

REVISIONS

Rating/Target	Rev.	Prior
Rating	Spec. Buy	Spec. Buy
Target Price (C\$)	\$0.08	\$0.14
Revenue F2022E (M)	\$3.5	\$5.1
EBITDA F2022E (M)	-\$2.6	-\$3.0
EPS F2022 (M)	-\$0.01	-\$0.02

MARKET DATA

Date:	Nov 25, 2022
Current Price (C\$):	\$0.02
Target Price (C\$):	\$0.08
52-Week Range:	\$0.01 / \$0.09
Shares O/S (M):	182.5
Mkt Cap (C\$M):	\$2.7
EV (C\$M):	\$5.5
Avg. Weekly Vol. (M):	0.90

Website: www.datablecorp.com

FINANCIALS

(M\$)	F2021A	F2022E	F2023E
Revenue	\$3.5	\$3.5	\$5.3
EBITDA	-\$3.7	-\$2.6	-\$0.8
Adj. EBITDA	-\$3.6	-\$2.6	-\$0.7
EPS (S)	-\$0.03	-\$0.01	\$0.00
Cash	\$1.24	-\$0.06	\$0.43
Current Assets	\$2.25	\$0.29	\$0.90
Net Cash	-\$1.73	-\$3.09	-\$2.57
Total Assets	\$2.46	\$0.43	\$1.01
Debt	\$2.97	\$3.03	\$3.00
Total Liabilities	\$5.40	\$4.46	\$4.25
Fiscal Year End:	31-Dec		

Source: Company Reports, S&P Capital IQ,
eResearch Corp.

Chris Thompson, CFA, MBA, P.Eng.
Director of Equity Research

Datable Technology Corporation

(TSXV: DAC | OTC: TTMZF)

Revenue Continues to Grow Y/Y but Focus Remains on Transformative Deal

COMPANY DESCRIPTION:

Datable Technology Corporation ("Datable" or "the Company") is a Canadian-based software development and technology company operating in the consumer online advertising and marketing sectors. **Datable** offers a software as a service ("SaaS")-based Consumer Lifecycle and Data Management Platform called PLATFORM³ that enables consumer packaged goods ("CPG") companies and consumer brands to build and launch promotions, special offers, and loyalty programs on mobile phones, websites, and microsites. **Datable** focuses on the collection and data mining of first-party data, information collected directly from consumers, and allows companies to communicate & build relationships directly with the consumers.

DEAL HIGHLIGHTS:

- On September 30, **Datable** announced that it signed a Letter of Intent ("LOI") to acquire **Local Marketing Solutions Group, Inc.** ("LMSG") for \$14.35 million in an all-stock deal at a deemed share price of \$0.05 that valued **LMSG** at approx. 1.0x 2022E revenue.
- LMSG's** management estimates revenue of over \$14.0 million and positive EBITDA in 2022.
- This transaction could be transformative for **Datable** by adding new products and revenue streams to **Datable's** current offering, and a larger sales team to bolster its coverage of the U.S. market.
- The acquisition is expected to be closed no later than March 15, 2023.

FINANCIAL ANALYSIS & VALUATION:

- Based on lower Q3 revenue number, we have decreased our revenue estimates as follows:
 - 2022E Revenue: \$3.5 million (previously \$5.1 million);
 - 2023E Revenue: \$5.3 million (previously \$7.9 million).
- With the revised revenue estimates, we are decreasing our one-year price target to \$0.08 from \$0.14 but maintaining our Speculative Buy rating.** Our Target Price is solely based on the Revenue Valuation. We estimate a price target of \$0.08 based on a Revenue Multiple valuation of 5.0x and a One-Year Forward Revenue Estimate of \$5.6 million.
- Low Valuation Multiple Compared to SaaS Peers.** **Datable** is currently trading at 1.6x our 2022E revenue estimate of \$3.5 million and well below Canadian comparable companies. **Datable's** low revenue multiple highlights the potential for its share appreciation.

