industrial construction services reportable segment provides on-site services that support new plant construction and additions, maintenance turnarounds, shutdowns and emergency mobilizations for industrial operations primarily located in the Southeast region of the U.S. Through SMC, which conducts business as SMC Infrastructure Solutions, the telecommunications infrastructure services segment provides project management, construction, installation and maintenance primarily in the Mid-Atlantic region of the U.S.

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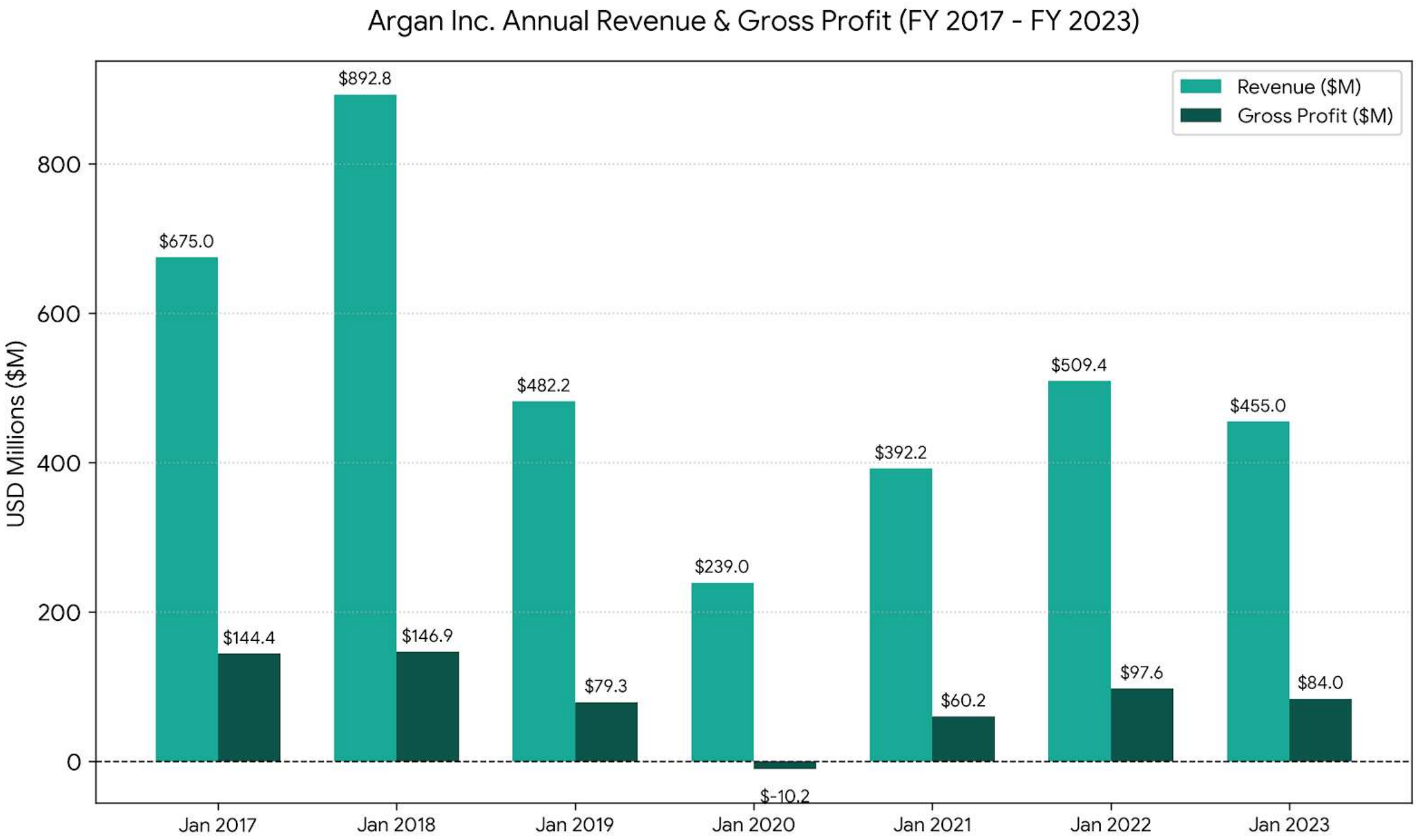
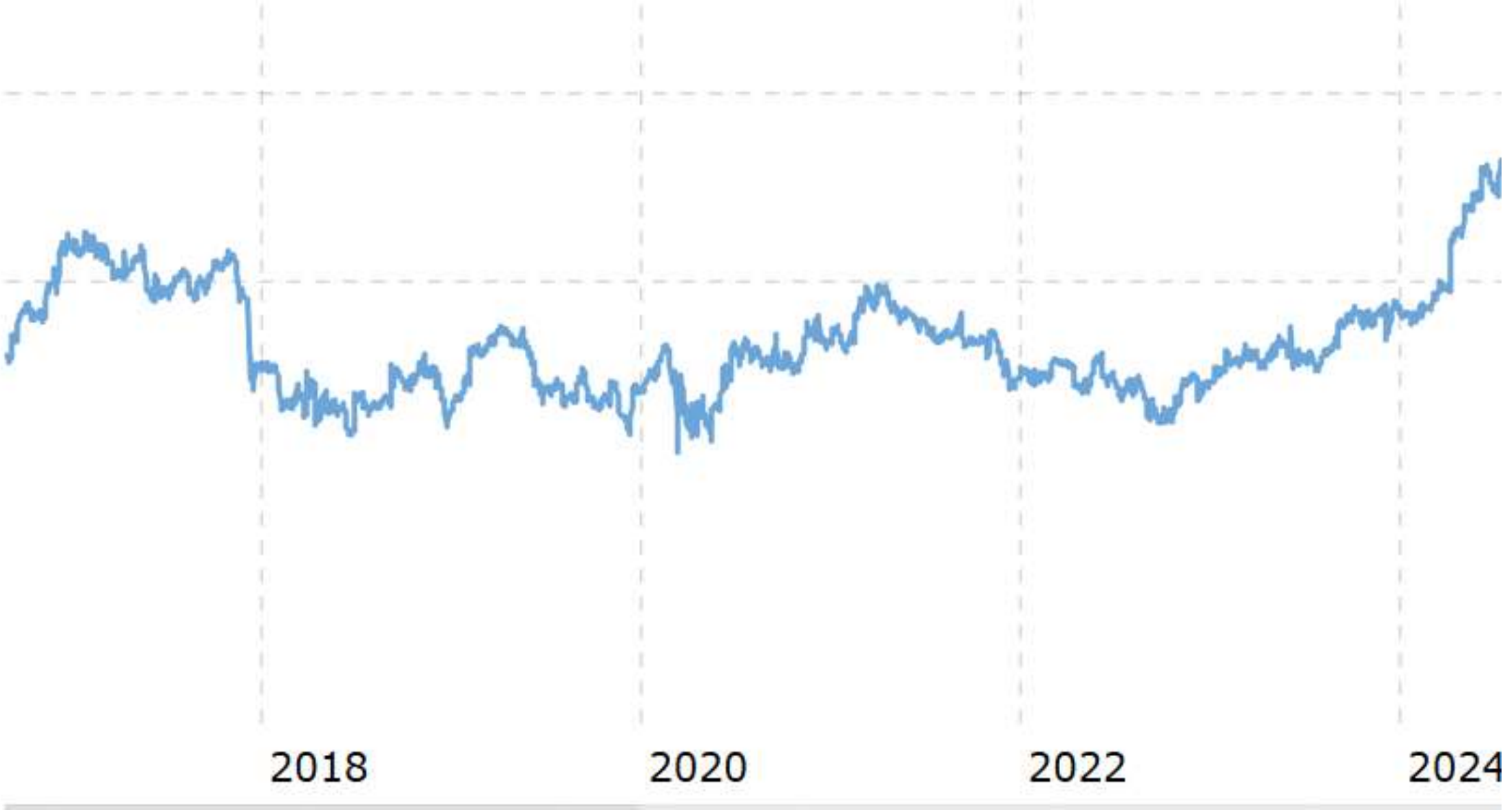
Why was Argan orphaned or ignored by the market?

Limited / negative revenue growth and spotty profitability.


Argan Inc. Annual Revenue & Gross Profit (FY 2017 - FY 2023)
Revenue ($M)
Gross Profit ($M)
USD Millions ($M)
0
200
400
600
800
$675.0
$144.4
$892.8
$146.9
$482.2
$79.3
$239.0
$-10.2
$392.2
$60.2
$509.4
$97.6
$455.0
$84.0
Jan 2017
Jan 2018
Jan 2019
Jan 2020
Jan 2021
Jan 2022
Jan 2023

Fiscal Year End	Report Date	Project Backlog
FY 2023	Jan 31, 2023	**$806 million** (~$0.8 billion)
FY 2022	Jan 31, 2022	**$800 million** (~$0.8 billion)
FY 2021	Jan 31, 2021	**$835 million** (~$0.8 billion)
FY 2020	Jan 31, 2020	**$972 million** (~$1.0 billion)
FY 2019	Jan 31, 2019	**$882 million** (~$0.9 billion)
FY 2018	Jan 31, 2018	**$1.03 billion** (~$1.0 billion)
FY 2017	Jan 31, 2017	**$1.10 billion** (~$1.1 billion)


2018
2020
2022
2024

Argan Inc.
(AGX: NYSE)

Catalyst: 6 new contract wins in early to mid 2024 - Argan's project backlog to over **$1.0B–$1.3B** by ear-mid 2024, increasing the company's **renewable energy and low-carbon emission project mix to over 90%** of total booked projects..

- Strong net cash position – over 50% of market cap.
- Interviewed management - bidding on a number of very sizable deals in the range of $400-$600 million.
- Nat gas becoming the near-term choice for AI Data Centers.
- Record backlog.

Argan Inc. (AGX: NYSE)
Confirmation Contract Announcements – Record Backlog.

Key 2024 Contract Announcements & Notice-to-Proceed (NTP) Highlights

- **405 MW Midwest Solar Project (Illinois):** Full Notice-to-Proceed (NTP) granted for a major utility-scale solar generation facility spanning over 2,000 acres. The project leverages existing grid connection infrastructure from a decommissioned coal plant.
- **160 MW Solar + 22 MW Battery Storage Portfolio (Illinois):** Received full notices to proceed on a three-facility solar and battery storage portfolio in Illinois.
- **300 MW Biofuel Power Plant (County Kerry, Ireland):** Awarded to subsidiary APC to engineer and build a 100% sustainable biofuel power plant utilizing hydrotreated vegetable oil (HVO), built with future hydrogen conversion capacity.
- **Louisiana LNG Facility Expansion:** Secured a fast-track project to install five 90 MW gas-fired turbine units at a liquefied natural gas export facility in Louisiana.
- **1.2 GW Sandow Lakes Power Project (Texas):** Finalized an EPC contract with Sandow Lakes Energy Company (SLEC) for a massive 1.2-gigawatt natural gas-fired combined-cycle facility in Lee County, Texas. *(Formal) Notice-to-Proceed*

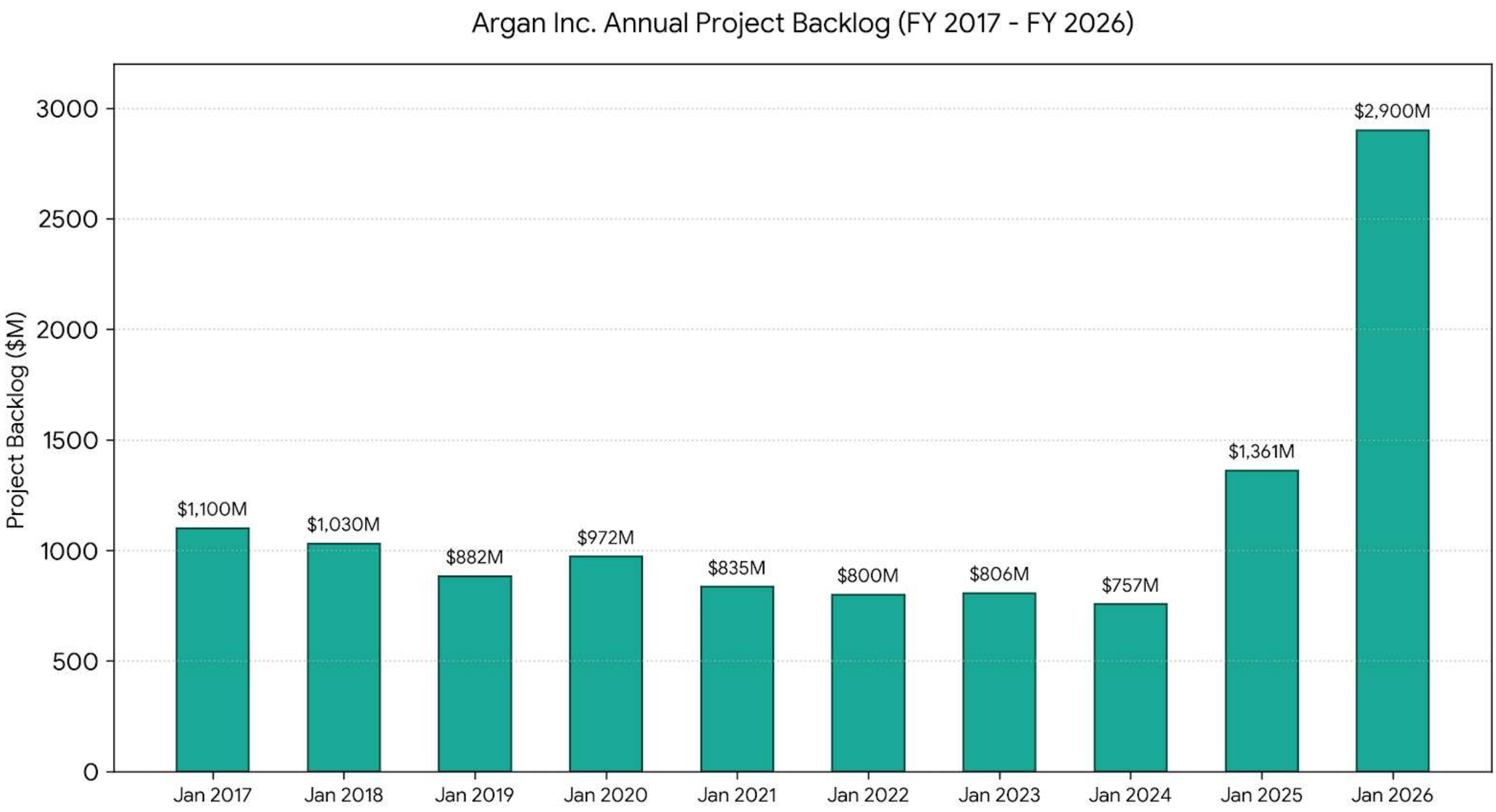
Argan Inc.
(AGX: NYSE)

March 2024 Price $49.85.

Valuations:

- P/E 18x (TTM) & 38% of market cap in Cash
- P/E 10x (TTM) ex. cash

Fair value: ~$100 a 100% potential return – falling in our return requirement for a higher risk orphan stock.


Argan Inc. Annual Project Backlog (FY 2017 - FY 2026)
Project Backlog ($M)
3000
2500
2000
1500
1000
500
0
$1,100M
$1,030M
$882M
$972M
$835M
$800M
$806M
$757M
$1,361M
$2,900M
Jan 2017
Jan 2018
Jan 2019
Jan 2020
Jan 2021
Jan 2022
Jan 2023
Jan 2024
Jan 2025
Jan 2026

KeyStone's Argan BUY Recommendation: $49.85
Today's Price: $371.61.
Gain Since March 2024: 645%

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Orphan Opportunity: ADF Group (DRX:TSX) – Structural Steel & Baseload Power

COMPANY	
Symbol	DRX
Initial Rec.	$8.08
Rec. Date	Dec. 2025

INITIAL COVERAGE

ADF Group Inc. (DRX:TSX)

Rating: Near-Term: SPEC BUY/Long-Term: SPEC BUY **Current Price (December 19, 2025): $8.08**

Portfolio: Discovery
Recommended: Dec 2025
Recommended Price: $8.08
Industry: Steel

Market Cap: $229.2 Million
Shares Outstand: 28,653,000
Fully Diluted: 28,653,000
Dividend Yield: 0.50%

INVESTMENT SUMMARY

- Revenue and earnings were impacted by U.S. tariffs and project timing, but Q3 F26 showed clear sequential improvement across revenue, margins, and profitability.
- Total backlog rose to $497 million, with over 50% tied to higher value fabrication work, supporting better margin sustainability and visibility into fiscal 2027.
- The $20.4M LAR acquisition added $92M of backlog and shifted ADF's mix toward Canadian hydro and industrial projects, reducing U.S. reliance.
- Shares trade at ~8.0x trailing twelve-month earnings and ~4.9x F26 earnings; continued execution and backlog conversion could support a rerating toward ~7x FY26 earnings, despite expected volatility.
- Recommendation - SPEC BUY: We maintain a speculative buy rating with a price target of $11, supported by improving operating trends, strong backlog visibility through fiscal 2027, and benefits from the LAR acquisition.

COMPANY DESCRIPTION

ADF Group began as a blacksmith shop in 1956 and has grown into a leading North American company that designs, engineers, fabricates, paints, and installs complex steel structures for major construction projects. Its work supports office towers and high-rises, commercial and recreational buildings, airports, industrial facilities, and transportation infrastructure. In 2025, ADF expanded further by acquiring Groupe LAR, a Canadian company specializing in machining, welding, industrial mechanics, and custom steel structures for hydroelectric projects and heavy industry.

EXPANDED COMPANY DESCRIPTION

The company operates with advanced technology across several modern facilities. Its Canadian complex, which also houses the corporate head office, includes a 630,000-square-foot fabrication plant and a 42,000-square-foot paint shop. In the United States, ADF runs a 100,000-square-foot fabrication plant, a 60-acre pre-assembly yard, and a 48,000-square-foot dual-purpose building that contains both painting/blasting operations and preparation/detailing areas. Groupe LAR adds another 75,000-square-foot plant in Canada. Altogether, ADF Group operates over 895,000 square feet of production space across North America, plus a large outdoor pre-assembly yard.

ADF Group is a North American leader in the design, fabrication, and installation of complex steel structures and heavy steel components for the non-residential construction industry.

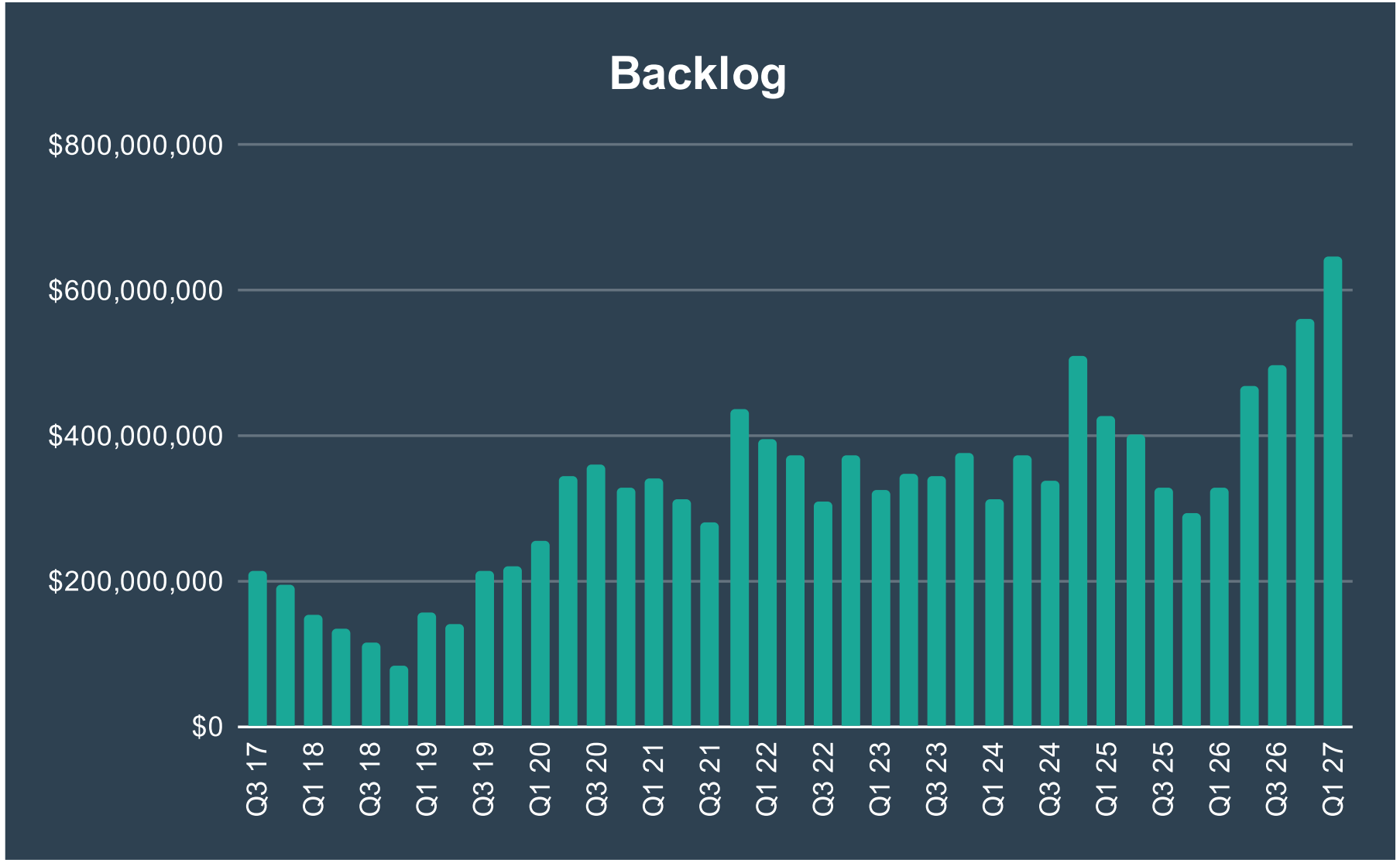
Industry: Non-Residential Construction (Steel Structures)

Current Rating (Near Term/Long Term): SPEC BUY/SPEC BUY

Investment Summary (Dec 2025):

- Total backlog reached a record $497.1 million, with high-value fabrication work increasing to over 50%, providing strong visibility into fiscal 2027.
- Strong Net Cash Balance Sheet
- The $20.4M acquisition of Groupe LAR shifted the project mix toward Canadian hydro and industrial sectors. Growing nuclear power developments and ADF's CSA N299 certification give access to a high-value, long-term market segment.
- Low valuation of 5.5x estimated fiscal 2028 earnings (already in Q1 FY 2027).

ADF Group (DRX:TSX) – Structural Steel & Baseload Power



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Section 7: Hidden AI Winners – the profitable infrastructure powering (Nat gas, elect, and nuclear).