All figures in CAD unless otherwise stated.

Company Summary

Datatable (TSXV: DAC | OTC: TTMZF) is a Canadian-based software development and technology company operating in the consumer online advertising and marketing sectors. Based in Vancouver, British Columbia, Canada, the Company is a provider of promotion and loyalty solutions using digital and social media user engagement.



Datatable offers a SaaS consumer marketing platform called PLATFORM³ that enables CPG companies and consumer brands to build and launch promotions, special offers, and loyalty programs on mobile phones, websites, and microsites.

Datatable focuses on the collection of first-party data (also known as 1P data); this is information collected directly from consumers and allows companies to communicate and build relationships directly with consumers.

Part of **Datatable's** competitive advantages derives from understanding brands' critical requirements, its focus on customer-centric innovation, and understanding market forces and business challenges. Over the years, **Datatable** has extended and matured its proprietary platform into a complete suite of integrated functional modules with analytical tools and customer communication features.

Datatable's customer base includes large consumer brands, especially CPG companies, that use its core platform, PLATFORM³, to directly connect with consumers and generate incremental revenue by promoting various offerings and increasing the purchase frequency. Brands also use PLATFORM³ to enhance loyalty via rewards and ongoing engagement. **Datatable's** solutions and tools collect first-party opt-in data from consumers and allow customers to manage and monetize their consumer relationships.

We believe the Company has service offerings that are important in today's changing online consumer market and should benefit from accelerated top-line growth.

On September 30, 2022, **Datatable** announced that it signed an LOI to acquire **LMSG** (*private; www.lmsg.co*) for \$14.35 million in an all-stock deal at a deemed share price of \$0.05 that valued **LMSG** at approximately 1.0x 2022E revenue.



LMSG's management estimates revenue of over \$14.0 million and positive EBITDA in 2022. The combined company is expected to have pro-forma 2022 consolidated revenue of over \$18 million with positive EBITDA in 2023.

This transaction could be transformative for **Datatable** by adding new products and revenue streams to **Datatable's** current offering, and a larger sales team to bolster its coverage of the U.S. market. The acquisition is expected to be closed no later than March 15, 2023.

Under the LOI, **Datatable** will also enter into a partnership with **MoneyMailerUSA Inc. ("Money Mailer")**, a company affiliated with **LMSG**, to cross-sell current products and to develop a custom version of PLATFORM³, targeted at the small- and medium-sized business ("SMB") market in the United States.



Review of Recent Financials

Financial & Business Summary for Q3/2022 and 9-Months to Sep. 30/2022

The following is a summary of the Company's performance for the three months and nine months that ended on September 30, 2022.

- Revenue:**

- Datatable's revenue was \$0.7 million in Q3/2022, down 18.0% from \$0.8 million in Q3/2021, and lower than our estimate of \$1.1 million.
- The Company reported that the expected revenue growth in the quarter was "dampened" due to the implementation delay of some contracted programs.
- However, revenue for the nine months that ended on September 30, 2022, increased by 12% to \$2.4 million from \$2.1 million in the same period in 2021. Revenue growth for the nine months was partially due to functionality improvements of PLATFORM³ from a recent R&D development program.
- In addition, during the first nine months of 2022, Datatable signed 37 agreements to provide PLATFORM³ to leading brands (compared to 20 agreements in the same period in 2021), which increased the total contracted revenue for 2022 to over \$5.1 million. Of the total contracted revenue, Datatable estimated that approximately 70% of the revenue will be recognized in 2022.
- For the nine months ended September 30, 2022, US-based revenue increased to \$2.2 million or 91.8% compared to \$2.1 million or 90.6% of revenue for the same period in 2021.
- Deferred revenue decreased to \$1.1 million in Q3/2022 compared to \$1.4 million in the previous quarter.

Figure 1: Financial Summary

	2020A	Q321A	Q421A	2021A	Q122A	Q222A	Q322A	Q322E	DIFF	Q422E	2022E
Total Revenue	\$1,969,193	\$827,283	\$1,384,776	\$3,532,318	\$860,586	\$868,528	\$678,357	\$1,112,771	(434,414)	\$1,135,491	\$3,542,962
Gross Margin	59.1%	44.0%	24.4%	39.0%	42.8%	40.2%	35.8%	40.2%	-4.4%	35.8%	38.6%
Total Operating Expenses	\$3,723,416	\$1,516,337	\$1,593,794	\$5,710,030	\$1,510,768	\$1,192,273	\$1,025,489	\$1,347,559	(322,070)	\$839,773	\$4,568,303
Operating Income	(\$2,559,291)	(\$1,151,945)	(\$1,255,248)	(\$4,331,153)	(\$1,142,148)	(\$843,120)	(\$782,414)	(\$900,219)	117,805	(\$432,894)	(\$3,200,576)
EBITDA	(\$2,241,374)	(\$1,094,302)	(\$1,257,546)	(\$3,733,687)	(\$823,295)	(\$755,801)	(\$700,540)	(\$837,044)	136,504	(\$369,524)	(\$2,649,160)
Adj. EBITDA	(\$2,130,401)	(\$1,068,742)	(\$1,236,342)	(\$3,639,515)	(\$803,723)	(\$736,229)	(\$680,493)	(\$826,189)	145,696	(\$359,832)	(\$2,580,277)
Diluted EPS	(\$0.03)	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.00)	-0.2%	(\$0.00)	(\$0.01)
Cash	\$1,374,100	\$2,106,829	\$1,242,680	\$1,242,680	\$707,252	\$248,588	\$249,400	\$1,529,815	(1,280,415)	(\$64,029)	(\$64,029)
Debt	\$86,135	\$3,190,055	\$2,974,905	\$2,957,009	\$3,034,587	\$3,026,972	\$3,026,972	\$2,940,420	86,552	\$3,019,776	\$3,012,976

Source: Company Reports; eResearch Corp.

- Gross Margin:**

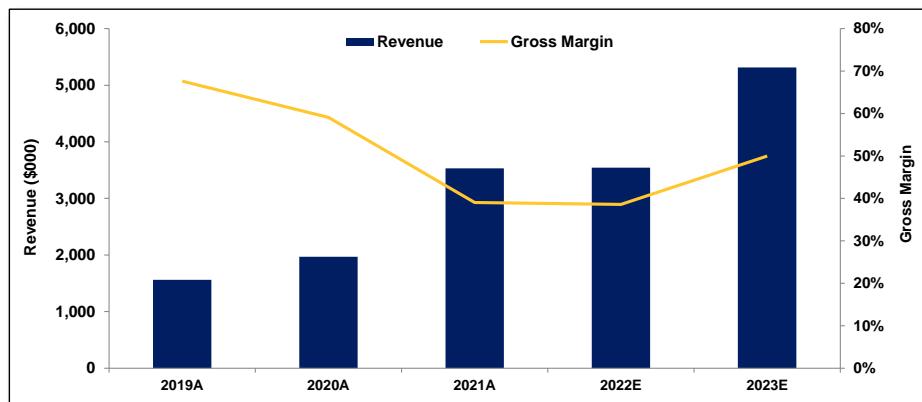
- The Company reported a Gross Profit of \$0.2 million in Q3/2022, down 33.3% from \$0.4 million in the same quarter last year.
- In Q3/2022, Gross Margin was 35.8%, down 8.2% from 44.0% in Q3/2021, and lower than our estimate of 40.2%. The decrease in Gross Margin was attributable to an increase in sales costs due to an adverse product mix and an increase in delivery resources during the period.
- Revenue from lower-margin services and rewards products continue to grow faster than higher-margin PLATFORM³ solutions, which reduce the overall Gross Margin.