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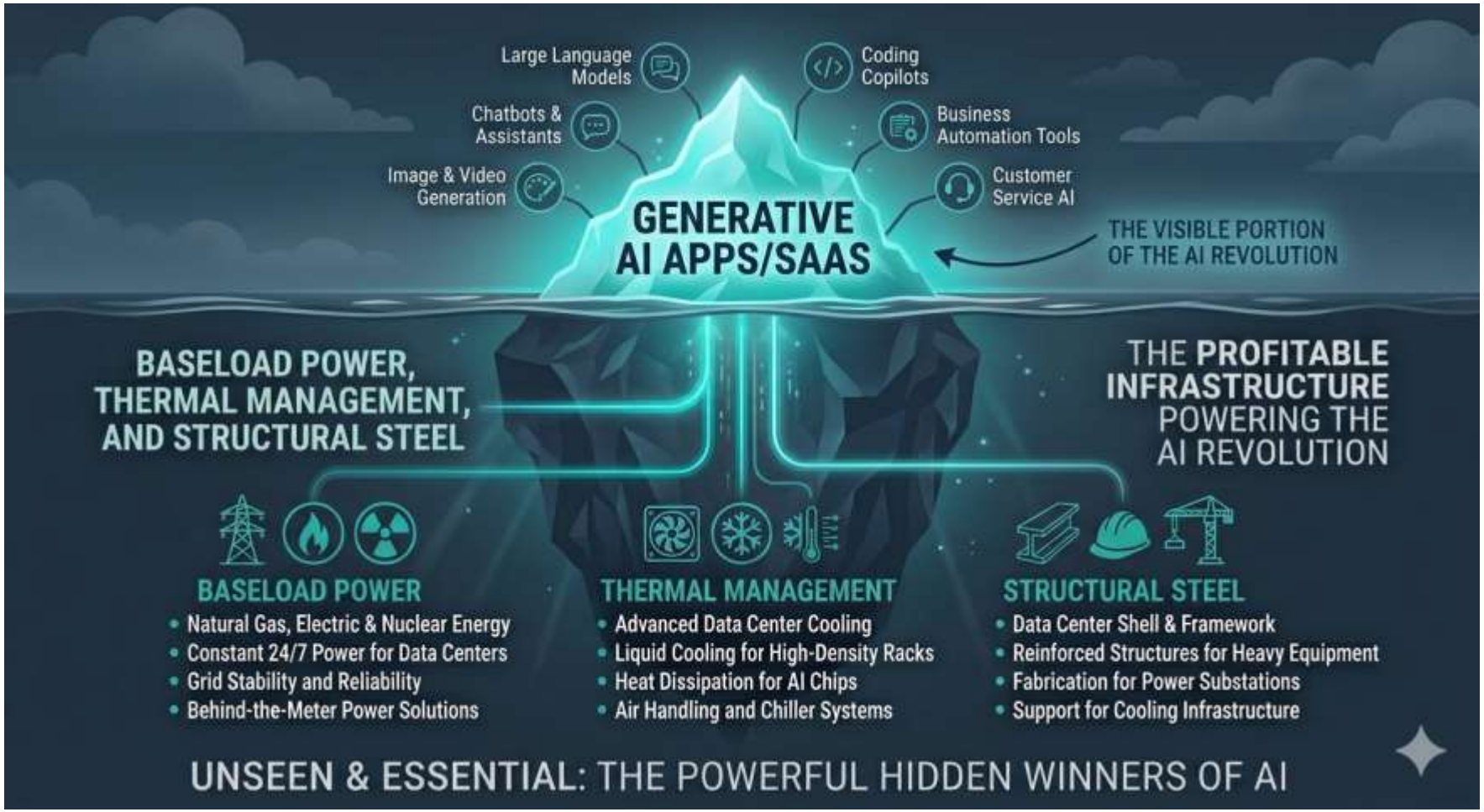
The AI Infrastructure Iceberg



Goldman Sachs estimates:

- AI-driven load growth will require $50 billion (47 GW) in new US power generation capacity alone through 2030.
- The entire US grid may need $19 billion in transmission capex through 2030 just to support data center growth.

Morgan Stanley estimates:

- Nearly $3 trillion of AI-related infrastructure investment will flow through the global economy by 2028, with more than 80% of that spending still ahead.

Cloud Hyperscale Comparison.

ARTIFICIAL INTELLIGENCE

Is This the End of Google As We Know It?

ChatGPT is already handling one sixth of Google's daily search volume, and Sam Altman says he's just getting started.

Alphabet Inc Class C (GOOG)

US$147.74 ↑ 7.53% since Jan 5, 2024

Closed: 1:00 p.m. • Disclaimer

After hours: 5:00 p.m. US$340.05 -0.09%

Apr 9, 2025

From Crisis Comes Opportunity - Tariff-proof stocks, Dividend Growth, 10x Growth, & Orphan Stocks.

	AAPL	TSLA	MSFT	AMZN	NVDA	GOOG	META
PE 10Y Avg.	22.5	71.1	31.9	80.2	43.2	29.2	35.6
P/EBITDA 10Y Avg.	16.5	-38.7	20.2	29.5	35.9	19.7	21.8
EV/EBITDA 10Y Avg.	17.3	-42	21.3	30.2	36.1	19.4	21.4
P/CF 10Y Avg.	18	8.9	21.1	26.9	37.1	17.8	19
P/S 10Y Avg.	5.3	8.5	8.9	3.3	13.1	6.2	10.2
P/E (TTM)	35	127.6	30.6	35.1	37	19.1	23.7
P/EBITDA (TTM)	22.2	66.1	19.9	15.8	30.1	14.6	16.1
EV/EBITDA (TTM)	25	68.6	20.7	17.2	31.9	14.8	17.2
P/S (TTM)	8.5	9.3	10.9	3.3	20.6	5.5	9

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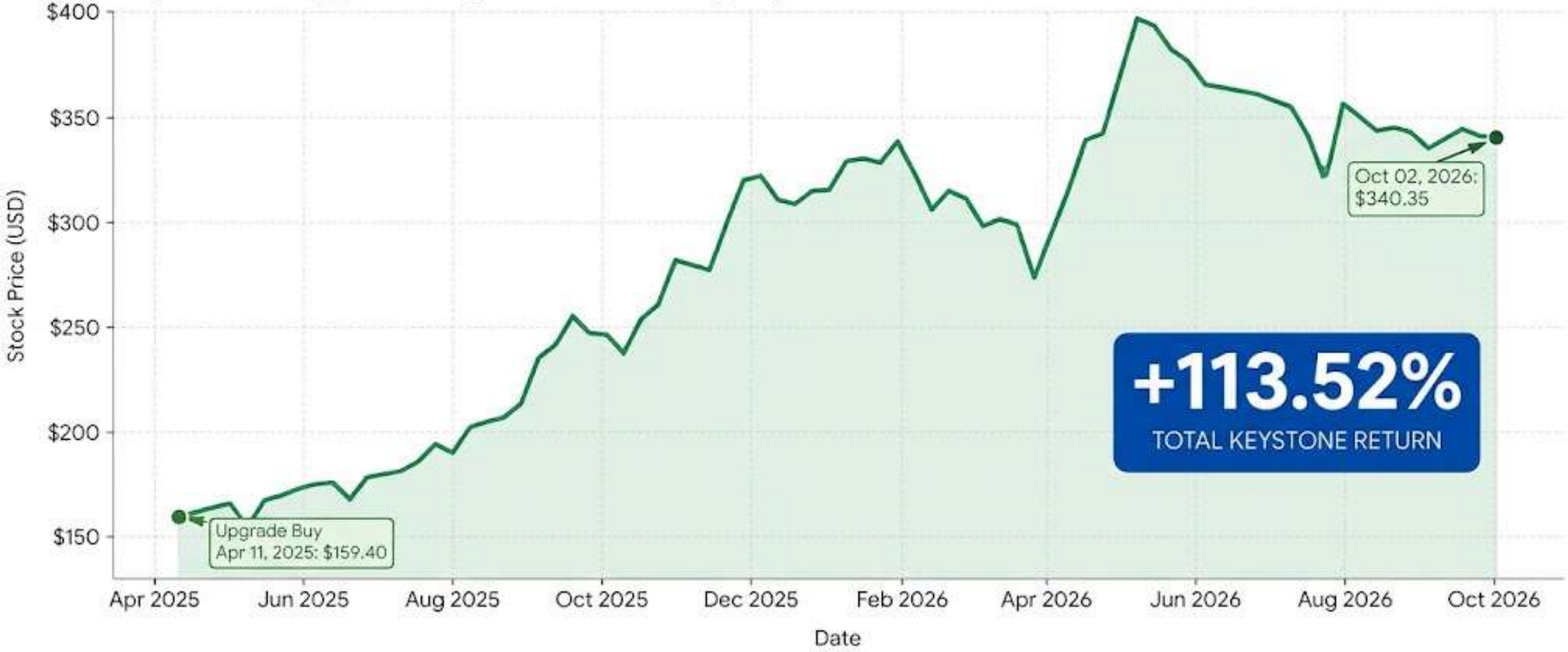
ALPHABET INC. (GOOGL)

KeyStone's Upgrade Buy Return Tracking (April 11, 2025 – October 2, 2026)



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Microsoft Corp
550
500
450
400
350
Jan 2026
Mar 2026
May 2026
Jul 2026
Sep 2026
1D
5D
1M
6M
YTD
1Y
5Y

Microsoft Corporation
(MSFT: NASDAQ)

Microsoft develops and licenses software, cloud services, devices, and AI-enabled solutions across three segments—Productivity & Business Processes, Intelligent Cloud, and More Personal Computing. Anchored by its Azure cloud platform, Microsoft 365 suite, LinkedIn, Windows, Xbox, and a growing portfolio of Copilot AI services, the company generates highly diversified, global revenue streams and robust free cash flow.

- **Rating (NT/LT):** BUY
- **Fair Value: $467 - $532.**
- **Industry: AI, SaaS, Cld.**
- **Recommended:** : JAN 2019
- **Recommendation Price:** $105.00

- **Current Price:** $387.98
  Market Cap: $2.95 T
- **Yield:** 0.90%
- **Conviction:** High
- **Research Area:** US LC Growth

MICROSOFT CORP. (MSFT)

KeyStone's Upgrade Buy Return Tracking (July 3, 2026 – October 2, 2026)

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Metric	Microsoft (MSFT)	Alphabet (GOOGL)	Amazon (AMZN)
Reporting Period	Q4 FY2026	Q2 FY2026	Q2 FY2026
Total Revenue	$90.0 Billion	$119.8 Billion	$200.6 Billion
Revenue Growth (YoY)	18%	24%	20%
Non-GAAP / Adj. EPS Growth	23% ($4.74)	~24% ($2.85–$2.87)	~56% ($1.97)
Cloud Unit	Azure & Intelligent Cloud	Google Cloud	AWS
Cloud Revenue	$59.3 Billion *(Total Cloud)* / $36.8 Billion *(Intelligent Cloud)*	$24.8 Billion	$42.2 Billion
Cloud Growth (YoY)	43% *(Azure)* / 27% *(Total Cloud)*	82%	37%
Quarterly CapEx	$41.0 Billion	$44.9 Billion	$43.2 Billion
2026 CapEx Guidance	~$115.9 Billion *(FY26 Total)*	$195–$205 Billion	~$220 Billion
Forward P/E (adj) (Oct '26)	~26.1x	~22.8x	~23.8x

BCE Inc. (Bell) Announced its Largest Data Center

Global NEWS

CANADA

Bell Canada to build large data centre outside Regina

By Daniela Germano • The Canadian Press

Posted March 17, 2026 6:39 am · **2 min read**

Development Highlights

Location	• Sherwood, SK (part of the capital city of Regina)
Land Details	• Fully owned by Bell
Access to Power	• 300 MW of utility power
Tenancy / Contracting Status	• 100% of capacity contracted under long-term agreements with Cerebras and CoreWeave
Power Infrastructure	• Adjacent to existing SaskPower substation • Grid powered by a mix of gas, hydro and coal
Proximity	• ~15-minute drive from Regina International Airport • ~6-minute drive from University of Regina and Saskatchewan Polytechnic
Connectivity	• 4 diverse connectivity paths connecting to Bell's national network
Expansion	• 2 adjacent parcels of agricultural land available for development of future data centres

Proposed Site Concept

Facility expected to come online in phases through 2027 and be fully operational by year-end; site selected for proximity to power (including redundancy) and scalability

BCE Inc. (Bell) Announces Largest Data Center

September 14, 2026

Bell AI Fabric to expand nation-building project in Saskatchewan with up to 900 MW of additional power

TORONTO, Sept. 14, 2026 /CNW/ -- Bell Canada (TSX: BCE) (NYSE: BCE) and the Government of Saskatchewan today announced a non-binding memorandum of understanding to expand Bell AI Fabric in Saskatchewan with the phased development of up to 900 megawatts (MW) of additional capacity, creating a path to a 1.2 gigawatt (GW) Canadian AI infrastructure hub in the province, expected to represent the largest capital investment in Saskatchewan's history.

BCE Inc. (Bell) Announces Largest Data Center

Construction of Sask facility will require ~$1.7B of incremental capex, w/ ~$1.3B to be incurred in 2026

BCE	2028 prior outlook[4]	2028 current outlook
Revenue CAGR 2025-2028E	2% to 4%	2.5% to 4.5%
Adjusted EBITDA CAGR 2025-2028E	2% to 3%	3% to 4%
Capital intensity	~14%	No change
Free cash flow CAGR 2025-2028E	~7%	~8.5%
Free cash flow after payment of lease liabilities[1] CAGR 2025-2028E	~15%	~16.5%
Net debt leverage ratio[2]	<3.5x	No change

Thematic Investing?

“Buy not on optimism, but arithmetic.”

- Benjamin Graham

"Any investment movement that’s built around a concept other than the relationship between price and value is irrational.”

- Howard Marks

Argan Inc. (AGX:NASDAQ) – Baseload Power & Structural Steel

COMPANY	
Symbol	AGX
Price Today	$380.79
Initial Rec.	$49.85
Rec. Date	March 2024

Argan, Inc. provides comprehensive engineering, procurement, and construction (EPC) services primarily for the power generation industry.

Industry: Construction & Engineering

Current Rating (Near Term/Long Term): HOLD/HOLD

Backlog:

- **77% Natural Gas Projects:** This includes three massive new U.S. gas-fired plants totaling over **3.4 GW** of capacity.
- **14% Renewable Energy:** Solar and wind projects.
- **9% Industrial & Other:** This includes a notable **$125 million industrial data center project**, marking their entry into the physical construction of AI hubs.

Argan Inc. (AGX:NASDAQ) – Baseload Power & Structural Steel

INVESTMENT SUMMARY

- AGX is an interesting company which pays a decent dividend, continues to buy back shares and has generated significant cash flow over time, but it generates revenue through non-recurring contract (lumpy earnings) wins that must constantly be replenished, AGX generally trades at a discount valuation.
- Backlog is significant at $730 million, and management expects the backlog to increase during the fourth quarter and over the coming fiscal year - bidding on a number of very sizable deals in the range of $400-$600 million.
- AGX trades with relatively attractive valuations on a trailing (past 12-month) basis including a P/E of 18.39, P/EBITDA of 13.22, EV/EBITDA of 9.34, and a P/S of 1.18. Cash & liquid investments totaled $397.5 million and balance sheet net liquidity is $240.2 million with no debt.
- AGX is a high-risk investment opportunity which faces weaker near-term earnings for 1-2 quarters due to a one-time project that has soured, but holds a very strong balance sheet with solid core EPS potential over the next 1-3 years and blue sky potential via elephant type contracts if signed in FY 2024.

Argan stock initiated with Buy rating at Goldman Sachs on gas power exposure

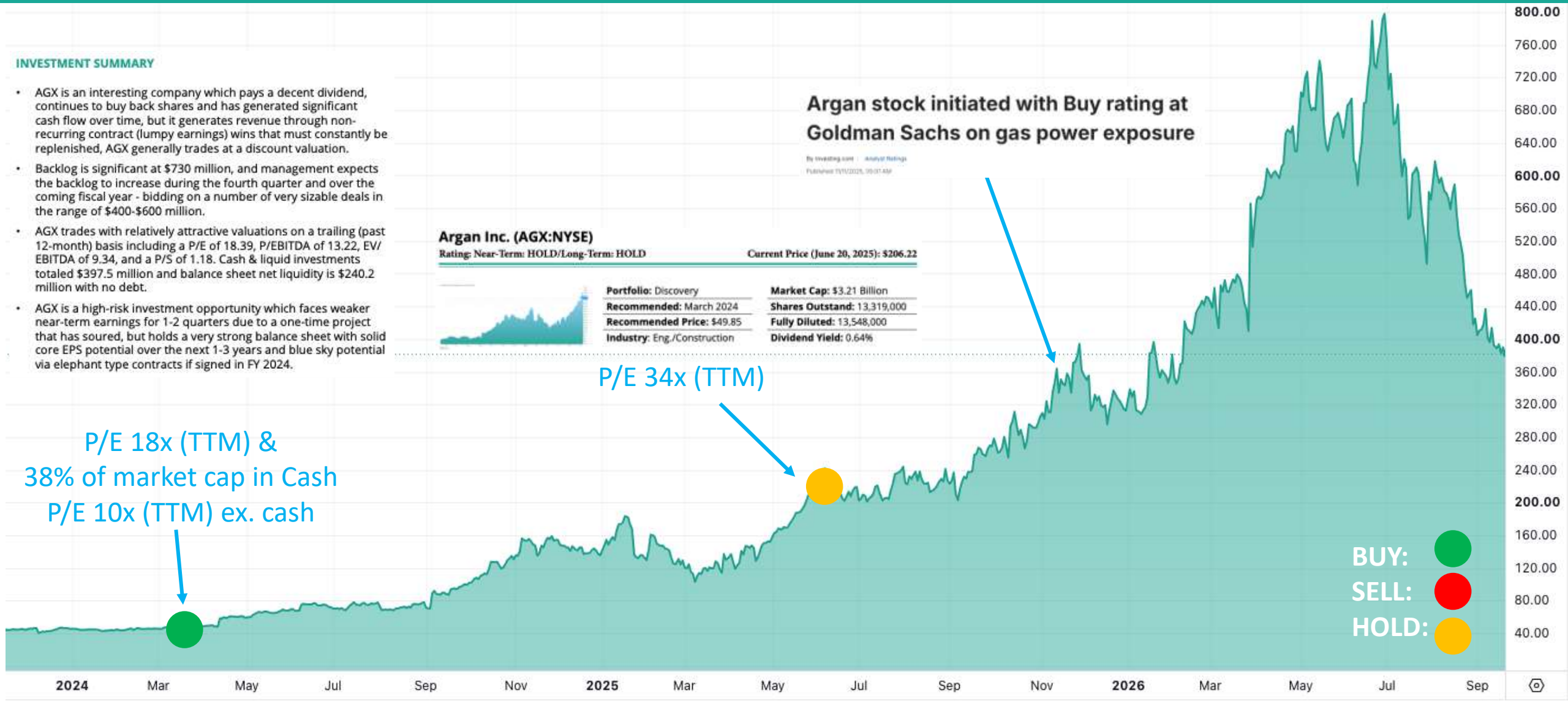
Argan Inc. (AGX:NYSE)

Rating: Near-Term: HOLD/Long-Term: HOLD — **Current Price (June 20, 2025): $206.22**

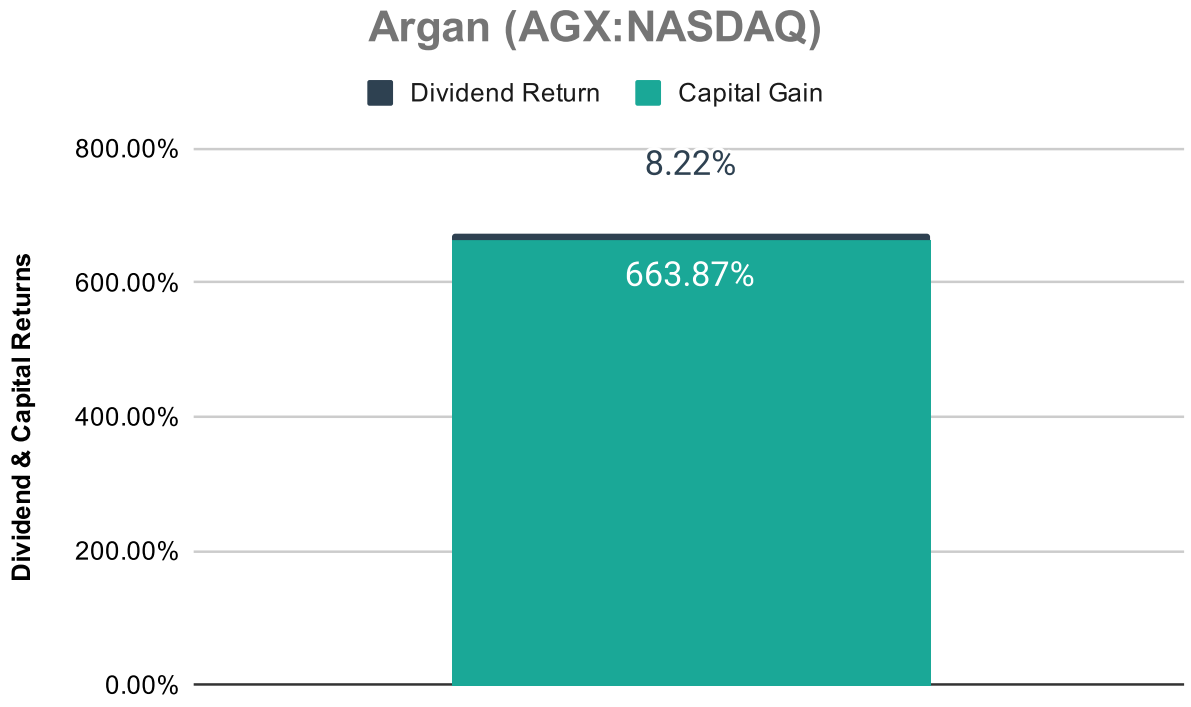
Portfolio: Discovery	**Market Cap:** $3.21 Billion
Recommended: March 2024	**Shares Outstand:** 13,319,000
Recommended Price: $49.85	**Fully Diluted:** 13,548,000
Industry: Eng./Construction	**Dividend Yield:** 0.64%

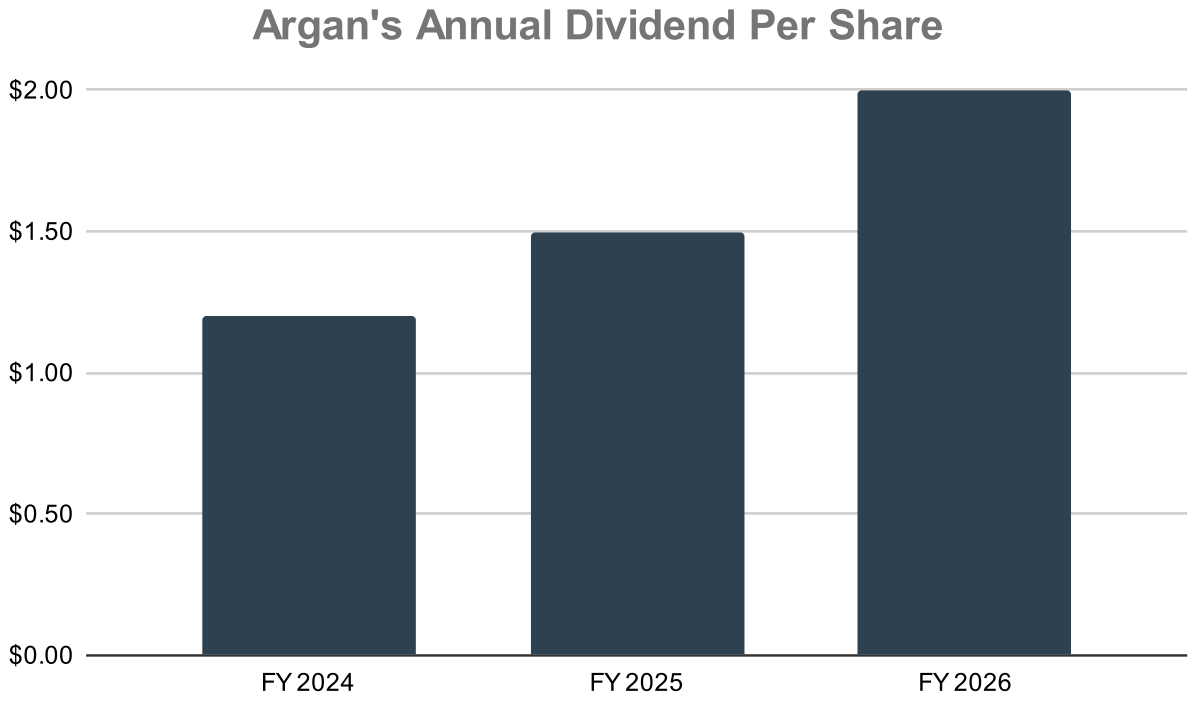
P/E 34x (TTM)

P/E 18x (TTM) &
38% of market cap in Cash
P/E 10x (TTM) ex. cash



Argan Inc. (AGX:NASDAQ) – Baseload Power





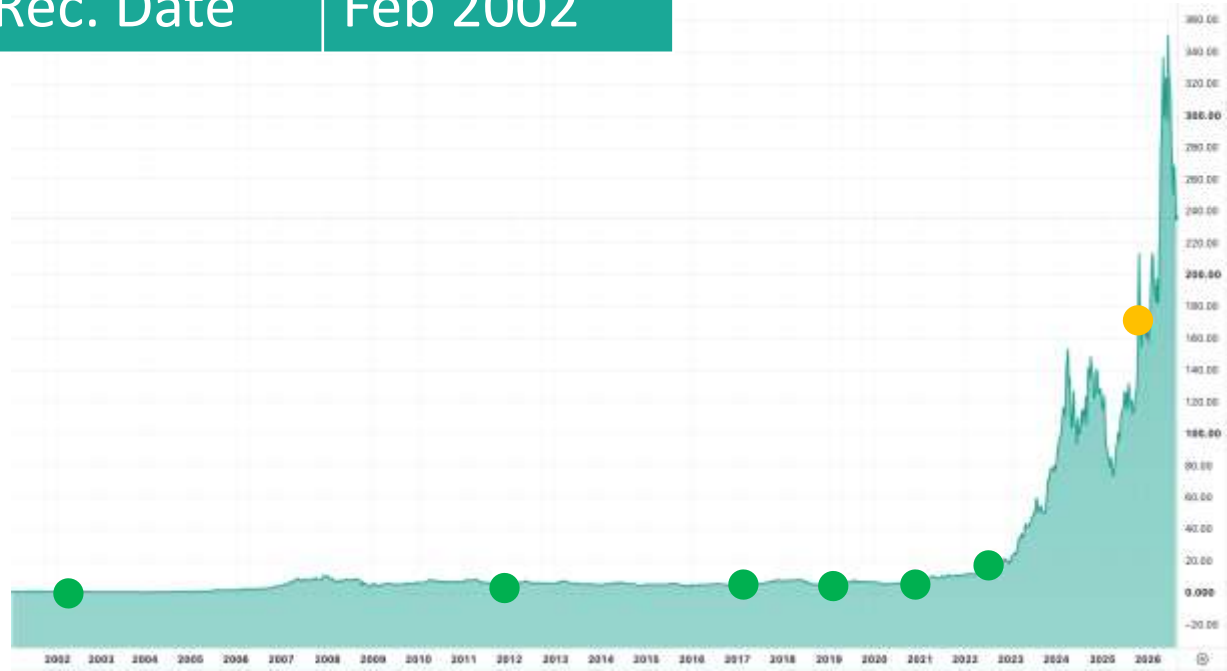
Hammond Power (HPS.A:TSX) – Baseload Power

COMPANY	
Symbol	HPS.A
Price Today	$251.24
Initial Rec.	$0.60
Rec. Date	Feb 2002

Hammond Power designs and manufactures custom electrical transformers and power quality products for a variety of industrial and commercial markets.