- **Datatable** expects Gross Margin for the year to be in the range of 40% to 50% per cent in 2022, depending on the product mix.
- **Sales, General & Administrative Expenses ("SG&A"):**
 - **Datatable's** SG&A expenses were \$0.6 million in Q3/2022, down 42.7% from \$1.0 million in Q3/2021, and down from \$0.7 million in the previous quarter, due to cost-cutting measures and reduced salaries.
 - In Q3/2022, SG&A expenses represented 81.8% of Total Revenue, down 35.3% from 117.2% in the same quarter last year.
- **R&D:**
 - R&D was \$0.4 million in the quarter down from \$0.5 million in Q2/2022 because of the completion of certain software development projects.
- **Net Income:**
 - The Company reported a Net Loss of \$1.1 million in Q3/2022, a 22.0% improvement from a Net Loss of \$1.3 million in Q3/2021.
 - Basic and Diluted EPS in the quarter was a loss of \$0.01 and the Company also reported a loss of \$0.01 for both Basic and Diluted EPS in the same quarter last year.
- **Adjusted EBITDA:**
 - In Q3/2022, **Datatable** reported an Adjusted EBITDA loss of \$0.7 million, but an improvement from a \$1.1 million loss in the same quarter last year.
- **Cash:**
 - As of September 30, 2022, **Datatable** had \$0.2 million in cash but raised \$370,000 after the quarter ended and is in the process of raising an additional \$1.18 million to build the Treasury.
 - At the end of the quarter, the Company's Total Debt stood at \$2.9 million, up from \$2.9 million in Q3/2021.

Figure 2: Revenue Breakdown by Geography

('000)	Dec 31/2020 2020A		Dec 31/2021 2021A		Mar 31/22 Q1/22A	Jun 30/22 Q2/22A	Sep 30/22 Q3/22A	YTD
Revenue Streams								
Canada	\$364,068	18.5%	\$449,321	12.7%	\$89,726	\$66,403	\$41,347	8.2%
US	\$1,605,125	81.5%	\$3,082,997	87.3%	\$770,860	\$802,125	\$637,011	91.8%
Total	\$1,969,193	100%	\$3,532,318	100%	\$860,586	\$868,528	\$678,358	100%

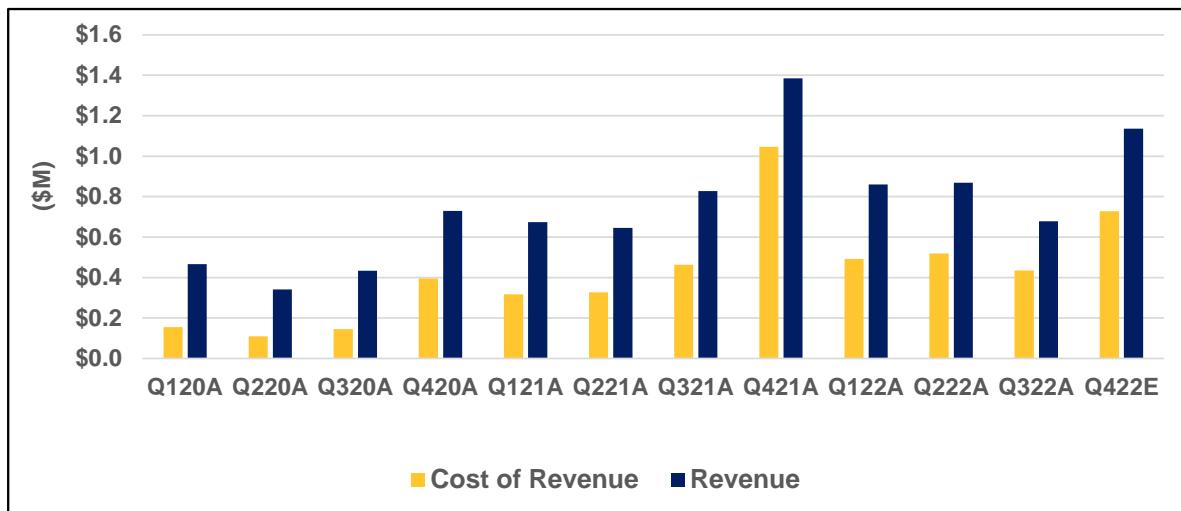
Source: Company Reports; eResearch Corp.