Industry: Electrical Components & Equipment

Current Rating (Near Term/Long Term): HOLD/HOLD



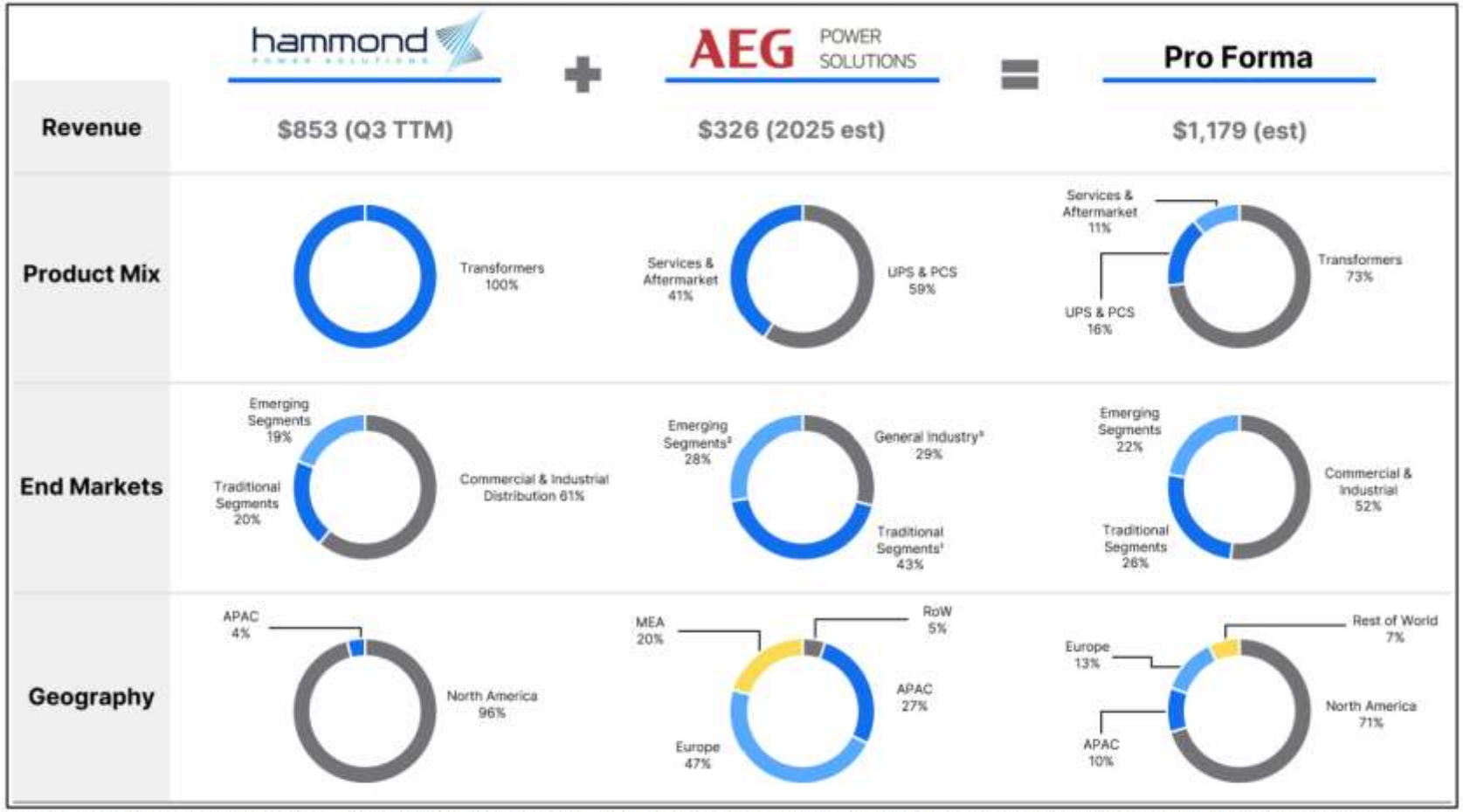
Investment Summary (2012):

- Predicted revenue could double to $500M over 5 years via global urbanization and infrastructure trends.
- Historically cheap entry point with a P/E under 9 and trading just above book value.
- Growth was self-funded through internal cash flow (no dilution) with a plan to grow dividends (Yield ~2%) and strong balance sheet.

Hammond Power (HPS.A:TSX) – Baseload Power

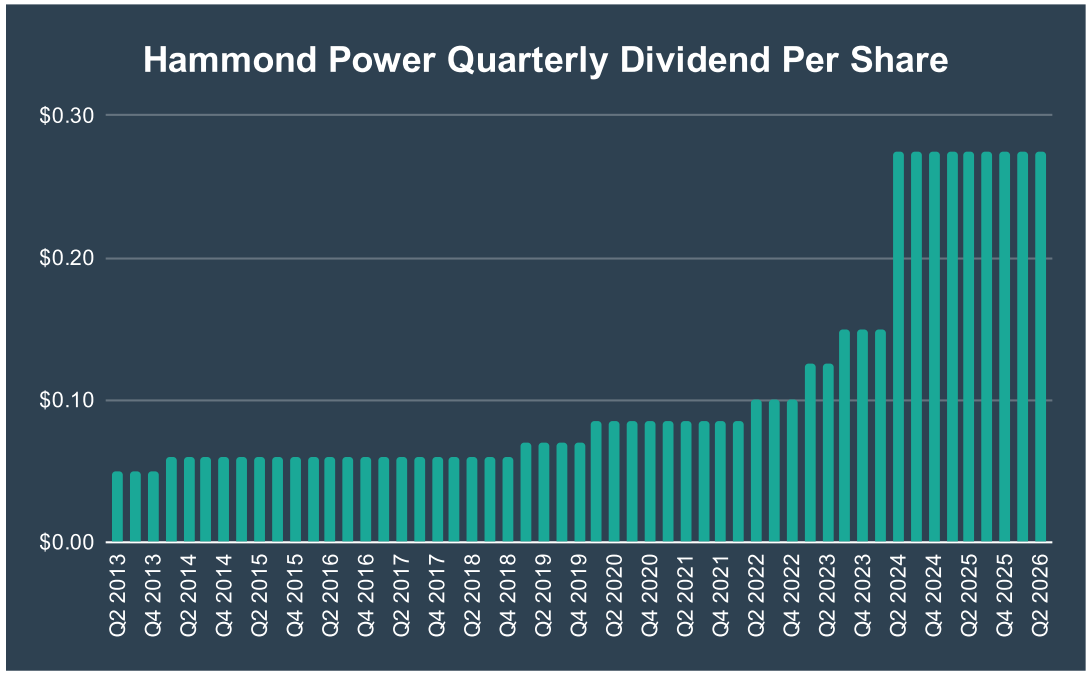
Hammond Power (HPS.A:TSX) – Baseload Power

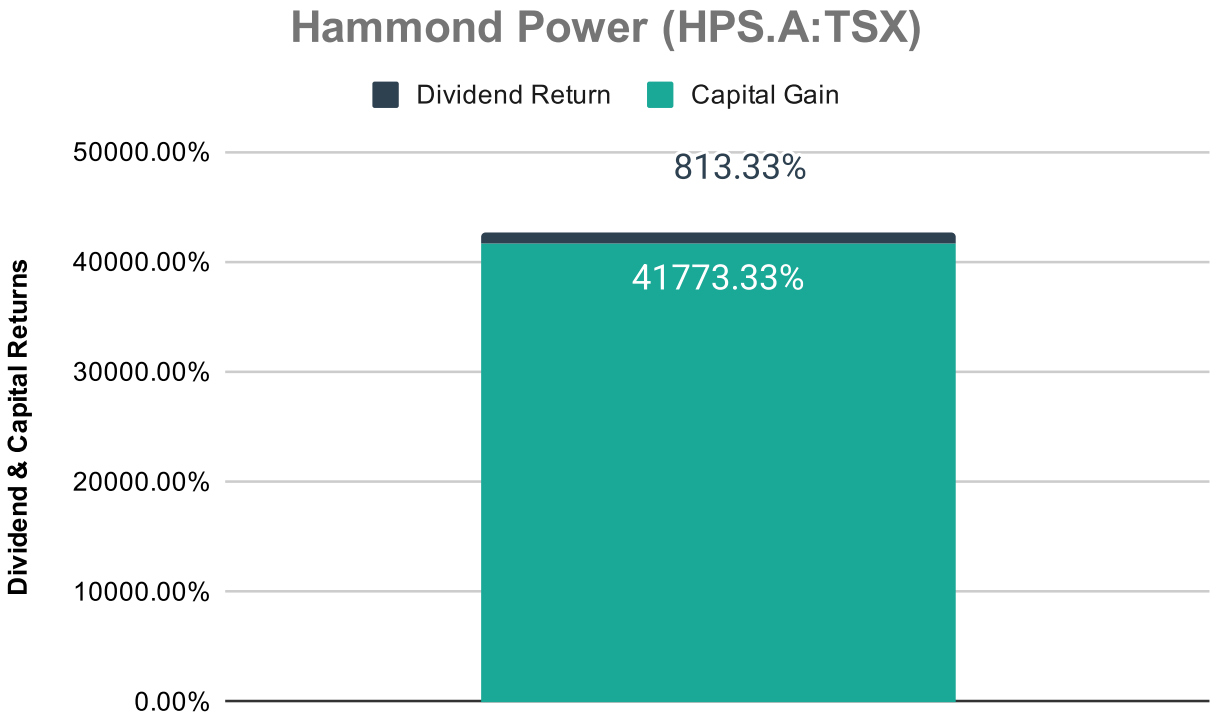
Figure 6 – Pro Forma Financial Profile by Product Mix, End Market & Geography



(1)Traditional segments includes Oil & Gas and Transmission & Distribution; (2) Emerging segments includes Data & IT, Wind offshore, Green hydrogen and Nuclear; (3) General Industry includes General Industries, Transportation and Other power generation.
Hammond sales breakdown by end market is for 2024A; Electron product mix is for 2024A
Source: Company documents, ATB Cormark Capital Markets

Hammond Power (HPS.A:TSX) – Baseload Power





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Capital Power Corp. (CPX:TSX) – Baseload Power

COMPANY	
Symbol	CPX
Price Today	$62.47
Initial Rec.	$38.52
Rec. Date	Feb 2020

Capital Power is a North American independent power producer that develops, acquires, and operates a diverse fleet of high-utility power generation facilities. ~12,000 owned MW across 35 facilities (90% Nat Gas./10% Renewable).

Industry: Independent Power Producer

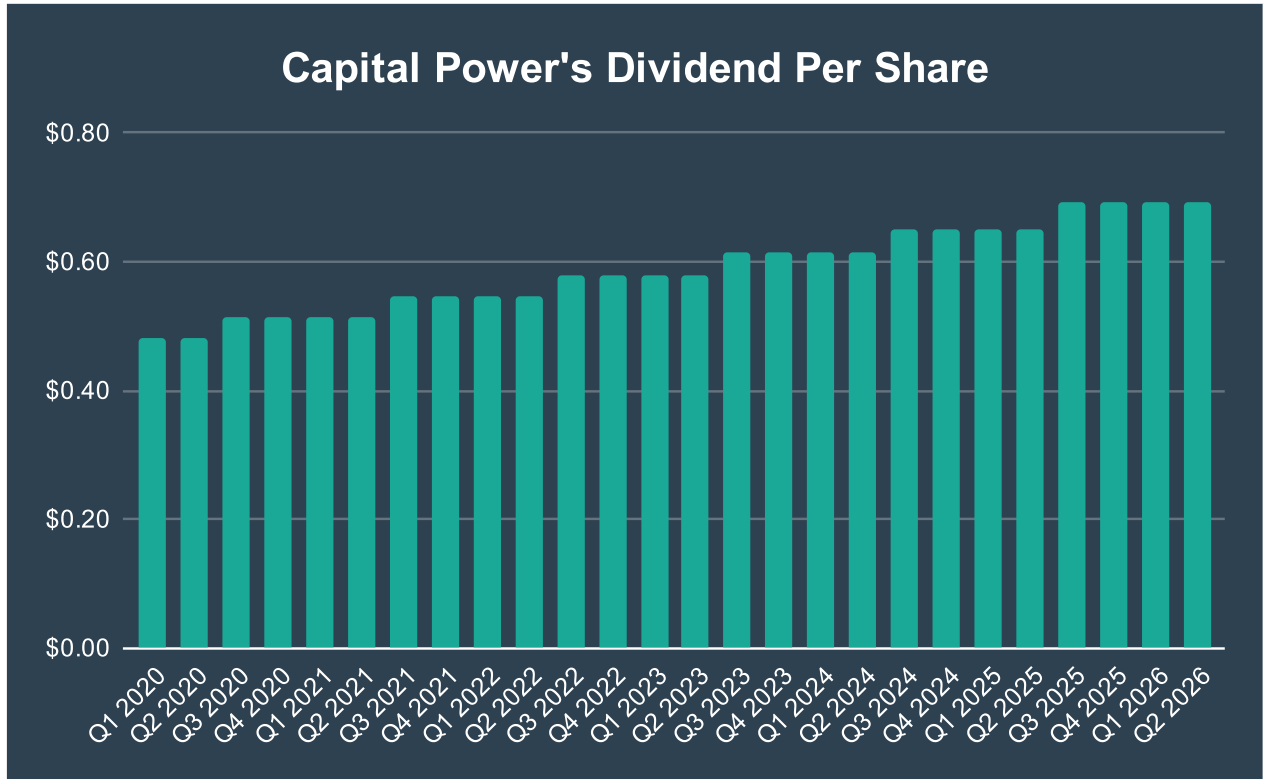
Current Rating (Near Term/Long Term): HOLD/BUY

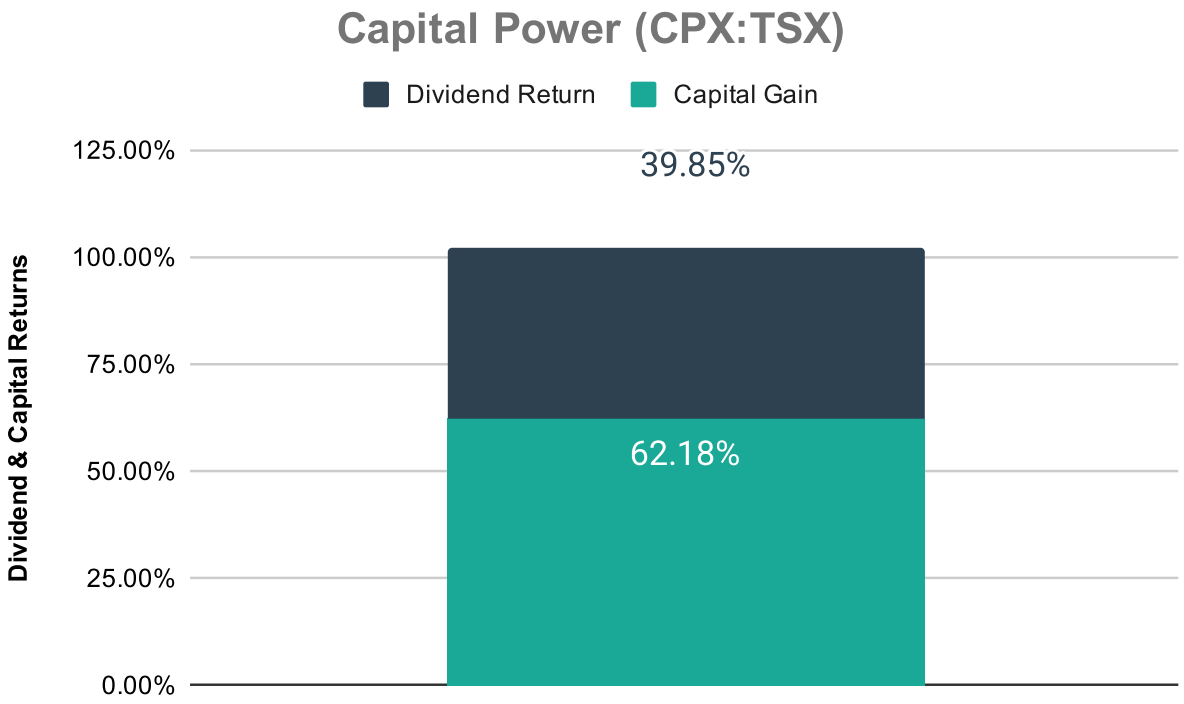
The Polaris Project: Developing @ Genesee Energy Campus, a massive project aimed at co-locating a 1.0-1.5 GW hyperscale data center campus at its Genesee Generating Station.

- Signed supply agreement with **Meta** for 250 MW for >10 years at their data center in Alberta (2H 2028) w/ further optionality to pursue further capacity at Genessee.

Capital Power Corp. (CPX:TSX) – Baseload Power

Capital Power Corp. (CPX:TSX) – Baseload Power





Capital Power (CPX:TSX) – Baseload Power

Company	Current Price	Div. Yield	AFFO or FFO* Growth (2026e)	Adj. EBITDA Growth (2026e)	EV/EBITDA (TTM)	EV / EBITDA (2026e)	P/AFFO or P/FFO* (2026e)	Net Debt / EBITDA	Primary Asset Focus
Capital Power (CPX)	C$62.46	4.1%	-11%	5%	11x	10x	11.5x	4.3x	Nat. Gas / Wind
Northland Power (NPI)	C$21.68	3.4%	NA	24%	10x	8x	NA	4.9x	Offshore Wind
Brookfield Ren. (BEP)	US$32.92	4.8%	10%*	NA	16x	NA	16x*	12.2x	Hydro / Solar / Wind
Algonquin (AQN)	US$5.82	4.50%	NA	NA	12x	NA	NA	7.1x	Nat. Gas / Hydro
TransAlta (TA)	C$17.39	1.6%	NA	-9%	8x	9x	NA	3.1x	Nat. Gas / Hydro
Vistra Corp (VST)	US$138.94	0.7%	NA	22%	12x	10x	NA	3.1x	Nat. Gas/ Nuclear
Constellation (CEG)	US$272.92	0.6%	NA	NA	19x	NA	NA	1.0x	Nuclear

Capital Power Corp. (CPX:TSX) – Baseload Power

COMPANY	
Symbol	CPX
Price Today	$62.47
Initial Rec.	$38.52
Rec. Date	Feb 2020

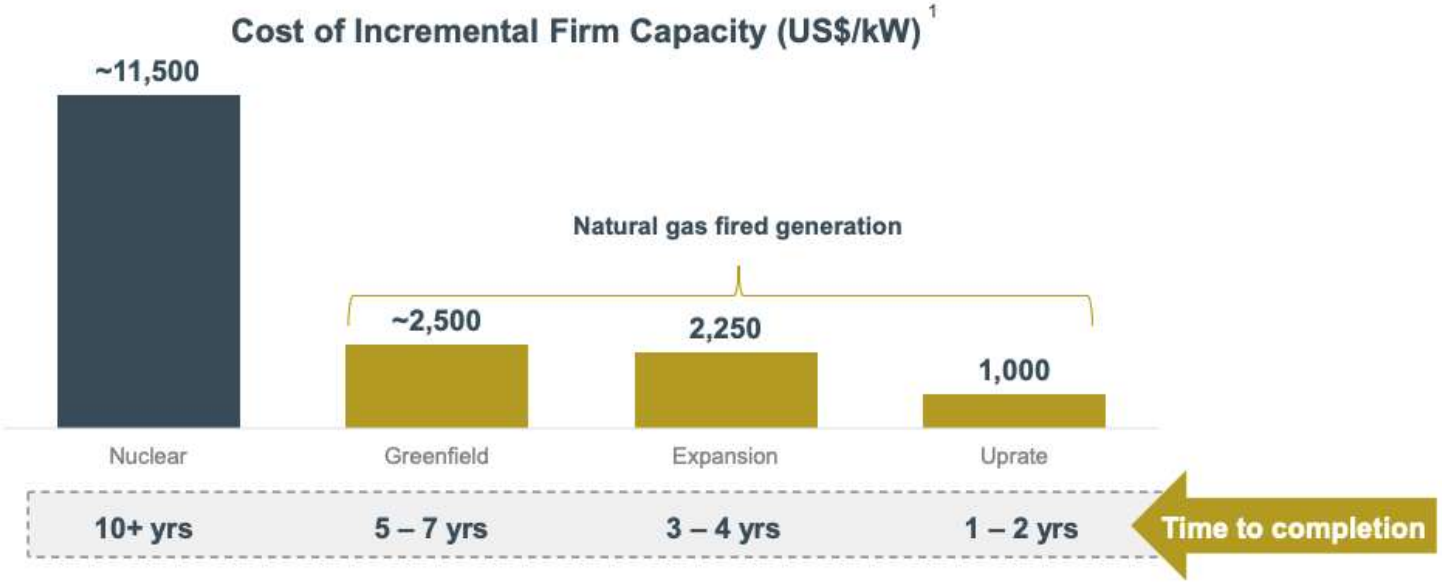
Capital Power is a North American independent power producer that develops, acquires, and operates a diverse fleet of high-utility power generation facilities.

Industry: Independent Power Producer

Current Rating (Near Term/Long Term): HOLD/BUY

2030 Targets: Positioned to deliver sustained performance and value

- 50% cumulative increase in U.S. capacity (or ~3.5 GW)
- 13-15% annual Total Shareholder Return (TSR)[1]
- 8-10% annual AFFO per-share growth
- Maintain 2-4% annual dividend growth target



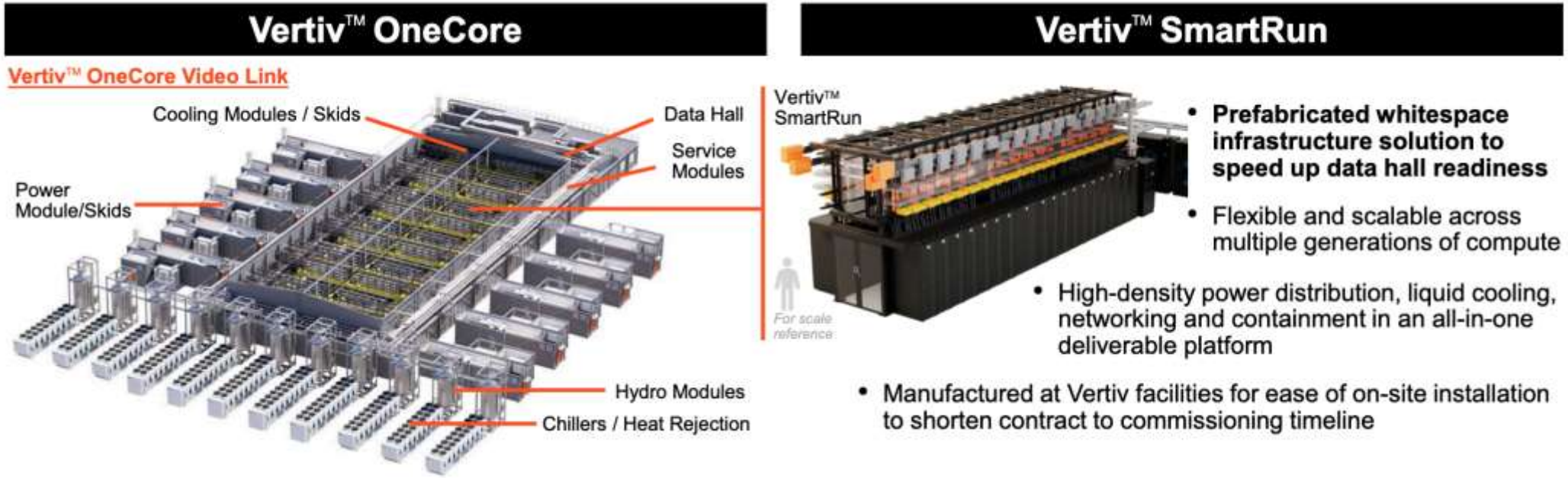
Vertiv Holdings (VRT:NYSE) – Thermal Management

COMPANY	
Symbol	VRT
Price Today	$264.63
Rec. Date	NA

Vertiv is a global provider of critical digital infrastructure and continuity solutions that designs, builds, and services hardware, software, and analytics for data centers and communication networks.

Industry: Critical Digital Infrastructure

Current Rating (Near Term/Long Term): MONITOR



Vertiv Holdings (VRT:NYSE) – Thermal Management

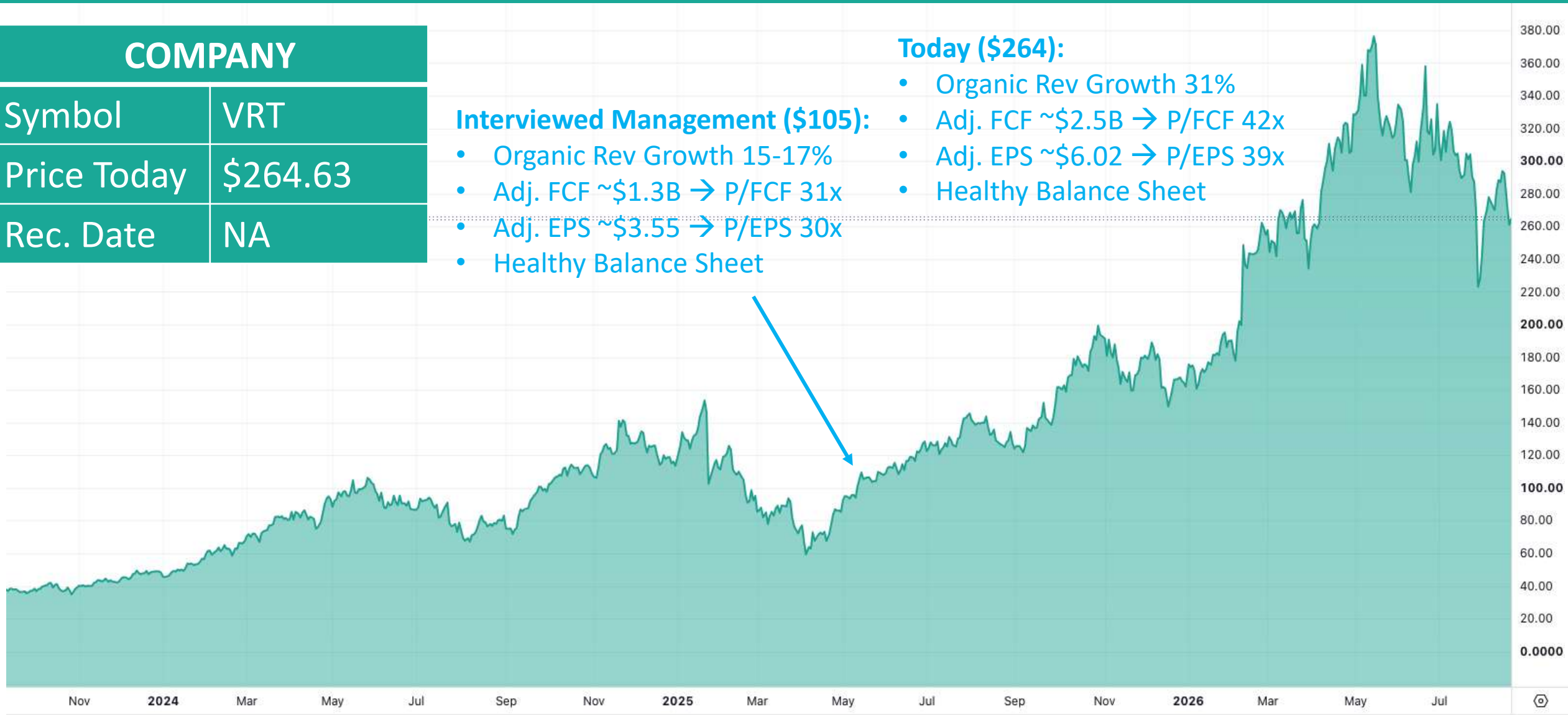
COMPANY	
Symbol	VRT
Price Today	$264.63
Rec. Date	NA

Interviewed Management ($105):

- Organic Rev Growth 15-17%
- Adj. FCF ~$1.3B → P/FCF 31x
- Adj. EPS ~$3.55 → P/EPS 30x
- Healthy Balance Sheet

Today ($264):

- Organic Rev Growth 31%
- Adj. FCF ~$2.5B → P/FCF 42x
- Adj. EPS ~$6.02 → P/EPS 39x
- Healthy Balance Sheet



ADF Group (DRX:TSX) – Structural Steel

COMPANY	
Symbol	DRX
Price Today	$13.51
Initial Rec.	$8.08
Rec. Date	Dec. 2025

INITIAL COVERAGE

ADF Group Inc. (DRX:TSX)

Rating: Near-Term: SPEC BUY/Long-Term: SPEC BUY — Current Price (December 19, 2025): $8.08

Portfolio: Discovery
Recommended: Dec 2025
Recommended Price: $8.08
Industry: Steel

Market Cap: $229.2 Million
Shares Outstand: 28,653,000
Fully Diluted: 28,653,000
Dividend Yield: 0.50%

INVESTMENT SUMMARY

- Revenue and earnings were impacted by U.S. tariffs and project timing, but Q3 F26 showed clear sequential improvement across revenue, margins, and profitability.
- Total backlog rose to $497 million, with over 50% tied to higher value fabrication work, supporting better margin sustainability and visibility into fiscal 2027.
- The $20.4M LAR acquisition added $92M of backlog and shifted ADF's mix toward Canadian hydro and industrial projects, reducing U.S. reliance.
- Shares trade at ~8.0x trailing twelve-month earnings and ~4.9x F26 earnings; continued execution and backlog conversion could support a rerating toward ~7x FY26 earnings, despite expected volatility.
- Recommendation - SPEC BUY: We maintain a speculative buy rating with a price target of $11, supported by improving operating trends, strong backlog visibility through fiscal 2027, and benefits from the LAR acquisition.

COMPANY DESCRIPTION

ADF Group began as a blacksmith shop in 1956 and has grown into a leading North American company that designs, engineers, fabricates, paints, and installs complex steel structures for major construction projects. Its work supports office towers and high-rises, commercial and recreational buildings, airports, industrial facilities, and transportation infrastructure. In 2025, ADF expanded further by acquiring Groupe LAR, a Canadian company specializing in machining, welding, industrial mechanics, and custom steel structures for hydroelectric projects and heavy industry.

EXPANDED COMPANY DESCRIPTION

The company operates with advanced technology across several modern facilities. Its Canadian complex, which also houses the corporate head office, includes a 630,000-square-foot fabrication plant and a 42,000-square-foot paint shop. In the United States, ADF runs a 100,000-square-foot fabrication plant, a 60-acre pre-assembly yard, and a 48,000-square-foot dual-purpose building that contains both painting/blasting operations and preparation/detailing areas. Groupe LAR adds another 75,000-square-foot plant in Canada. Altogether, ADF Group operates over 895,000 square feet of production space across North America, plus a large outdoor pre-assembly yard.

ADF Group is a North American leader in the design, fabrication, and installation of complex steel structures and heavy steel components for the non-residential construction industry.

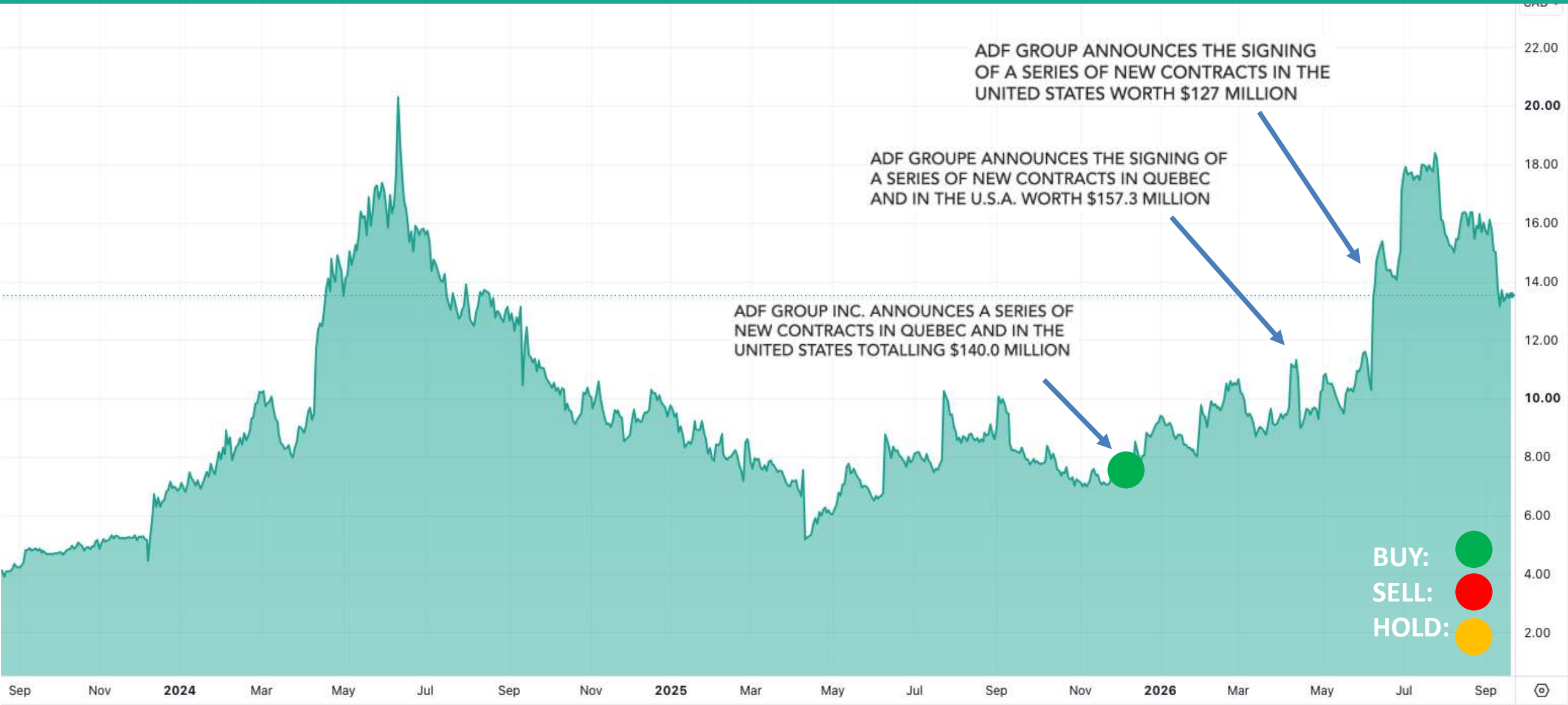
Industry: Non-Residential Construction (Steel Structures)

Current Rating (Near Term/Long Term): SPEC BUY/SPEC BUY

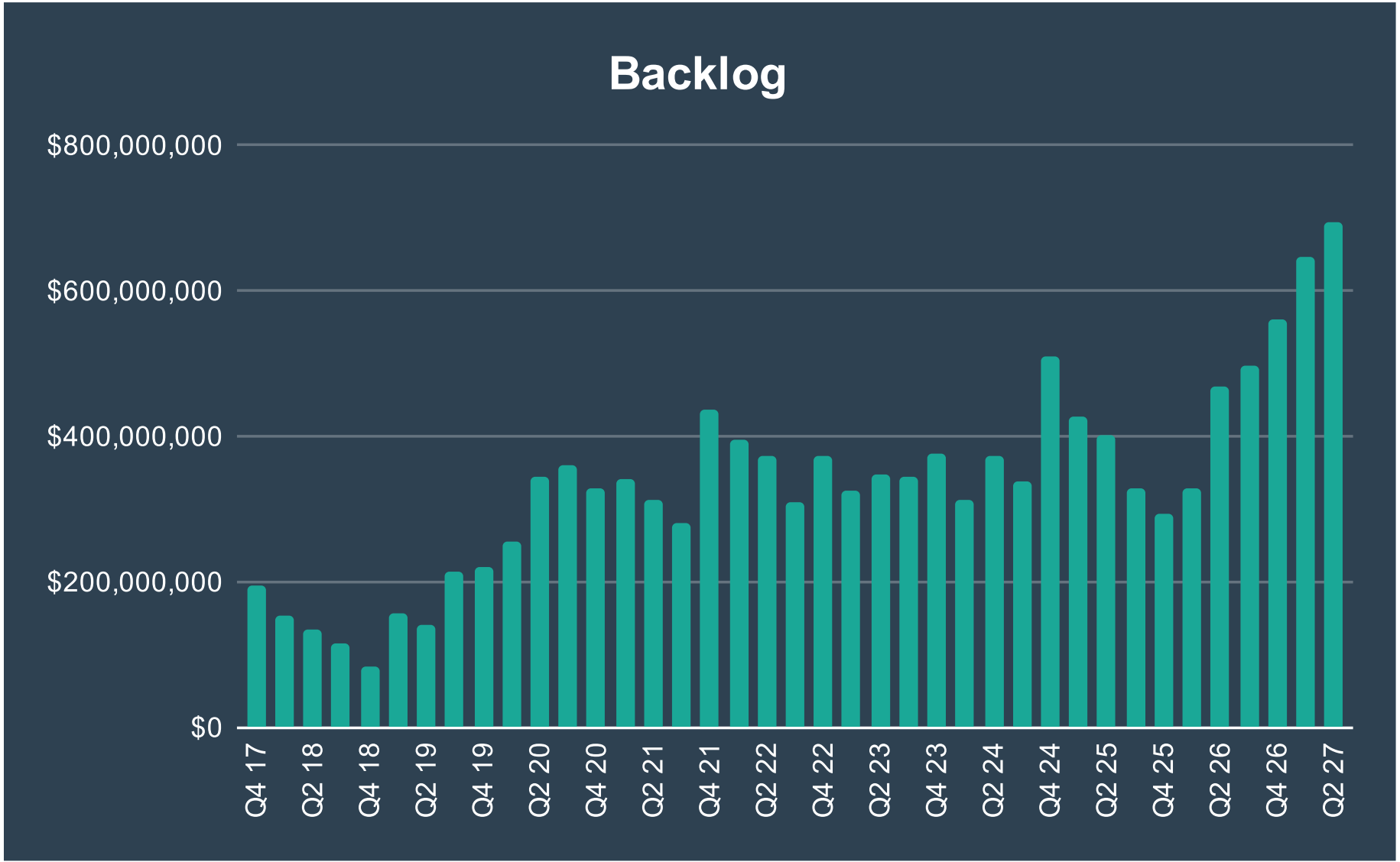
Investment Summary (Dec 2025):

- Total backlog reached a record $497.1 million, with high-value fabrication work increasing to over 50%, providing strong visibility into fiscal 2027.
- Strong Net Cash Balance Sheet
- The $20.4M acquisition of Groupe LAR shifted the project mix toward Canadian hydro and industrial sectors. Growing nuclear power developments and ADF's CSA N299 certification give access to a high-value, long-term market segment.
- Low valuation of 5.5x estimated fiscal 2028 earnings (already in Q1 FY 2027).

ADF Group (DRX:TSX) – Structural Steel



ADF Group (DRX:TSX) – Structural Steel



Hidden AI Winners - Takeaways

- **Prioritize Fundamentals Over Hype.** Buy the earnings, balance sheet, and valuation of a business. Do not chase a theme; ensure the underlying company is profitable.

- Look beyond the primary chipmakers. The infrastructure providers can be real long-term winners that power the massive energy demands of AI data centers. As AI scaling continues, the primary constraint is power availability. Companies that control the generation and transmission of reliable, baseload power are the essential **gatekeepers** of the next decade of tech expansion.

- **Valuation Discipline.** Avoid "Growth at Any Price." Success comes from identifying GARP (Growth at a Reasonable Price) opportunities where the market has not yet fully priced in the earnings potential.

- **Cash is King (and Defensive).** Focus on companies with Net Cash positions, strong balance sheets. This provides a margin of safety during market volatility and allows companies to self-fund growth or return capital to shareholders via buybacks and dividends.

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Section 8: Hard Assets & Dividend Aristocrats

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Understanding Heavy/Hard Assets

HALO Investing – Investing in companies with **H**eavy **A**ssets with **L**ow **O**bsolescence

Heavy/Hard assets are real-world physical resources or infrastructure investments that hold intrinsic value due to their utility, scarcity, and essential economic function.

Real Estate

Commercial properties, industrial logistics centers, and farmland providing steady rental income and long-term land appreciation.

Infrastructure

Essential public networks including toll roads, bridges, cellular towers, and ports backed by long-term operating contracts.

Utilities

Regulated power grids, water distribution, and natural gas networks with protected regional monopolies and pricing.

Resources

Energy reserves, pipelines, precious metals, and timberland that form the foundational raw inputs of the global economy.

The Dividend Aristocrat Link to Hard Assets

Dividend Aristocrats: Companies increasing cash distributions for 25+ consecutive years.

Predictable Cash Flows

Contractual revenue structures, long-term customer lock-in, and recurring fee models generate steady income independent of broader market volatility.

Built-In Inflation Protection

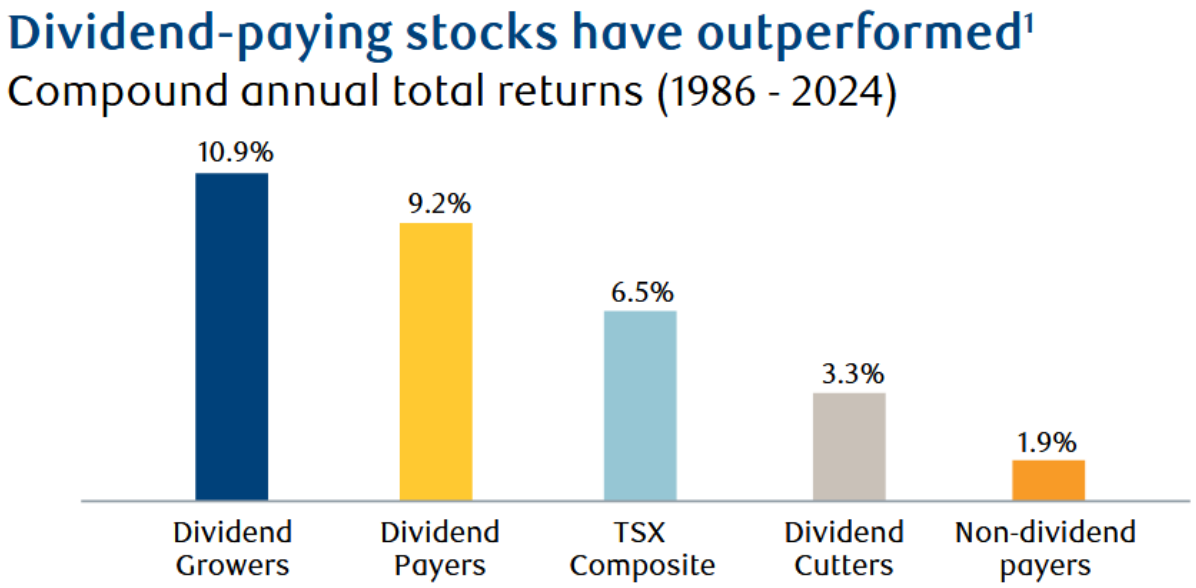
Pricing power allows cost pass-through to consumers, while physical asset replacement values naturally scale alongside macroeconomic inflation.

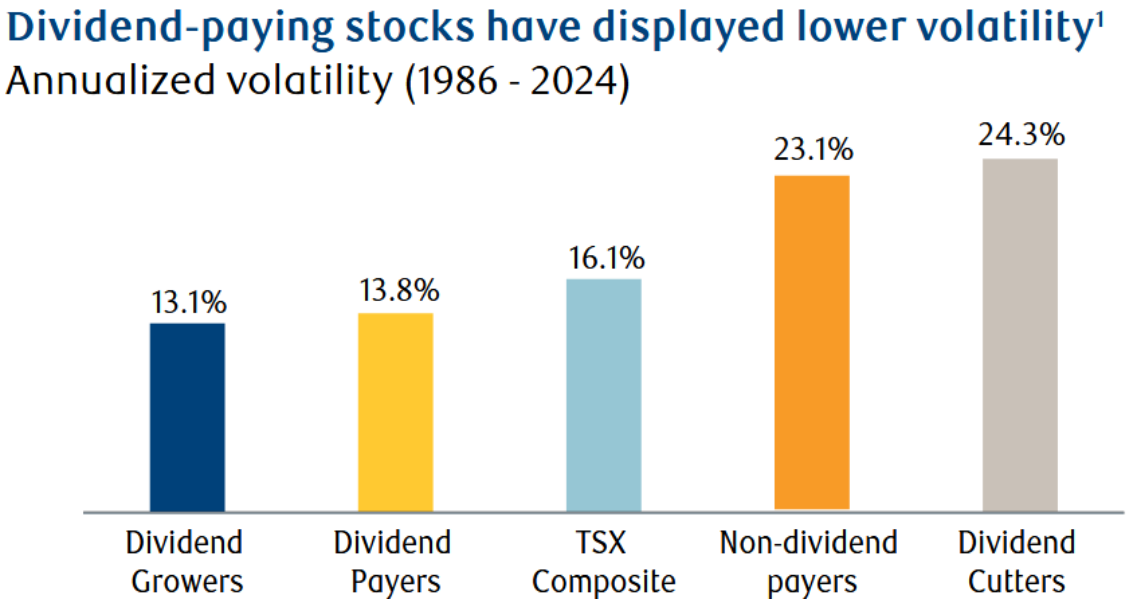
High Barriers to Entry

Substantial upfront capital requirements, global supply network scale, and regulatory protections create durable wide economic moats.

Why Dividend Growth Stocks?

Dividend Aristocrats: Companies increasing cash distributions for 25+ consecutive years.