Figure 3: Revenue and EBITDA Margins

Source: Company Reports; eResearch Corp.

Recent News Releases & Developments

- These were the recent contract signings that **Datatable** publicly announced:
 - In June 2022, **Datatable** announced that it signed seven new agreements, with existing customers, for marketing programs to be completed in 2022 and early 2023, for a total of \$226,000.
 - In August 2022, the Company reported that it has signed three renewals with existing customers totaling \$810,000 for loyalty and consumer data programs extending for one to three years.
 - In September 2022, **Datatable** announced that it signed a 2-year renewal with an existing customer for \$300,000. Also in September, the Company reported that it signed three agreements that are contracted to generate over \$140,000 in revenue ending in January 2023.
 - On November 18, 2022, the Company reported that it signed a new client agreement and will be paid approximately \$400,000 over a two-year period, ending on May 2025.
- Overall, as of November 16, 2022, the Company announced that it had signed 40 new agreements, compared to 33 new agreements over the same period in 2021. Total contracted revenue amounted to approximately \$5.6 million, of which 60% or approximately \$3.4 million is expected to be recognized as revenue in 2022.

Figure 4: Quarterly Comparison of Revenue to Cost of Revenue

Source: Company Reports; eResearch Corp.

Capital Structure, Cash, and Debt

Datable is authorized to issue an unlimited number of common shares.

During the second quarter, the Company issued almost 2.99 million common shares for the conversion of \$74,632 of accrued interest on the first tranche of the convertible debenture that closed in March 2021 and 3.44 million common shares for the conversion of \$68,780 of accrued interest on the final tranche of the convertible debenture that closed in April 2021.

In June 2022, **Datable** awarded 2.4 million Restricted Stock Units ("RSUs") to key employees at a deemed fair value of \$36,000, which vest quarterly over four years, and also granted stock options with a fair value of \$16,000 to employees of the Company to purchase 1.6 million common shares at an exercise price of \$0.05 until June 28, 2027, vesting quarterly over four years.

Also in June, **Datable** announced that it intended to undertake a non-brokered private placement ("NBPP") of up to 77.64 million units at \$0.02 per unit for gross proceeds of up to \$1.55 million.

During Q3/2022, the Company completed the first tranche of the NBPP of 18.5 million units at \$0.02 per unit, for gross proceeds of approximately \$370,000.

As of September 30, 2022, the Company had almost 182.5 million common shares outstanding, 8.63 million stock options at an average strike price of \$0.07, 65.1 million warrants at an average strike price of \$0.09, 0.69 million Broker warrants at \$0.13, and 4.85 million RSUs at \$0.05.

However, on September 30, 2022, Datable announced that it signed an LOI to acquire LMSG for \$14.35 million in an all-stock deal at a deemed share price of \$0.05 and plans to issue 287.0 million shares as part of the deal. As of the date of this report, this transaction is still pending.

After Q3/2022 ended, **Datable** announced that was proceeding with an NBPP of up to 59.1 million units at \$0.02 per unit for gross proceeds of approximately \$1.18 million. The net proceeds from the new offering will be used for general working capital and expenses pursuant to the acquisition of **LMSG**.

On November 24, 2022, the Company announced that it had completed the first tranche of its NBPP which consisted of 22.25 million units at \$0.02 per unit for gross proceeds of approximately \$445,000.