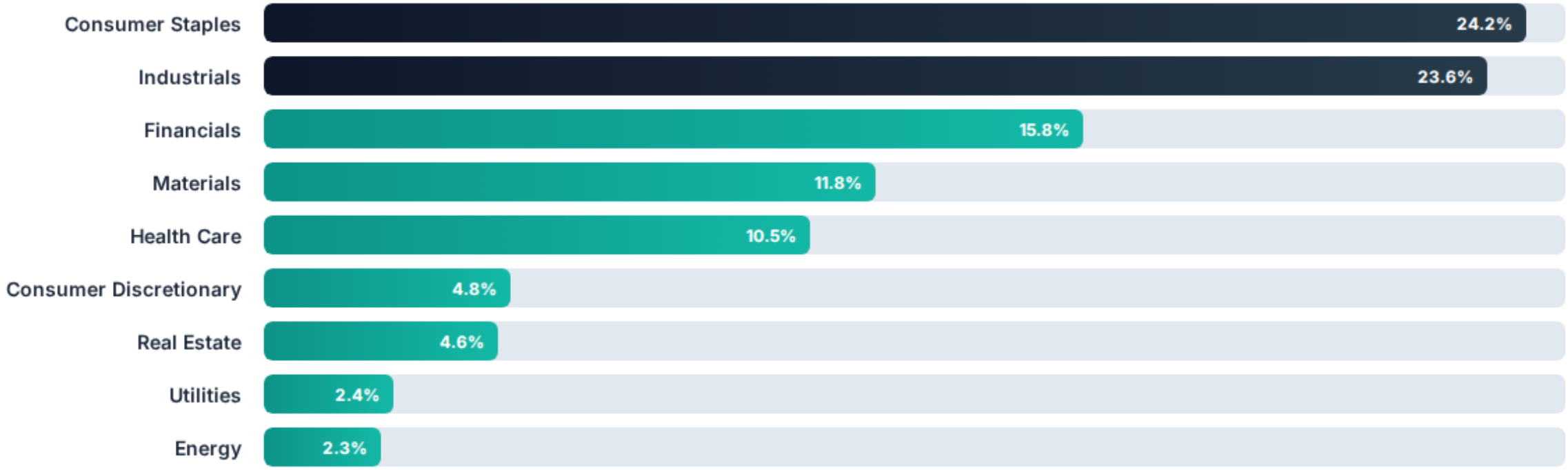




Source: RBC Global Asset Management "The power of dividends"

The Dividend Aristocrat S&P 500 Index

Dividend Aristocrats: Companies increasing cash distributions for 25+ consecutive years.



Consumer Staples (24.2%) and Industrials (23.6%) together represent nearly half of the S&P 500 Dividend Aristocrats Index weight.

The Dividend Aristocrat S&P 500 Index

Dividend Aristocrats: Companies increasing cash distributions for 25+ consecutive years.

Company Name	Ticker	Sector	Growth Streak	Business Focus	Hard Asset Company?
The Coca-Cola Company	KO	Consumer Staples	64 Years	Global Beverage Distribution	No
Walmart Inc.	WMT	Consumer Staples	53 Years	Omnichannel Retail Network	No
ExxonMobil Corp.	XOM	Energy	42 Years	Oil & Gas Production & Refining	Yes
Caterpillar Inc.	CAT	Industrial	32 Years	Construction, Mining & Heavy Equipment	Yes
Realty Income Corp	O	Real Estate	32 Years	Commercial Triple-Net Retail REIT	Yes
Nextera Energy Inc.	NEE	Electric Utilities	30 Years	Large-scale physical utility assets and clean energy infrastructure	Yes

What is Effective Yield?

Yield on Cost

Effective Yield measures the real income return an investor receives based on their **original purchase price** rather than the current market value.

$$\text{Effective Yield} = \frac{\text{Current Dividend Rate}}{\text{Purchase Price}}$$

Growing Dividend Impact

When a business increases its dividend payout over time, it results in a **continuously higher effective yield** on your initial investment capital.

vs. Fixed Income Investments

Traditional fixed income assets (such as Bonds or GICs) have income rates that are **inherently fixed**, offering no yield expansion over holding periods.

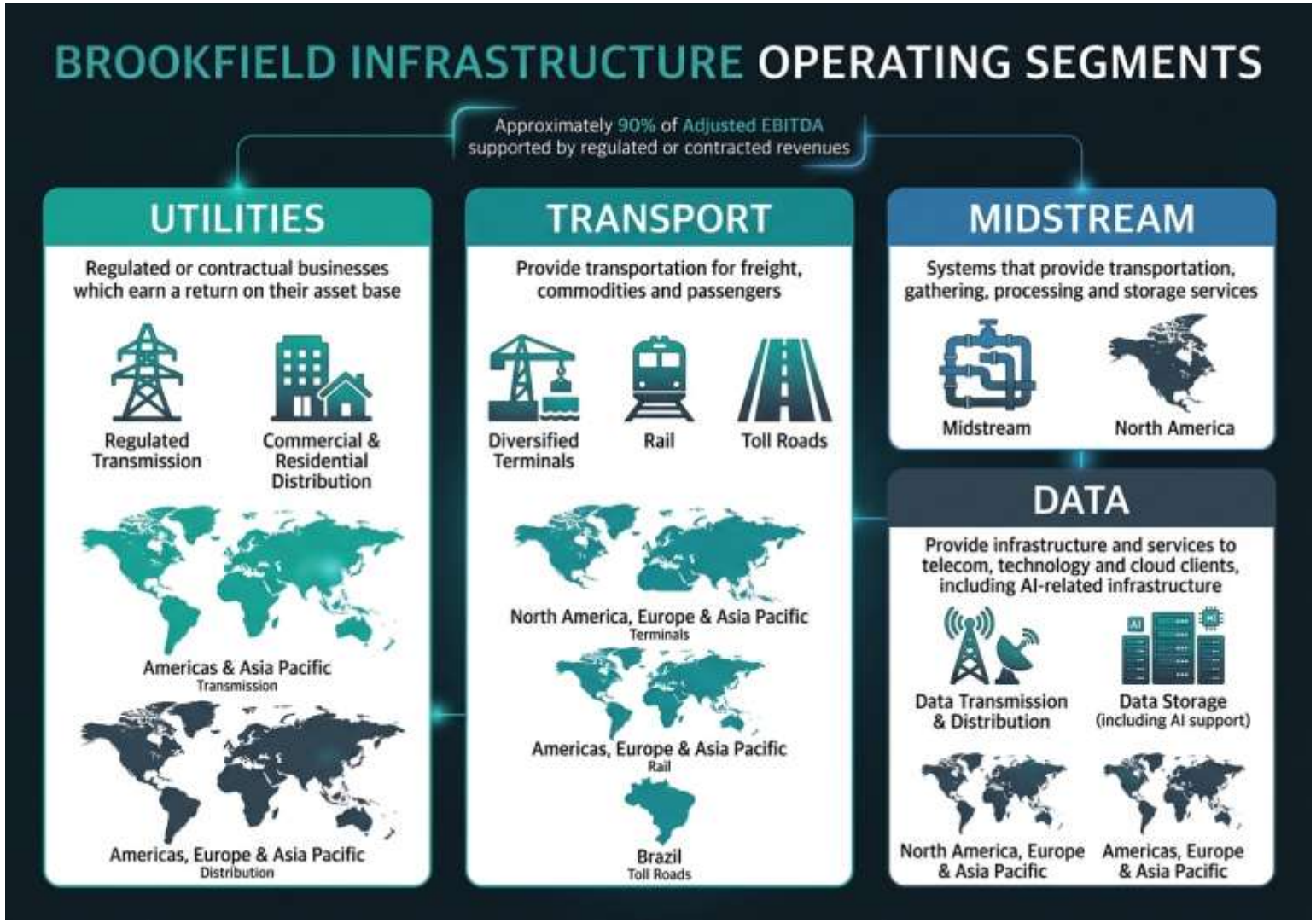
Brookfield Infrastructure (BIP.UN:TSX) – Hard Asset Dividend Aristocrat

COMPANY	
Symbol	BIP.UN
Price Today	$36.00
Initial Rec.	$9.61
Rec. Date	March 2011

Brookfield Infrastructure operates a diverse portfolio of high-quality, long-life infrastructure assets across the utilities, transport, midstream, and data sectors.

Industry: Infrastructure

Current Rating (Near Term/Long Term): BUY/BUY



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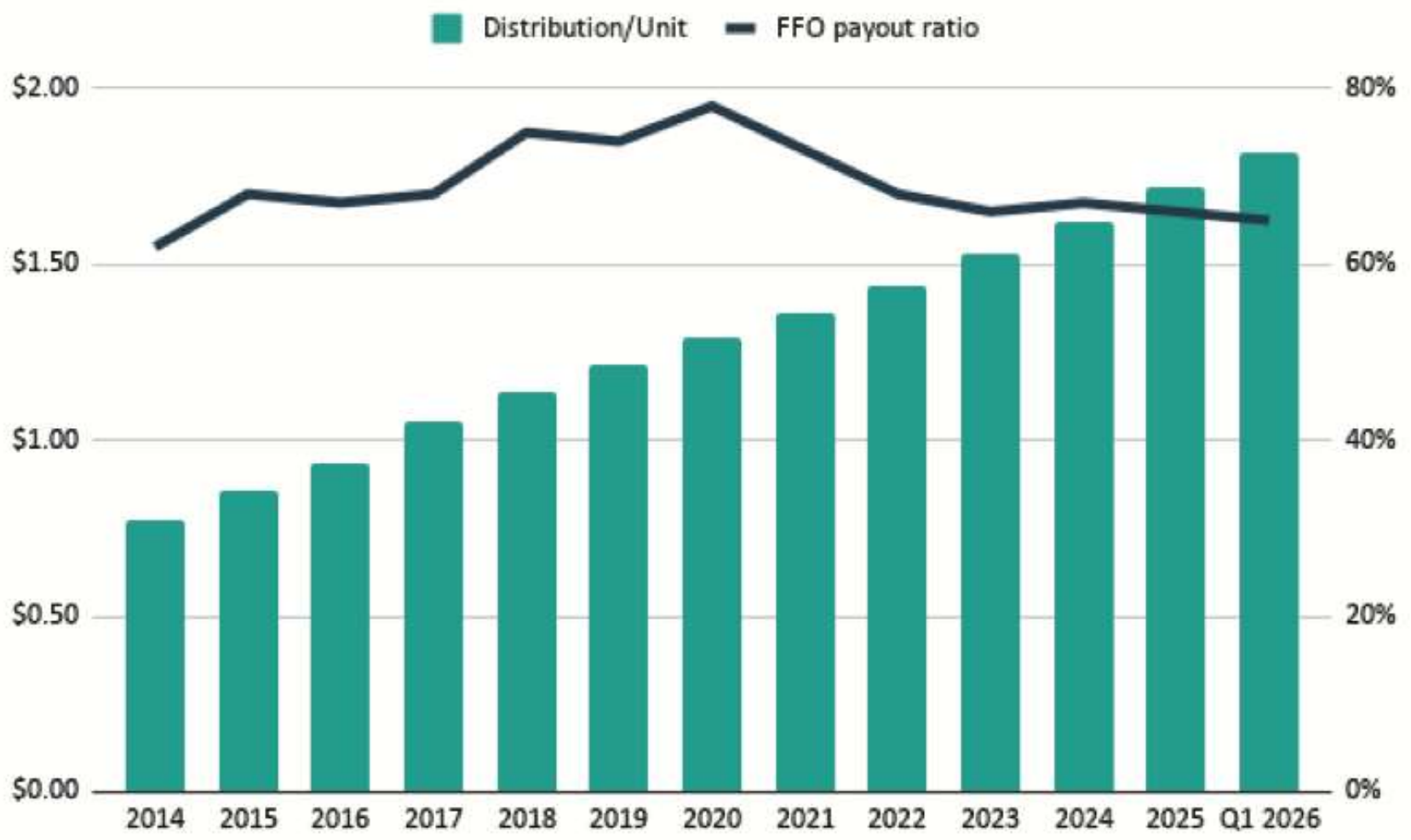
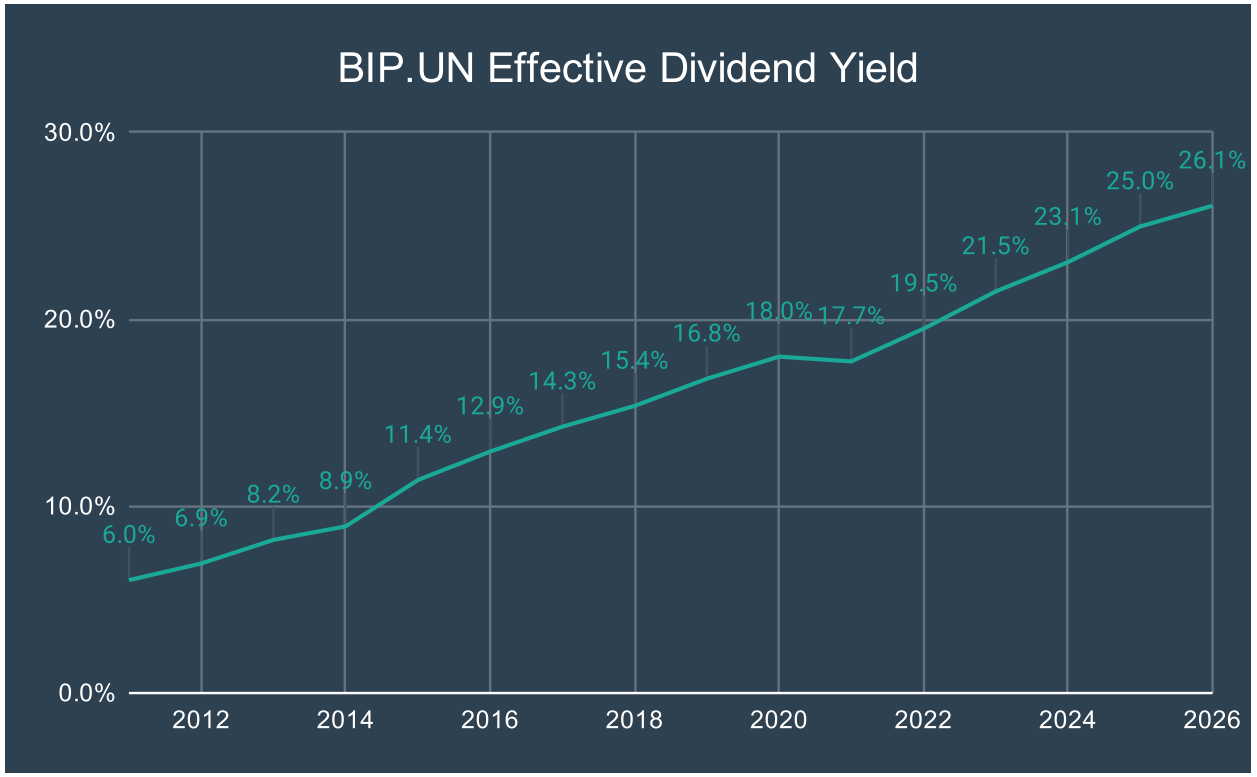
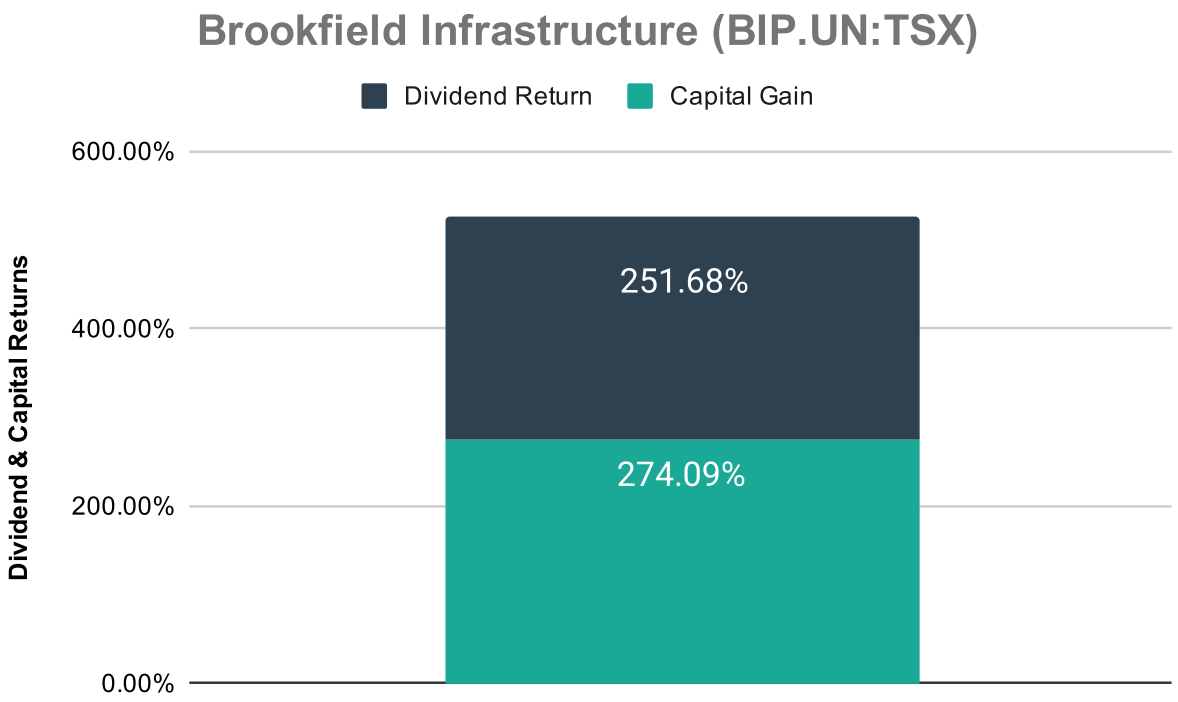


Brookfield Infrastructure (BIP.UN:TSX) – Hard Asset Dividend Aristocrat





*Decline in 2021 due to FX rate USD/CAD change

Exchange Income (EIF:TSX) – Hard Asset Dividend Aristocrat

COMPANY	
Symbol	EIF
Price Today	$117.55
Initial Rec.	$14.24
Rec. Date	March 2010

Exchange Income is a diversified acquisition-oriented company focused on Aerospace & Aviation and Manufacturing.

Industry: Diversified Industrial

Current Rating (Near Term/Long Term): HOLD/HOLD

Exchange Income (EIF:TSX) – Hard Asset Dividend Aristocrat

COMPANY	
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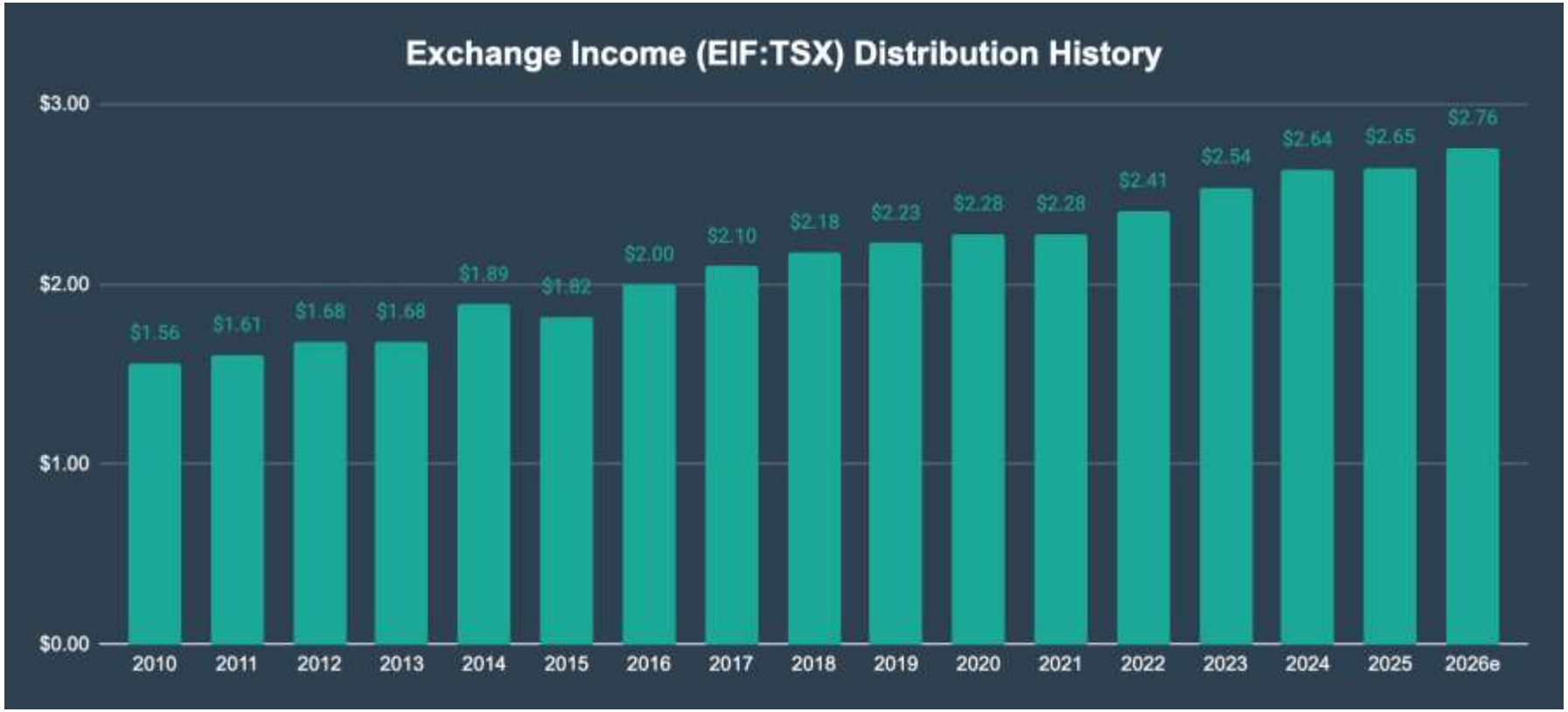
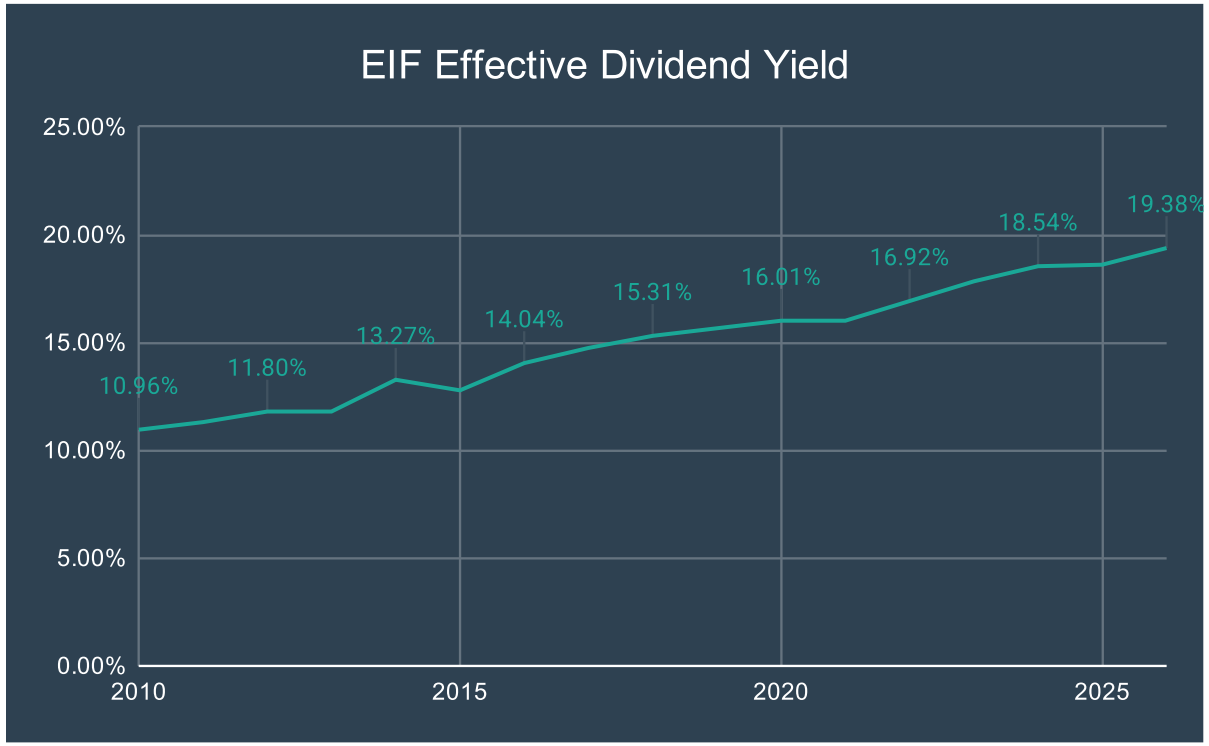
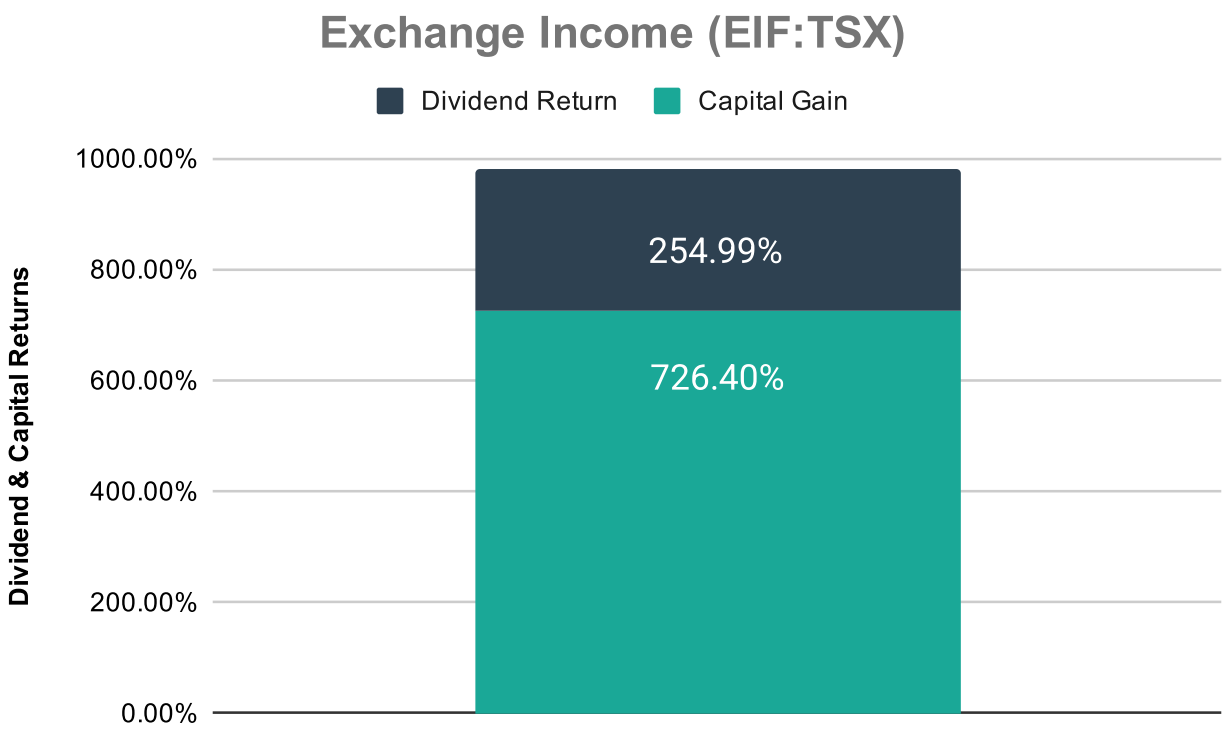


Exchange Income (EIF:TSX) – Hard Asset Dividend Aristocrat





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Hard Assets & Dividend Aristocrats

Hard Assets & Low Obsolescence

Irreplaceable Moats: Monopolistic footprints like Canadian National Railway (CNR) feature near-zero long-term obsolescence risk.

Valuation Discipline: Buy quality infrastructure at cyclical valuation discounts (e.g., re-entering CNR at 17x P/E vs 22x peak).

Inflation Hedge: Physical asset replacement costs scale naturally with macro inflation while generating durable cash flows.

Dividend Aristocrats & Growth

Aristocrat Standard: Businesses with 25+ years of consecutive annual dividend increases demonstrate battle-tested cash flow and payout safety.

Yield on Cost: Effective yield measures real income growth relative to your original purchase price rather than short-term market fluctuations.

Compounding Superiority: Continuous distribution hikes significantly outperform fixed-income investments (GICs/bonds) over long holding periods.

$$\text{Forecast Effective Yield} = \text{Current Yield} \times (1 + \text{Dividend Growth Rate})^{\text{Years}}$$

Pitfalls in Hard Assets & Dividend Aristocrats

Hard Asset Vulnerabilities

Debt & Interest Sensitivity: High maintenance CapEx and heavy debt loads make infrastructure vulnerable to rising rate environments.

Regulatory Rate Caps: Price-capped rent, utility and toll assets may fail to pass full inflation costs onto end consumers.

Secular Disruption: Physical moats can erode over long horizons (e.g., legacy fossil pipelines vs. clean energy transition & Starlink vs. Telecoms).

Dividend Aristocrat Traps

The "Yield Trap": Artificially high yields caused by collapsing stock prices often signal broken underlying business fundamentals.

Growth Starvation: Protecting a 25-year payout streak can starve core R&D, leading to long-term market underperformance.

Dividend Cut Cascade: Losing Aristocrat status triggers massive forced institutional index selling and capital loss.

Essential Safety Guardrails

Free Cash Flow Coverage: Verify that FCF easily covers total distributions with a comfortable safety buffer.

Balance Sheet Health: Monitor Debt-to-EBITDA ratios to prevent debt-funded dividend increases.

Total Return Focus: Evaluate organic growth potential alongside yield to avoid yield-only bias. (Power Producers > Telecoms)

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Section 9: KeyStone's Research Process & VIP Service

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KeyStone's VIP Service

Simple 20-25 Stock Portfolio

5-8 Stocks

Canadian Growth (Small-Cap) Stocks

Hammond Power Solutions (HPS.A:TSX)

The Boyd Group (BYD:TSX)

+

5-8 Stocks

Core Canadian Dividend Stocks

Brookfield Infrastructure Partners (BIP.UN:TSX)

Exchange Income (EIF:TSX)

+

5-8 Stocks

U.S. Growth (Small-Cap) Stocks

XPEL Inc. (XPEL:NASDAQ)

Acme United (ACU:NYSE)

+

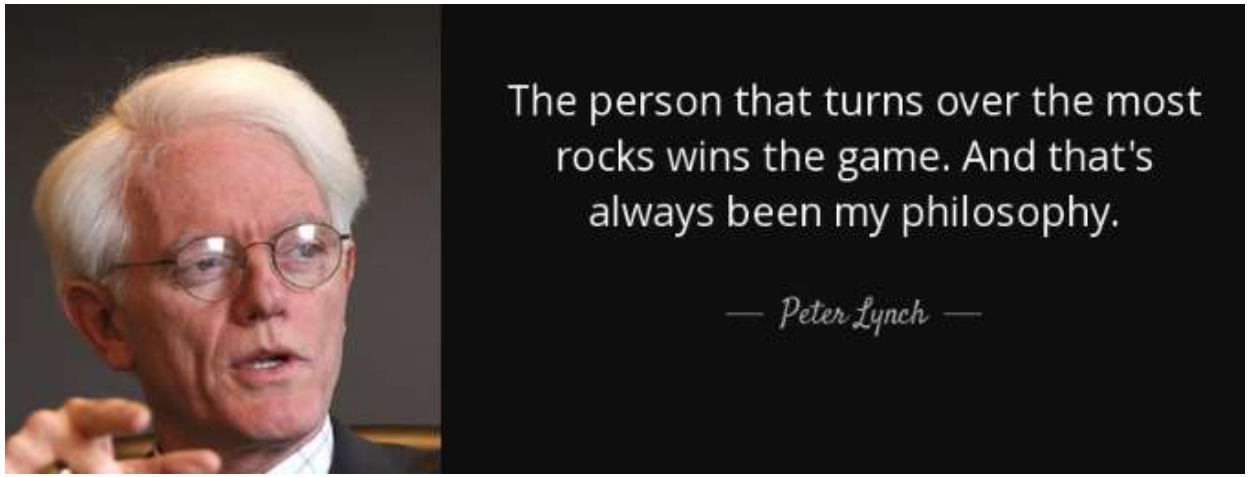
5-8 Stocks

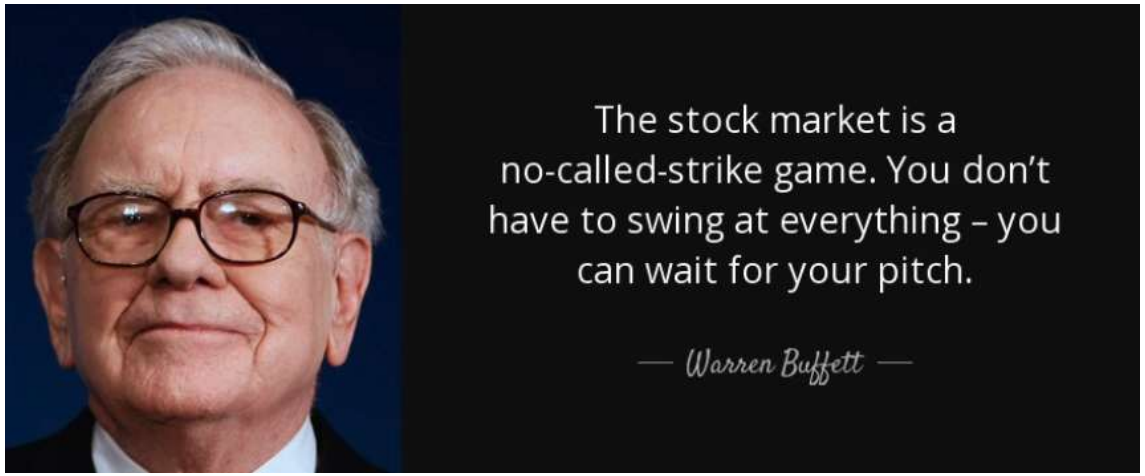
Core U.S. & Dividend Stocks

Microsoft (MSFT:NASDAQ)

Fortinet (FTNT:NASDAQ)

KeyStone's Philosophy





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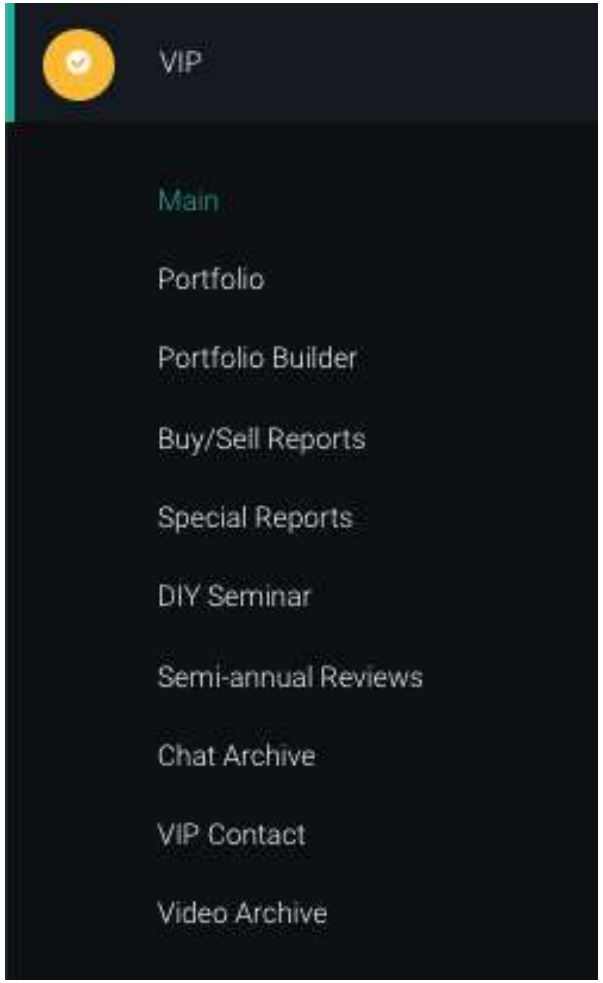
KeyStone's U.S. Small-Cap Research Universe

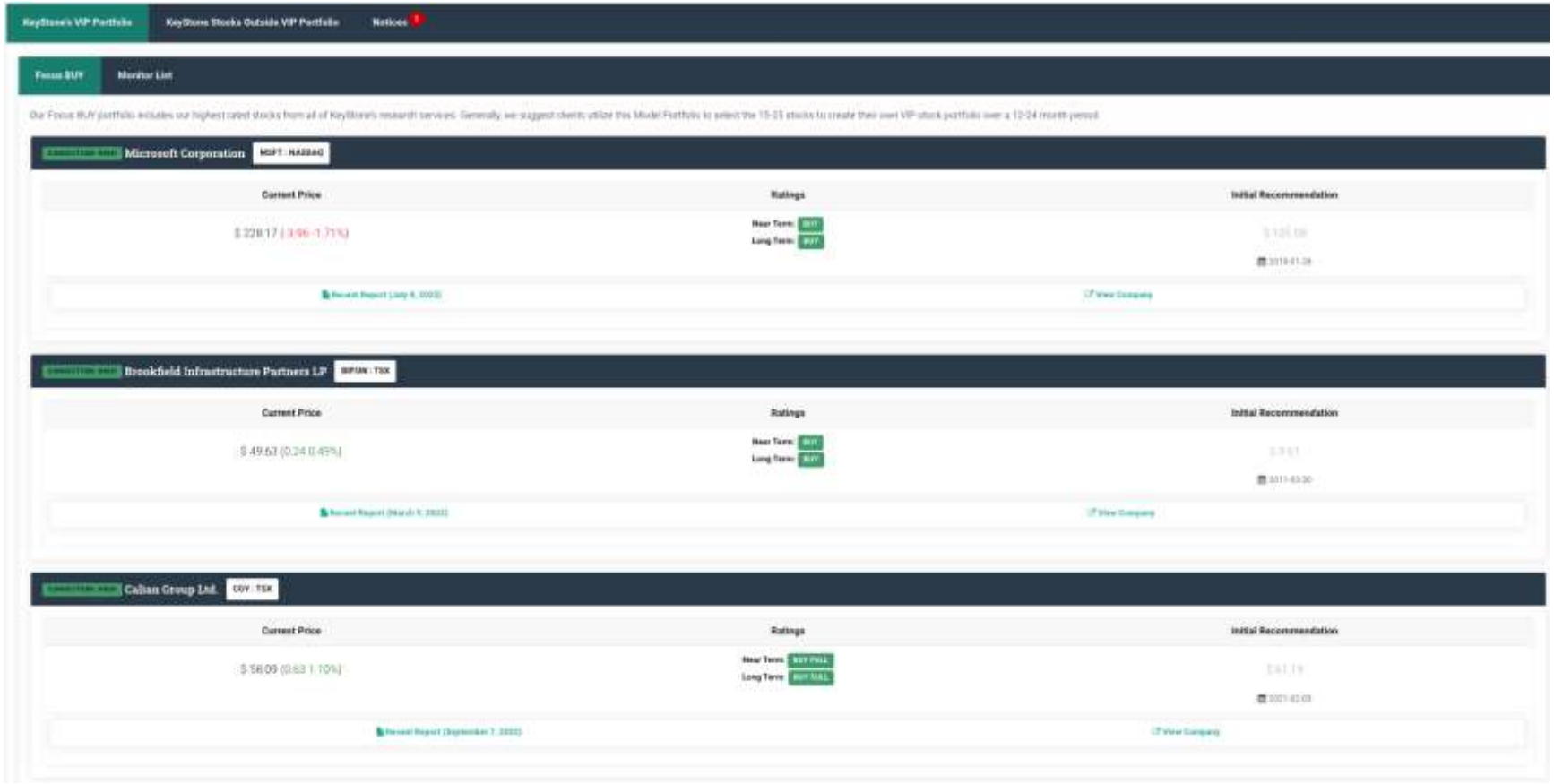
- **Universe of U.S. Small-Cap Stocks (Under $10B Market Cap):**

Exchange	Total # of Stocks	% of Total	w/ Rev. & Net Income (>$0)	w/ Rev. & Net Income % of Total
NASDAQ	3,678	39.1%	1,218	12.9%
NYSE	1,835	19.5%	1,198	12.7%
PINK (OTC)	3,902	41.4%	1,388	16.1%
TOTAL	**9,415**	**100%**	**3,297**	**41.7%**

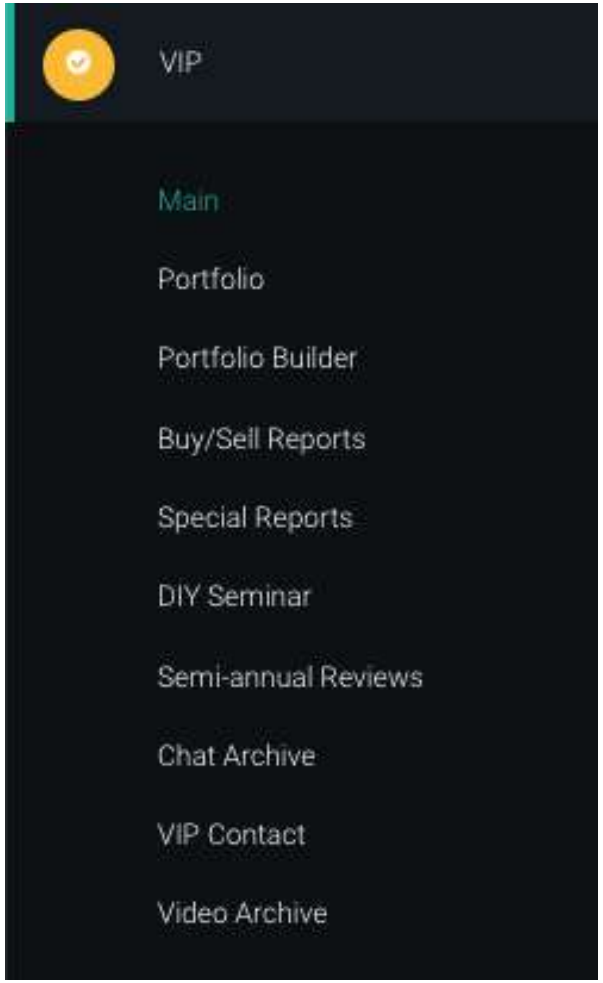
Quick Client Dashboard Tour – VIP Tab



VIP Portfolio – Focus BUY Portfolio:



Quick Client Dashboard Tour – VIP Tab



February 12, 2025

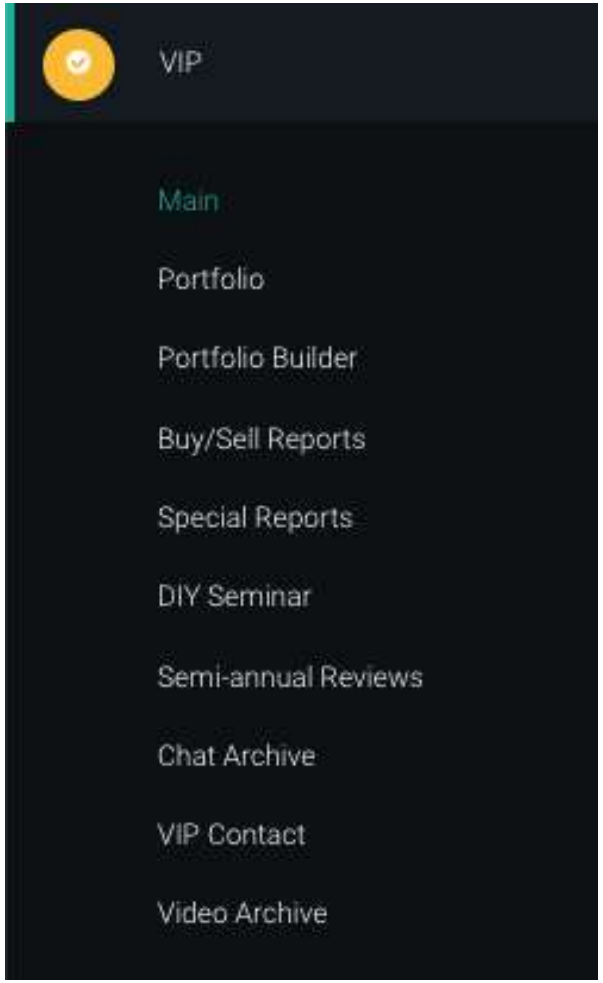
Dear VIP Client,

The following changes have been made to the VIP Portfolio:

ADDITIONS:

1. **Groupe Dynamite Inc. (GRGD:TSX)** – High Conviction (Near Term: BUY/Long Term: BUY). Please note that clients can look to place limit orders between $17.00 and $19.00. We see near-term fair value at approximately $23.50 and are looking to hold the stock for the next 2-5 years.
2. **Orbit Garant Drilling Inc. (OGD:TSX)** - High Conviction (Near Term: SPEC BUY/Long Term: SPEC BUY). Please Note: Given Orbit's business is considered high risk, the stock is only suitable for clients with well above average risk tolerance. Higher gold and copper prices alongside the lower Canadian dollar currently position Orbit for a strong return to meaningful profitability in 2025, but the new management does not have a long track record of executing consistently. The company holds higher debt leverage on its balance sheet which also increases risk. We believe the stock is ~40-50% undervalued and clients can look to set limit orders under $1.10. Be patient and do not bid up the stock.

Quick Client Dashboard Tour – VIP Tab



February 20, 2026

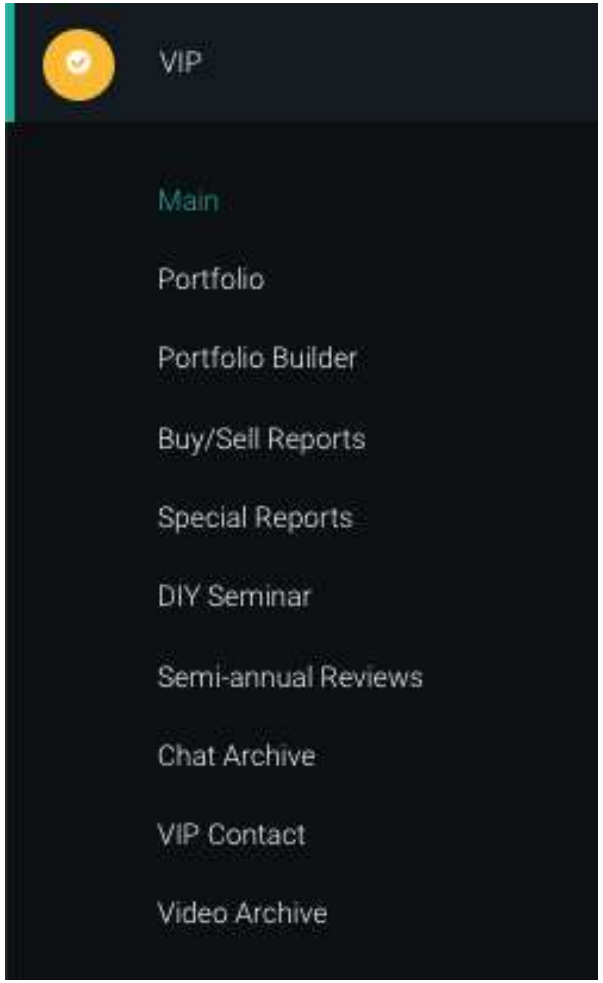
Dear VIP Client,

The following changes have been made to the VIP Portfolio:

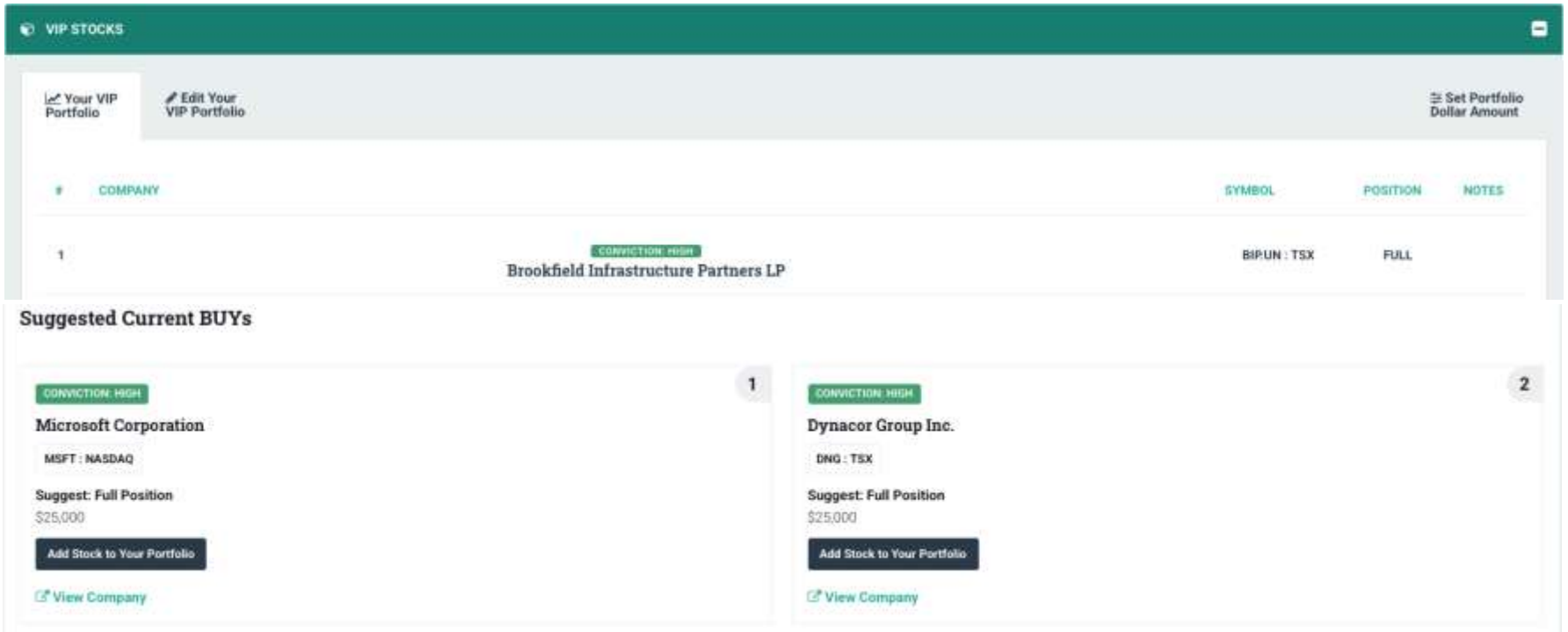
ADDITIONS:

1. **ADF Group Inc. (DRX:TSX)** – High Conviction (Near Term: SPEC BUY / Long Term: SPEC BUY) – We are adding ADF Group to the VIP Portfolio given its strengthened operational position and improved growth outlook. The integration of the Groupe LAR acquisition has successfully diversified the company's revenue stream into Canadian hydroelectric and heavy industrial projects pushing the total backlog to a robust $637 million. With the critical catalyst of new Canadian purchase orders now materializing—headlined by a $140 million contract in January 2026—revenue visibility through FY 2027 has improved. While we expect above-average volatility surrounding the 2026 USMCA renewal and steel price fluctuations, the stock's discounted valuation relative to peers supports our SPEC BUY with a near-term fair value estimate of $13.50 and the potential for a longer-term re-rating over the next 12-18 months. Given the stock's relative illiquidity, we advise patience and the use of limit orders under $10.50 for clients looking to establish or add to a position.