Figure 5: Share Capitalization Used in Multiples Valuation

Shares Outstanding - Valuation using Multiples ('000)	
Shares Outstanding: Basic - End of the Previous Quarter (Jun 30/22)	161,997,436
Shares Issued in the Quarter	20,475,000
Shares Outstanding: Basic - End of the Current Quarter (Sep 30/22)	182,472,436
- Financing in Q4/2022 (\$1.55M at \$0.02/share)	77,500,000
- Financing in Q1/2023 (\$2M shares at \$0.04/share)	50,000,000
- In the Money Options: Stock Price above Strike Price*	-
- In the Money Warrants: Stock Price above Strike Price*	-
- Restricted Stock Units	4,850,000
- Brokers' Warrants	691,921
Updated Shares Outstanding, Fully Diluted: After the Quarter End (Multiples)	315,514,357

* Number of shares has been adjusted by the Treasury Stock Method

Source: Company Reports; eResearch Corp.

Figure 6: Share Capitalization Used in DCF Valuation

Shares Outstanding - DCF Valuation ('000)	
Shares Outstanding: Basic - End of the Current Quarter (Sep 30/22)	182,472,436
Shares Issued after the Quarter End	-
Updated Share Count for Next Quarter	182,472,436
- Financing in Q4/2022 (\$1.55M at \$0.02/share)	77,500,000
- Financing in Q1/2023 (\$2M shares at \$0.04/share)	50,000,000
- In the Money Options: Target Price above Strike Price*	2,100,000
- In the Money Warrants: Target Price above Strike Price*	55,057,500
- Restricted Stock Units	4,850,000
- Brokers' Warrants	691,921
- Convertible Debt	33,369,231
Updated Shares Outstanding, Fully Diluted: After the Quarter End (DCF)	406,041,088

* Number of shares has been adjusted by the Treasury Stock Method

Source: S&P Capital IQ; eResearch Corp.

VALUATION

Datatable operates in the consumer Digital Advertising and Marketing sectors but is also a SaaS company. Average valuation multiples in the various sectors are as follows (see [Appendix C](#)).

1. Canadian Advertising, Marketing & Technology:

- EV/Revenue (2022E): 1.9x
- EV/EBITDA (2022E): 11.6x

2. Tech-Enabled Marketing Workflow:

- EV/Revenue (2022E): 2.0x
- EV/EBITDA (2022E): 14.0x

3. Canadian SaaS:

- EV/Revenue (2022E): 5.8x
- EV/EBITDA (2022E): 28.5x

On November 16, 2022, **Datatable** reported that its total contracted revenue amounted to approximately \$5.6 million, of which 60% or at least \$3.4 million is expected to be recognized as revenue in 2022 so we reduced over revenue estimate down to \$3.5 million from \$5.1 million.

However, we believe **Datatable's** revenue growth should come from increasing the average size of its existing customer engagements, from \$0.2 million (average) to over \$1.0 million (the "land and expand" business model), as well as closing the existing pipeline of larger companies that have sizeable annual marketing budgets.

We estimate **Datatable's** 2022 revenue at \$3.5 million, therefore it is trading at 1.6x EV/Revenue. There is not a valuation multiple for EBITDA as we estimate negative EBITDA in 2022. At an EV/Revenue of 1.6x in 2022, the Company's revenue multiple is at the low end of the Canadian Advertising, Marketing & Technology comps and we believe it should be trading more in line with the Canadian SaaS comps with a Mean of 5.8x and a Median of 5.1x EV/Revenue. This discrepancy highlights the potential for **Datatable's** share price appreciation.

Figure 7: Valuation Multiples Comparing the Model to Datatable and the Sector Averages (2022E)

	Model (estimate)	DAC (currently)	Cdn AdTech & MktgTech	Tech-Enabled Marketing Workflow	Cdn SaaS
Revenue	5.0x	1.6x	1.9x	2.0x	5.8x
EBITDA	13.0x	n/a	11.6x	14.0x	28.5x

Source: See [Appendix D](#); eResearch Corp.