Quick Client Dashboard Tour – VIP Tab



VIP Portfolio Builder Tool



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Starter Portfolio

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VersaBank
(VBNK: NASDAQ)

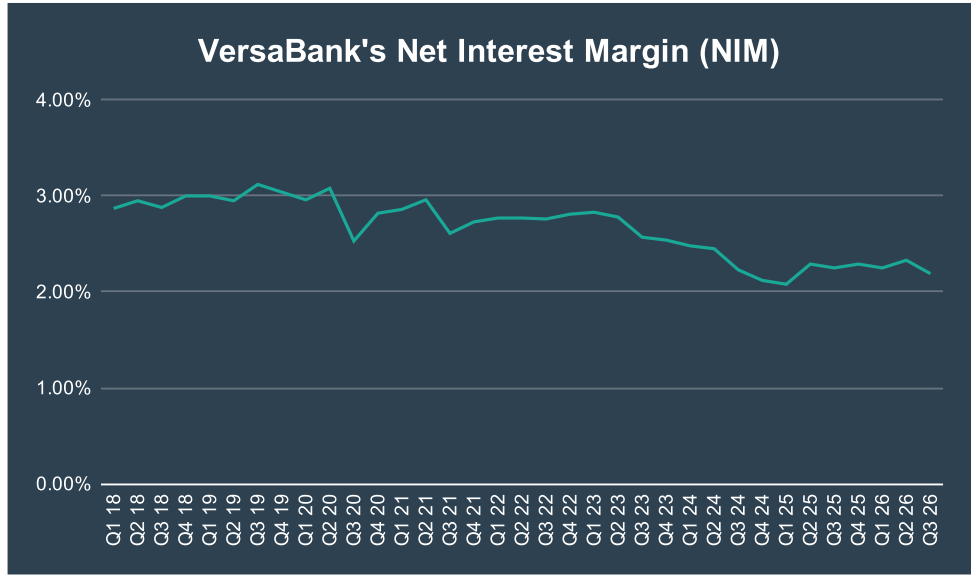
VersaBank a Canadian schedule 1 Chartered bank and one of the world's first fully digital financial institution – the company ***primarily makes money from Point of Sales loans*** *(Structured Receivable Program).* ***Highly successful doing so in Canada and has now moved to the US.***

- **Rating (NT/LT):** BUY/BUY
- **Fair Value: US$23.50 /** C$33.00
- **Industry:** Bank (Fintech)
- **Recommended:** Nov 2018
- **Recommendation Price:** C$7.04
- **Current Price: US$22.84** / C$31.84
- **Market Cap:** C$1.07B
- **Yield:** 0.31%
- **Research Area:** CND & U.S. Small-Cap

VersaBank
(VBNK: NASDAQ)

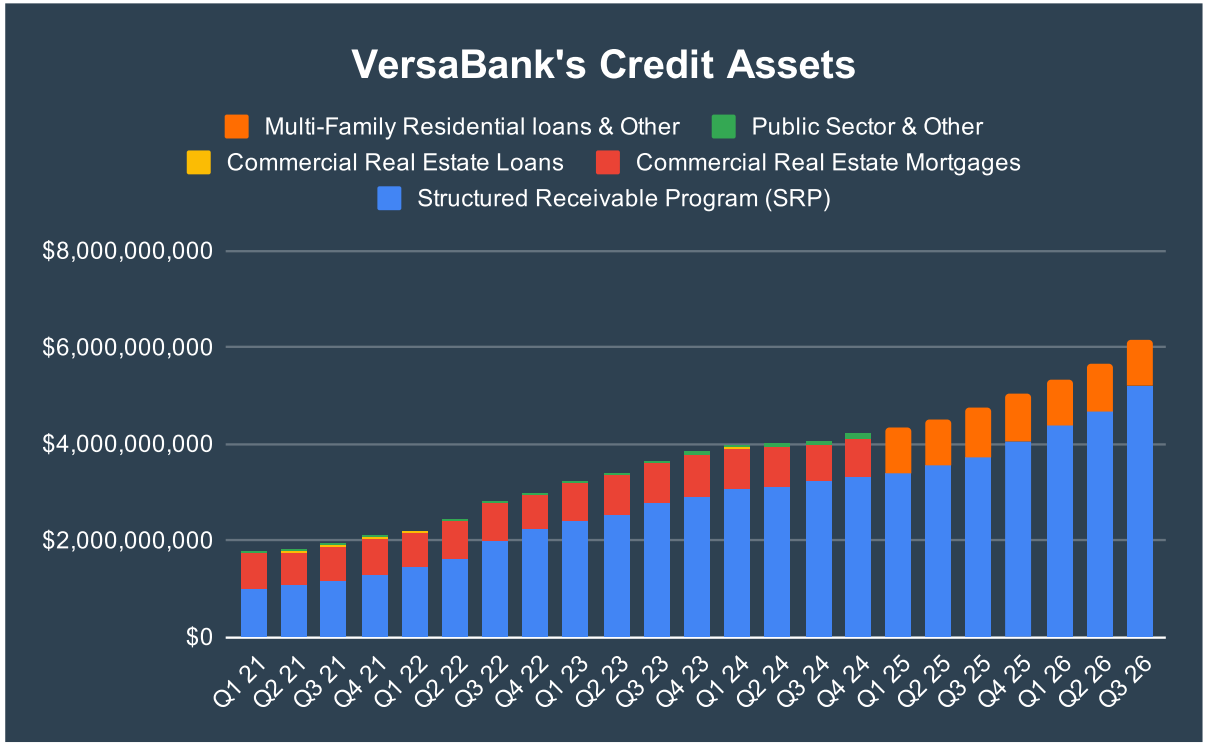
Recent Financials (Q3 2026):

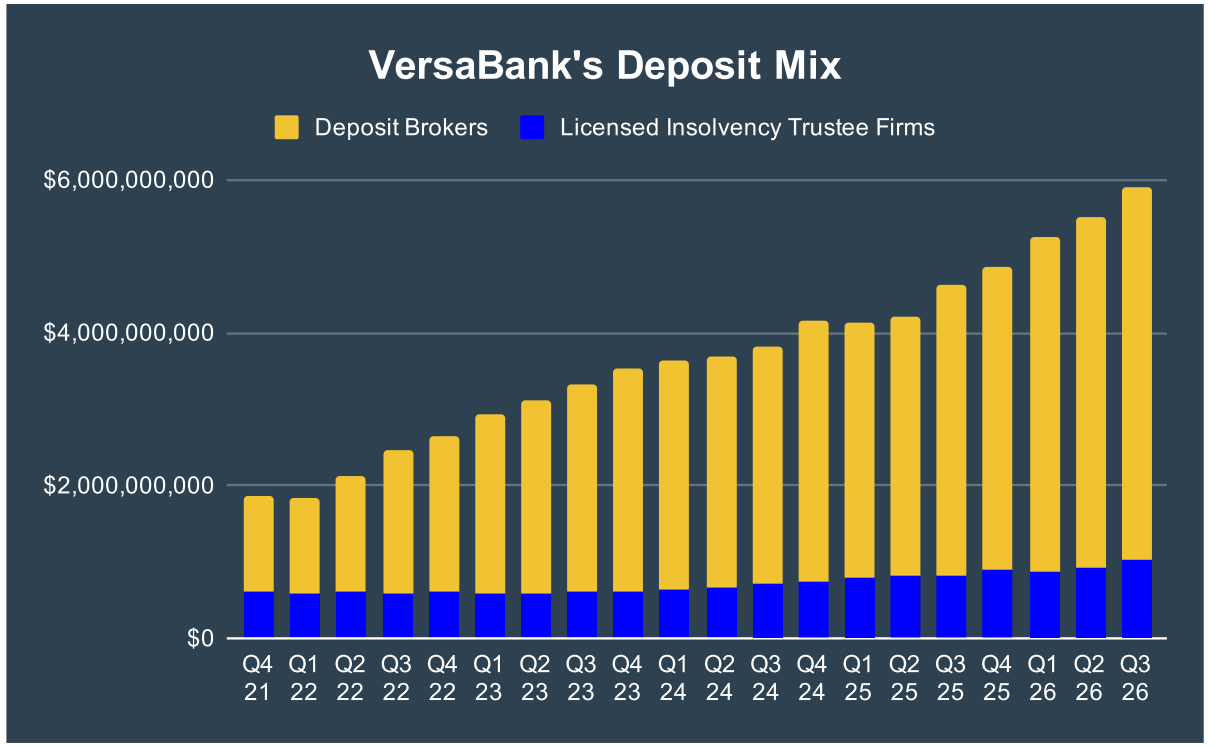
- Revenue up 23% to $38.8 million.
- Adj. ROE of 8.7%, up from 5.0%.
- Adj. Net Income up 27% to $12.3M & Adj. EPS up 55% to $0.38 per common share.



Q3 2026	Digital Banking Canada	Digital Banking U.S.
Revenue	$27.6M	$9.3M
Accounting Net Income	$6.6M	$4.0M
Assets	$5.5B	$1.4B

VersaBank
(VBNK: NASDAQ)



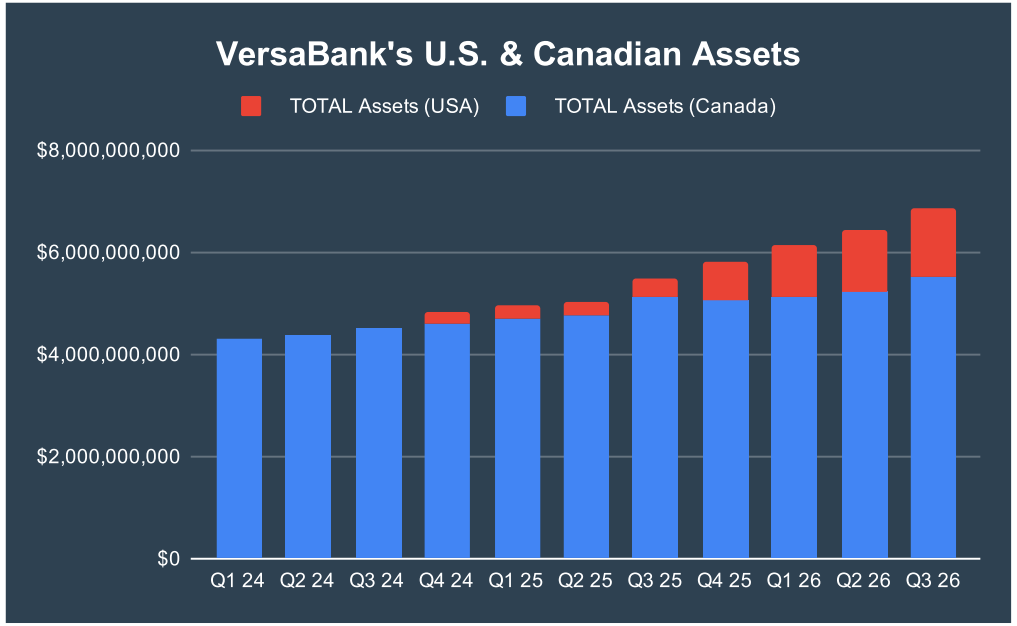


VersaBank
(VBNK: NASDAQ)

Areas of Growth & Outlook:

- In FY 2026, management is looking to fund US$1.0 billion SRP split roughly 60-40 between its conventional high-margin SRP and the securitized RPP (Funded US$310 million in FY 2025).

- Management has a target to fund US$3.0 billion in SRP in 2027 – 3x growth!



February 03, 2026

VERSABANK ANNOUNCES STABLECORP'S QCAD AS FIRST STABLECOIN CUSTOMER

VersaBank
(VBNK: NASDAQ)

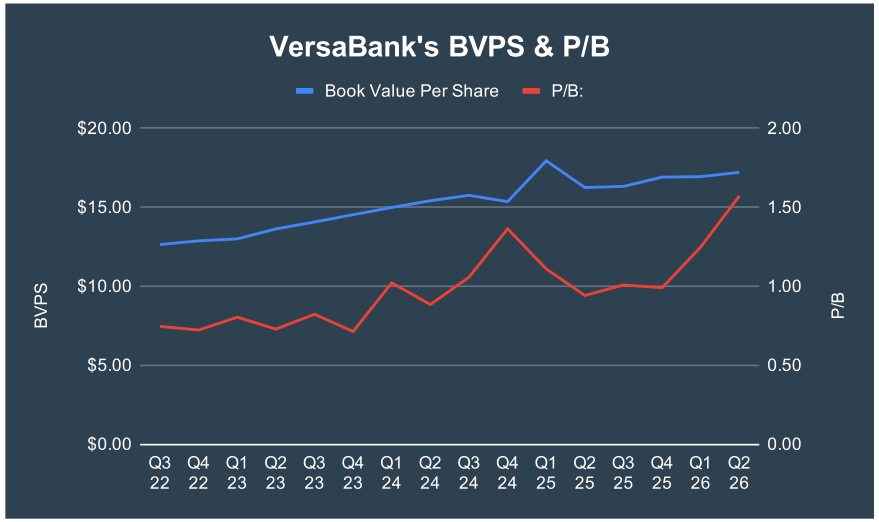
Investment Thesis:

- Looking forward to FY 2026, we expect VersaBank's Canadian RPP credit assets to grow by approximately 5-7%, while its U.S. SRP credit assets are expected to grow by 200-300%.

- EPS is expected to sequentially improve throughout the year and into 2027, given one-time restructuring costs, the divestment of DRTC leading to fewer expenses (~$10M), and further operating leverage from growth in the U.S. RPP portfolio.

- **Fair Value:** If the bank can achieve EPS upward of $2.50-$3.00 in 2027/28, mid-term fair value is expected to be closer to $33.00 (US$24.00) per share.

- We reiterate our Near-Term & Long-Term **BUY.**



Polaris Renewable Energy (RAMPF: OTC / PIF: TSX)

Polaris Renewable Energy is a renewable power producer focused on Latin America. The company operates in five Latin American countries, with assets that include **(1) geothermal plant** (approximately 82 MW), **(4) run-of-river hydroelectric plants** (approximately 39 MW), **(3) solar** (photovoltaic) projects (approximately 35 MW) and **(1) onshore wind park** (26 MW). *PIF's most significant asset is the San Jacinto geothermal facility in Nicaragua.*

- **Rating (NT/LT):** BUY/BUY
- **Fair Value: US$14.00** / C$20.00
- **Industry:** Renewable Power
- **Recommended:** Jun 2019
- **Rec. Price:** C$13.84
- **Current Price: US$9.59 /** $C13.769
- **Market Cap:** C$287M
- **Yield:** 6.00%
- **Research Area:** Canadian Income (Aggressive-Risk)

Polaris Renewable Energy (RAMPF: OTC / PIF: TSX)

Recent Financials:

	Q2 2026	Q2 2025	Change
MWh (hours)	199,130	215,797	-8%
Revenue	$19.9M	$21.6M	-8%
Adjusted EBITDA	$13.7M	$15.4M	-11%
Cash Flow per Share	$0.31	$0.23	+35%

Areas of Growth & Outlook:

- **Puerto Rico Battery Storage - ASAP I** – Approved for BESS capacity of 71.4MW with Commercial operational date forecast in Q3 27 (EBITDA of ~$13-14M). Capex of US$73M.
- **Mexico Expansion (July 2026)** – Signed Mixed Investment Agreement with Mexico for three solar-plus-storage projects, which collectively represent an estimated US$217 million in initial capex, 249 MWdc (204.2 MWac) of new solar capacity, and 192 MWh of battery energy storage system (BESS) capacity (online through mid-to-late 2028) → **More than doubling PIF's current MW at 182MW**

Polaris Renewable Energy (RAMPF: OTC / PIF: TSX)

Investment Thesis:

- **2026 Production Guidance:** Set target range at **775–790 GWh (810 in FY 2025)**. This accounts for headwinds:
  - Completed major maintenance at San Jacinto (Geothermal) in Q1 2026 (rather than Q4 as typical).
  - Expected curtailments in the Dominican Republic.

- Attractive dividend yield of >6.00%, while the company continues to diversify out of Nicaragua.

- Healthy debt leverage with trailing net debt-to-EBITDA of 2.4x.

- **Fair Value:** Looking to FY 2027/28, upward of ~$19.00 per share with ASAP I Coming online in 2H F27, as well as adding $1-2M from its small solar project acquisition and applying a 6.0 times multiple.

- So patient investors could add in the current range - they get paid an attractive yield for their patience with management's execution and we believe they eventually start growing the dividend.

Groupe Dynamite Inc.
(GRGDF: OTC / GRGD: TSX)

Women's fashion designer and retailer - operates two distinct brands, GARAGE and DYNAMITE, which cater to Generation Z and Millennials. GRGD offers a wide range of women's apparel through retail stores and digital platforms, with a focus on innovation and disciplined execution. GRGD operates over 300 stores in North America, of which more than 70% are under the GARAGE brand, and entered the U.K. with two stores in March 2026, projecting 10 stores by 2028.

- **Rating (NT/LT):** BUY/BUY
- **Fair Value: US$50.00 / C**$70.00
- **Industry:** Women's Fashion
- **Recommended:** Feb 2025
- **Recommendation Price:** C$16.11
- **Current Price: US$36.01 /** $51.30
- **Market Cap:** C$5.59 B
- **Yield: n/a**
- **Research Area:** CND Small-Cap

Groupe Dynamite Inc.
(GRGDF: OTC / GRGD: TSX)

Record Q2 FY 2026 Results:

- Revenue increased by 29.8% to $423.6 million in Q2 2026, compared to $326.4 million in Q2 2025.
- Comparable store sales growth of 10.3% (12.3% on a constant currency basis) in Q2 2026, compared to comparable store sales growth of 28.6% (25.7% on a constant currency basis) in Q2 2025.
- Gross margin expanded by 520 basis points to 68.8% in Q2 2026 compared to 63.6% in Q2 2025.

Groupe Dynamite Inc.
(GRGDF: OTC / GRGD: TSX)

Record Q2 FY 2026 Results:

- Adjusted EBITDA increased by 55.9% to $187.9 million in Q2 2026, representing an adjusted EBITDA margin of 44.3%, compared to 36.9% for the same period in Q2 2025.
- Adjusted diluted net earnings per share increased by 68.7% to $0.96 in Q2 2026, compared to $0.57 in Q2 2025.
- **Opening of 7 new stores:** 6 in the United States and 1 in the United Kingdom, both under the GARAGE banner.

Groupe Dynamite Inc.
(GRGDF: OTC / GRGD: TSX)

Investment Summary:

- **Q1 & Q2 results topped expectations** with ~37% revenue growth, substantial gross margin expansion, an EBITDA margin beat, and an annual guidance raise. **Market weakness stemming from a perceived Q1 same-store sales growth (SSSG) "miss"** (22.6% vs. 25% consensus) was overdone, as prior 25%+ SSSG levels were artificially boosted by now-lapping "Liberation Day" tariff price increases.
- **Future annual SSSG is modelled at a healthy 7–11%** (bested in Q2), we expect 15% plus revenue growth and EPS growth above 15%.
- **GRGD is a quality SMID-cap** growth-oriented women's fashion retailer with a well-defined target market, sector-leading organically driven top-line growth, a disciplined and data-driven approach to design and inventory management, and a clearly articulated real estate premiumization strategy.

- **Fair value in the range of $70.**

Groupe Dynamite Inc.
(GRGDF: OTC / GRGD: TSX)

Investment Summary:

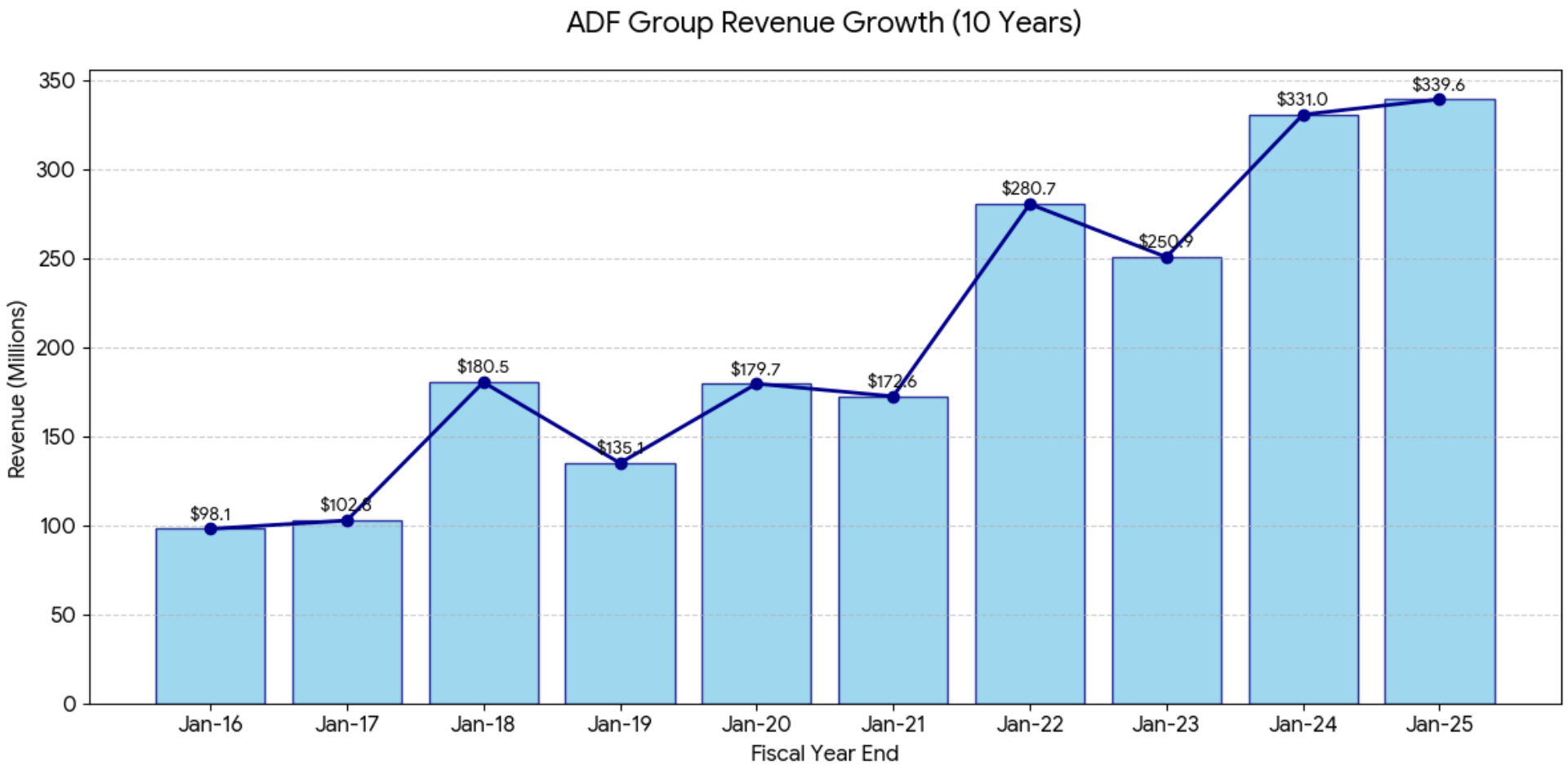
- **Potential catalysts to financial forecasts and valuation:**
  - Stronger consumer spending driving higher SSS growth.
  - Return of capital through potential dividend and/or NCIB.
  - Optionality of potential acceleration of the Garage or Dynamite brand and footprint in the US, and Garage in UK/Europe penetration.
  - Establishing a track record as a public company.