In our model, between 2023 through 2026, we are estimating that revenue grows by 45% annually and Gross Margin improves from 45% in 2022 to 52% in 2026 as the Company derives more revenue through PLATFORM³ services and the *flexxi* platform to reduce costs. We estimate that the Company will be EBITDA-positive by 2024. The revenue growth and Gross Margin assumptions we use in our model to reach our estimates are summarized in [Figure 8](#).

Figure 8: Model Assumptions

METRIC	RATE					
	2021A	2022E	2023E	2024E	2025E	2026E
Revenue Growth	79%	0%	50%	45%	40%	35%
Gross Margins	39%	45%	50%	50%	50%	52%
EBITDA Margins	n/a	n/a	n/a	4%	15%	25%

Source: eResearch Corp.

Valuation Calculations

Method 1: Revenue Multiple (see [Figure 9](#))

Using a revenue multiple of 5.0x and a one-year forward Revenue estimate of \$5.6 million, the one-year target share price estimate is \$0.08 per share.

Method 2: Discounted Cash Flow (see [Figure 10](#))

Due to the increase in interest rates, we have increased the Weighted Average Cost of Capital ("WACC") to 12% from 10%. Using a WACC of 12% and a Terminal Multiple of 13.0x EBITDA in 2027, the one-year target share price estimate is \$0.13 per share.

Given the Company's current financial situation and the current stock market conditions, we are solely basing our Target Price on the Revenue Valuation (Method 1) as opposed to the equal-weighted price per share (the average of Method 1 and Method 2) that was used in previous reports.

We are decreasing our one-year price target to \$0.08 from \$0.14 per share but maintaining our Speculative Buy rating.

**We are decreasing our one-year price target to \$0.08 from \$0.14
but maintaining our Speculative Buy rating.**

Impact of Acquisition on the Valuation Calculation

Adding **LMSG's** revenue and operating costs into **Datatable's** model had a positive impact on the valuation, even after reducing the Gross Margin to 30% from 40%-50% and including the 287 million shares that will be issued as part of the deal.

- The Revenue Multiple valuation increased to \$0.14 per share from \$0.08 per share.
- The DCF (5-year) valuation increased to \$0.34 per share from \$0.13 per share.

Overall, from the limited **LMSG** financial information released publicly, we believe the transaction should be immediately accretive and have a positive impact on **Datatable's** revenue growth, cash flow, and valuation.

Figure 9: Target Price (1 Year) Calculation

			ENT. VALUE (M)	NET DEBT Q3/2022 (M)	MARKET CAP (M)	SHARES (M)	TARGET PRICE
Method 1: Revenue Multiple	5.0x	1 Year Fwd Revenue (Est.): \$5.6M	\$28.0	\$2.2	\$25.8	315.5	\$0.08
Method 2: DCF (5-year)	WACC:12%	Terminal Multiple: 13.0x EBITDA	See DCF calculation.			406.0	\$0.13

Source: eResearch Corp.

Figure 10: DCF Analysis

Dataable Technology Corporation FYE (December 31)							
DCF Analysis (C\$)	2021A	2022E	2023E	2024E	2025E	2026E	2027E
Revenue (\$M)	3.5	3.5	5.3	7.7	10.8	14.6	18.9
Revenue Growth	79.4%	0.3%	50.0%	45.0%	40.0%	35.0%	30.0%
EBITDA (\$M)	(3.7)	(2.6)	(0.8)	0.3	1.7	3.7	5.8
EBITDA Growth	n/a	n/a	n/a	n/a	460.1%	122.8%	56.6%
EBITDA Margin	n/a	n/a	n/a	3.9%	15.4%	25.5%	30.7%
Depreciation and Amortization	0.1	0.1	0.0	0.0	0.0	0.0	0.0
EBIT (\$M)	(3.8)	(2.7)	(0.8)	0.3	1.7	3.7	5.8
NOPAT (\$M)	(4.3)	(3.2)	(1.0)	0.1	1.5	3.6	5.7
Plus Amortization (\$M)	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Less Capital Expenditures (\$M)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net Working Capital Changes (\$M)	0.2	(0.6)	(0.3)	(0.1)	1.1	0.6	0.6
EPS (Continuing)	(0.03)	(0.01)	(0.00)	(0.00)	0.00	0.01	0.02
Unlevered Free Cash Flow (\$M)	(4.0)	(3.7)	(1.2)	0.1	2.7	4.2	6.3
PV of Unlevered FCFs (\$M)	(4.4)	(3.7)	(1.1)	0.0	1.9	2.7	3.5