ADF Group Inc.
(ADFJF:OTC / DRX: TSX)

Designs, engineers, fabricates, paints, and installs complex steel structures for major construction projects including office towers and high-rises, commercial and recreational buildings, airports, industrial facilities, and transportation infrastructure. In 2025, ADF expanded further by acquiring Groupe LAR, a Canadian company specializing in machining, welding, industrial mechanics, and custom steel structures for hydroelectric projects and heavy industry.

- **Rating:** NT/LT: SPEC BUY
- **Fair Value:** $20
- **Industry:** Infrastructure
- **Recommended:** JAN 2026
- **Recommendation Price:** $8.08
- **Current Price:** $13.50
- **Market Cap:** $382.61 M
- **Yield:** 0.30%
- **Conviction:** High
- **Research Area:** CND Small-Cap Growth

ADF Group Revenue Increases.



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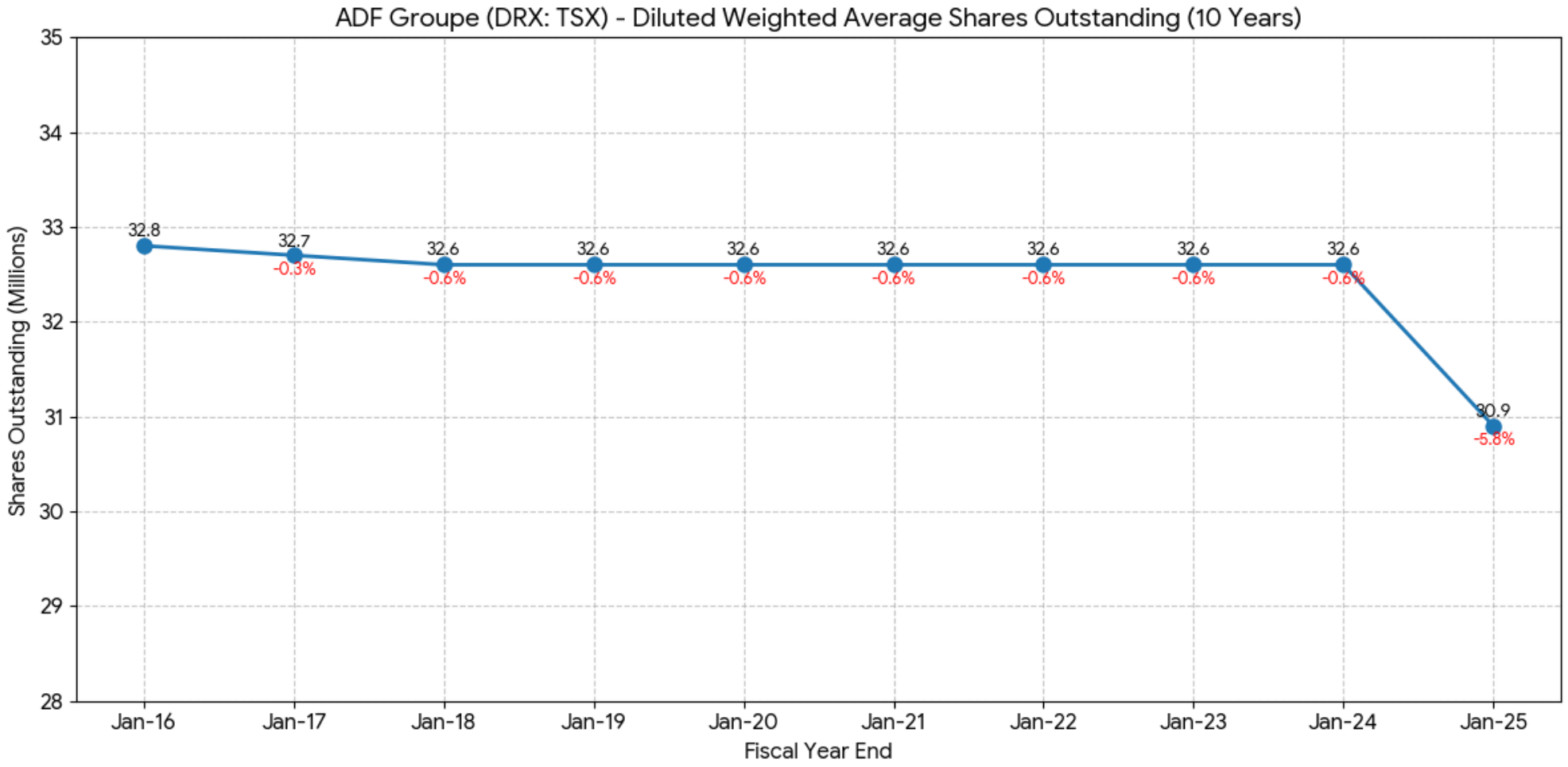
ADF Group Share Count Decreases.



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ADF Group Inc.
(ADFJF:OTC / DRX: TSX)

Record Q1 2026 Results:

- Revenues jumped 78.8% to $99.3 million.
- Net income rose to $12.0 million or $0.42 per share from $8.7 million or $0.30 per share for the same quarter ended April 30, 2025.
- All-time high order Backlog of $645.8 million as at April 30, 2026, including $266.5 million from Groupe LAR Inc (recent acquisition).

ADF Group Inc.
(ADFJF:OTC / DRX: TSX)

	3 Months		6 Months	
Periods Ended July 31,	**2026**	2025	**2026**	2025
(In thousands of dollars, and in dollars per share)	**$**	$	**$**	$
Revenues	**95,030**	53,006	**194,291**	108,529
Adjusted EBITDA [1]	**8,442**	3,702	**26,929**	14,097
Income before income taxes expense	**3,900**	1,238	**20,374**	12,970
Net income for the period	**2,950**	898	**14,987**	9,644
-- Per share, basic and diluted	**0.10**	0.03	**0.52**	0.34
(In thousands)	**Number**	Number	**Number**	Number
Weighted average number of shares outstanding (basic and diluted)	**28,553**	28,438	**28,553**	28,416

ADF Group Inc.
(ADFJF: OTC / DRX:TSX)

Investment Thesis:

- **Solid Core Business**: September 2025, ADF acquired Groupe LAR ($20.4 M) - a company with expertise in the energy sector (specifically hydroelectricity and heavy industrial mechanics), to bolster its technical capabilities for nuclear and energy contracts.
  - added $92M of backlog and shifted ADF's mix toward Canadian hydro and industrial projects, reducing U.S. reliance.

- JAN 30th - announced $140.0 M in new contract awards across Quebec, Ontario, and the U.S. West Coast, spanning public transportation, commercial, industrial, manufacturing, and hydroelectric end markets – record backlog.

CISION

ADF GROUP ANNOUNCES THE SIGNING OF A SERIES OF NEW CONTRACTS IN THE UNITED STATES WORTH $127 MILLION

CNW Group
June 30, 2026 • 3 min read

DRX.TO -0.33% ☆ DRX.NE +1.12% ☆

TERREBONNE, QC, June 30, 2026 /CNW/ -

ADF Group Inc.

(All amounts are in Canadian dollars unless otherwise indicated.)

ADF GROUP INC. ("ADF" or the "Corporation") (Stock symbol: TSX: DRX), a North American leader in the fabrication of steel superstructures announces the signing of $127 million in new contracts for the fabrication of various steel structures and heavy steel components, all in the United States.

ADF Group Record backlog at $637 Million.

Figure 1: Quarterly Backlog

ADF Group Inc.
(ADFJF:OTC / DRX: TSX)

Investment Thesis:

- Shares trade at ~11x trailing twelve-month earnings and ~8x our FY 2027 earnings; continued execution and backlog conversion could support a rerating toward ~12-16x FY 2027 earnings, despite expected volatility.

- Recent $70 Billion Quebec Hydro infrastructure spending announcement 10+ year tailwind.

- **Recommendation - SPEC BUY:** We maintain a speculative buy rating with fair value of $20 (CAD), supported by improving operating trends, strong backlog visibility through fiscal 2027, and benefits from the LAR acquisition.

- **Note: quarterly earnings can fluctuate, weakness in an upcoming quarter may present buying opportunity as EPS growth surges in back half of current year or in 2027 (FY 2028).**

Dynacor Group Inc.
(DNGDF: OTC / DNG: TSX)

Peru-based gold-miller engaged in gold production through the processing of ore purchased from the ASM (artisanal and small-scale mining) industry. Dynacor is also moving forward on a joint venture mill in Senegal and owns a gold exploration property (Tumipampa) in Peru.

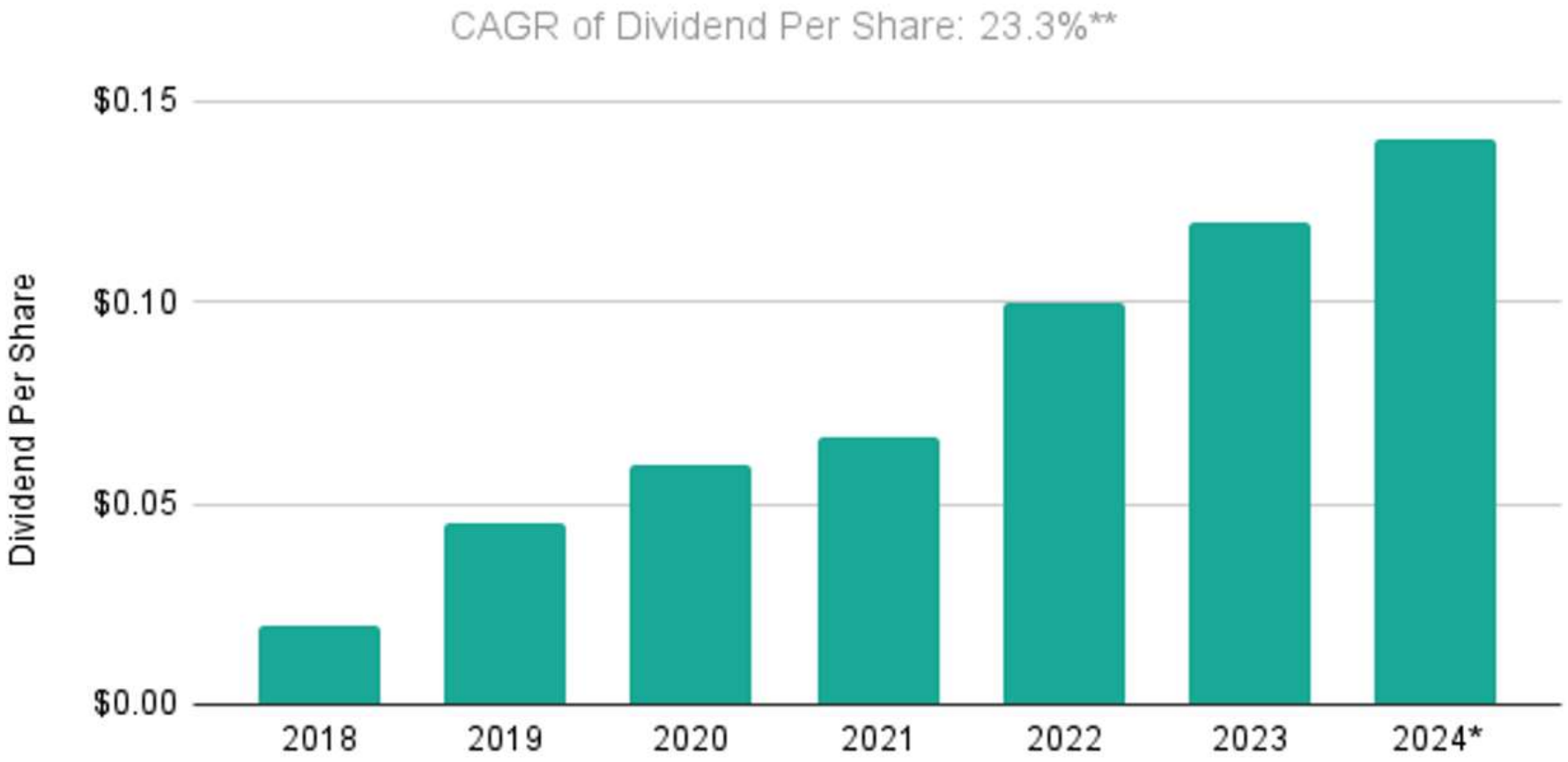
- **Rating (NT/LT):** SPEC BUY
- **Fair Value: US$6.00 /**US$8.50
- **Industry:** Gold Milling
- **Recommended:** July 2017
- **Recommendation Price:** $1.40-$2.00
- **Current Price: US$3.51** / C$4.97
- **Market Cap:** $223.79 M
- **Yield:** 3.22%
- **Risk:** High (Geo).
- **Research Area:** Canadian Small-Cap Growth

Dynacor Group Inc.
(DNGDF: OTC / DNG: TSX)

Why do we like DNG?

- 15 consecutive years of profitability.
- Very strong balance sheet (Net cash is > 10%+ of market cap) – self fund growth plans with no dilution.
- Dividend growth stock.

Dynacor Group Inc.
(DNGDF: OTC / DNG: TSX)



*2024 results annualized, 2018-2023 realized **Uses annualized results for 2024 and 2018

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Dynacor Group Inc.
(DNGDF: OTC / DNG: TSX)

Why do we like DNG?

- 15 consecutive year of profitability.
- Very strong balance sheet (Net cash > 10% of market cap) – self fund growth (debt for CAPEX) plans with no dilution.
- Dividend growth stock.
- Reasonable valuations.
- Growth & diversification plan in place.

Q1 2026 financial highlights.

Excellent operational performance, driven by stable feed and improved recoveries:

- At-capacity processing for a total of 46,655 tonnes of ore.
- Production of 32,791 AuEq ounces, setting a first-quarter historical record.

Excellent financial results due to strong operations and higher realized gold prices:

- **Record sales** increased 93% to $154.1 million compared to $80.0 million in Q1 2025.
- **Record net income** of $7.3 million (US$0.17 / CAD$0.24), compared to $5.1 million (US$0.13 / CAD$0.18), in Q1 2025.
- **Record operating cash flows** before changes in working capital items of $10.1 million (US$0.24), compared to $5.8 million (US$0.15) in Q1 2025.

FY 2026 guidance.

Metric	2026 Guidance (USD)
Total Sales	$530 million – $580 million
Gold Production	125,000 – 135,000 AuEq ounces
Net Income	$22 million – $26 million
Gold Price Assumption	$4,200 per ounce

FY 2026 guidance.

	Units	Q1-2026 [1], [2]	2026 Guidance[2]	Guidance v. 2025 Actuals
Gold-eq. production	*'000 oz*	32,791	125 -135,000	+14%
Sales	*US$ M*	154.1	530 - 580	+40%
Net income	*US$ M*	7.3	22 -26	+13%
Sustaining capex - Peru	*US$ M*	0.7	6 -8	
Capex - Ecuador	*US$ M*	0.8	22-25	
Capex - Senegal	*US$ M*	2.4	4 - 5	

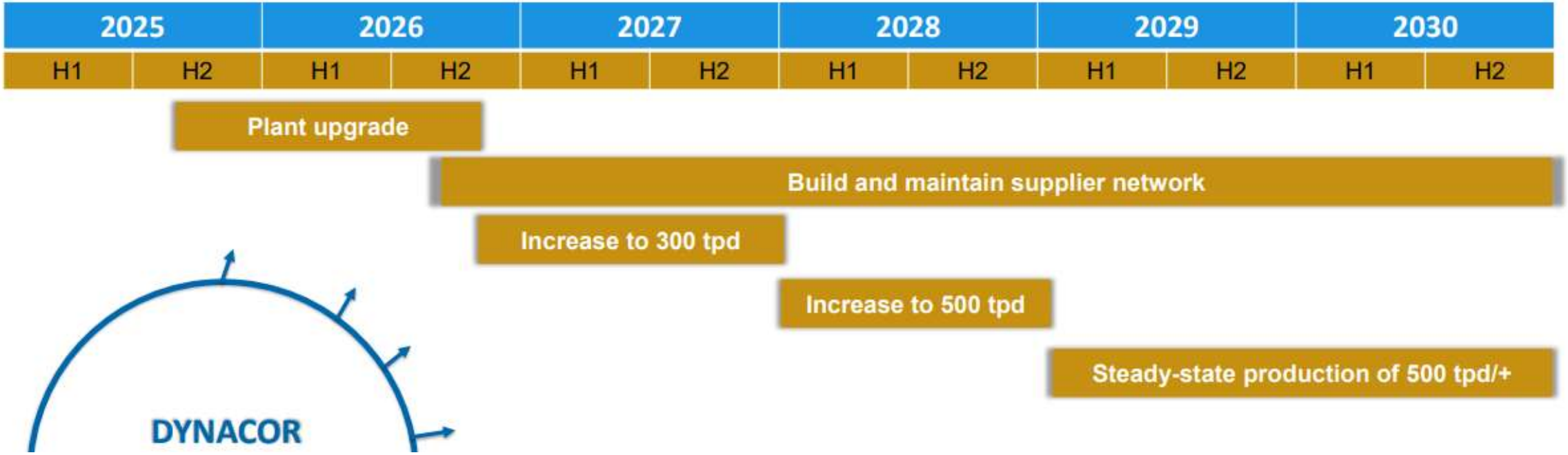
Dynacor Group Inc.
(DNGDF: OTC / DNG: TSX)

Investment Thesis:

- **Balance sheet for expansion** – ~US$15 (no debt) – use cash/cashflow/reasonable debt to buy or build new mills without dilution.
  - **Geographic:** 3-4 mills operating in next 5 years.
    - **Existing ~500 tpd mill in Peru – optimizing.**
    - **New Build:** Ecuador – first gold Q4 2026 – initial 150 tpd to 300 tpd eventually scaling to 500 tpd or higher.

FY 2026 guidance.

POTENTIAL TIMELINE FOR SVETLANA PLANT IN ECUADOR



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  - **Geographic:** 3-4 mills operating in next 5 years.
    - **Existing ~500 tpd mill in Peru – optimizing.**
    - **New Build:** Ecuador – first gold Q4 2026 – initial 150 tpd to 300 tpd eventually scaling to 500 tpd or higher.
    - **West Africa:** (Senegal pilot mill 50 tpd by Q2 2026) - Ivory Coast and Ghana.

- **10x Case (from $1.50-$2.00 range)** – Plan to build or acquire 3 additional mills averaging US$250 million in revenue produced US$1 billion in revenue potential over next 5-10 years.

- $0.45 and $0.55 EPS from 1 mill – add 3 more the potential to achieve $2.00 per share in EPS, 5-6 years forward with 3-4 mills operating.

Dynacor Group Inc.
(DNGDF: OTC / DNG: TSX)

Investment Thesis:

- **Strong dividend grower:** 3.22% yield.

- **Fair Value:** Trading at a reasonable 7x its 2026 earnings guidance, Dynacor appears undervalued.
  - 11x P/E multiple to $0.80 expected 2026 EPS, **yields fair value of ~$8.50 CAD, representing approximately 60% upside from current levels.**

- **Growth catalyst:** 1 new mill could contributed to an ~60% increase in production by end of 2027.

Flexible Solutions International (FSI: NYSE)

Develops biodegradable polymers and specialty chemicals for water conservation, agriculture, oil extraction, and detergents. Expanding into FDA-approved food-grade and nutrition product manufacturing, FSI expects these major new contracts to drive strong revenue growth and profitability..

- **Rating (NT/LT):** SPEC BUY
- **Fair Value: US$7.50**
- **Industry:** Specialty Chem/Food Man.
- **Recommended:** Sept 2026
- **Recommendation Price:** $5.82
- **Current Price: US$6.00**
- **Market Cap:** $76.76 M
- **Yield:** n/a
- **Risk:** High
- **Research Area:** US Small-Cap Growth

Flexible Solutions International (FSI: NYSE)

Investment Thesis:

- **Scaling new Food Grade Products and Ingredients (FGPI) segment** alongside its Panama facility (Pana Chem), which now manufactures TPAs for the Specialty Chemicals division to bypass U.S. tariffs. The growth thesis relies heavily on management execution and forward expectations - **potential annualized food-grade production revenue run-rate to exceed $50 million by the end of FY 2027. (2025 Total revenue ~$38 million).**

- **Near-term earnings carry variability** due to an already 6-month delay and variable margin profiles. Tracking Q3 and Q4 2026 margins will serve as key indicators to validate our FY 2027 estimates ($0.58 EPS, $14.3 million Adj. EBITDA).

- Management expects a **return to profitability in Q3 2026**, followed by rapidly increasing profits in Q4.

- **We initiate coverage with a SPEC BUY rating and a $7.50 fair value target based on 12x P/E and 7x EV/EBITDA multiples.**

BioSyent Inc.
(RX: TSX)

Specialty pharmaceutical company, in-licensing, acquiring, and commercializing specialty healthcare products. Primary Product: FeraMAX® Pd: Flagship oral iron supplement platform and Canada's #1 recommended iron brand by physicians and pharmacists. Women's & Specialty Health: Tibella® (hormone replacement therapy for menopause), Inofolic® (PCOS treatment), RepaGyn®, and Cathejell® (instillagel for urological and endoscopic procedures). Oral Science acq.

- **Rating:** NT:HOLD/LT:BUY
- **Fair Value:** CAD $20.00
- **Industry:** Specialty Pharma.
- **Recommended:** NOV 2021
- **Recommendation Price:** $7.10.
- **Current Price:** $16.55
- **Market Cap:** $187 M
- **Yield:** nil
- **Conviction:** High
- **Research Area:** CDN Small Cap Growth.

Recent Financials – Q2 2026.

Quarterly Financial Data			
CAD$ Thousands	Q2 2026	Q2 2025	**Change**
Revenue	$19,872	$10,179	95.2%
EBITDA	$4,976	$2,760	80.3%
EPS	$0.25	$0.18	40.4%

BioSyent Inc.
(RX: TSX)

Investment Summary:

- **Q2 2026 Was the Proof Quarter:** The first full quarter including Oral Science delivered total sales of $19.87 million, up 95% year over year, EBITDA of $4.98 million, up 80%, and diluted EPS of $0.25, up 39%.

- **Oral Science Is Already Accretive and Better Than Modelled:** The segment contributed $8.22 million of sales, and roughly $1.1 million of NIAT in the quarter, before acquired-intangible amortization.

- **Reported EPS Now Understates the Business:** Purchase accounting adds roughly $3.0 million a year, or $750,000 a quarter, of non-cash amortization on $19.1 million of acquired intangibles. TTM diluted EPS is $0.85 as reported but $0.89 adjusted. On our FY2026 estimates, reported EPS of $0.91 vs. $0.80 last year.

BioSyent Inc.
(RX: TSX)

Investment Summary:

- **The Balance Sheet Strengthens:** BioSyent will re-enter Q4 debt-free with roughly $12 million of cash and investments, and management expects the cash balance back to pre-acquisition levels by the end of 2027.
- **Two Free Growth Options:** Thyconvi®, the first and only levothyroxine oral solution approved in Canada, received Health Canada approval on May 19, 2026, with full commercial launch guided for 2027 into a molecule that generated over 20 million prescriptions in Canada in 2024.
- **Capital Returns Have Stepped Up:** Cumulatively, $26.5 million of buybacks and $8.1 million of dividends have been returned since 2018.
- **Fair value in the range of CAD$20. BUY under $15.00.**

Disclosures:

KeyStone Financial, its employees, family members, and/or clients own positions in the following stocks mentioned in this presentation:

DRX, DNG, VBNK, PIF, RX, GRGD, FSI.

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