Valuation Assumptions:			
	Current	1-Yr Target	2-Yr Target
Discount Rate	12.0%		
Terminal Multiple	13.0x		
Valuation Analysis:			
Total PV of FCFs (\$M)	3.3	7.9	10.2
Terminal Value (\$M)	75.5	75.5	75.5
PV of Terminal Value (\$M)	42.4	47.4	53.1
Net (debt) cash position	(2.8)	(2.2)	(2.7)
Total Value (\$M)	42.9	53.1	60.6
DCF Value/Share (C\$)	C\$0.11	C\$0.13	C\$0.15
DCF Value/Share (US\$)	US\$0.08	US\$0.10	US\$0.11
FD Shares O/S (M)*	406.0	406.0	406.0

*Using the Treasury Method

Source: Company Reports; eResearch Corp.

Figure 11: Sensitivity Chart – Discount Rate and Terminal EV/EBITDA Multiple

	Terminal EV/EBITDA Multiplier							
	10.00	11.00	12.00	13.00	14.00	15.00	16.00	
Discount Rate	8.0%	0.12	0.13	0.14	0.15	0.16	0.17	0.18
	10.0%	0.11	0.12	0.13	0.14	0.15	0.16	0.17
	12.0%	0.10	0.11	0.12	0.13	0.14	0.15	0.16
	14.0%	0.10	0.10	0.11	0.12	0.13	0.14	0.15
	16.0%	0.09	0.10	0.10	0.11	0.12	0.13	0.14
	18.0%	0.08	0.09	0.10	0.10	0.11	0.12	0.13

Source: Company Reports; eResearch Corp.

Appendix A: Investment Thesis – Why Invest in Datatable

Transformative Deal Could Reshape the Company

On September 30, **Datatable** announced that it signed an LOI to acquire **LMSG** for \$14.35 million in an all-stock deal at a deemed share price of \$0.05 that valued **LMSG** at approximately 1.0x 2022E revenue. The combined company is expected to have pro-forma 2022 consolidated revenue of over \$18 million with positive EBITDA in 2023. This transaction could be transformative for **Datatable** by adding new products and revenue streams to **Datatable's** current offering, and a larger sales team to bolster its coverage of the U.S. market. The acquisition is expected to be closed no later than March 15, 2023.

First-party Data Key to Consumers as Governments Update Privacy Laws and Cookies Set to Disappear

With governments enacting stricter consumer privacy laws and technology companies phasing out online tracking “cookies” and adding options to restrict consumer tracking, first-party data (opt-in) solutions become key for engaging with online consumers. **Datatable's** solutions focus on the collection of first-party data; this is information collected directly from consumers as they opt-in to receive promotions or join loyalty/reward programs and allows companies to build relationships directly with consumers.

Strong Organic Revenue Growth and Renewal Rates

Datatable is in the early stage of an accelerated growth phase and its near-term focus is expanding services to its existing customer base and closing deals in its sales pipeline. In 2021, revenue increased by 79%. Due to the current growth profile, we model **Datatable's** revenue growing annually by 45% over the next three years. **Datatable** recently announced it closed \$5.6 million in contracted revenue and expects to book 60% as revenue in 2022. **Datatable** also reported that it has a 90% license renewal rate.

Large and Growing Market and Ripe for Partnerships and Consolidation

Datatable operates in the broader consumer Digital Advertising and Marketing sectors, which are expected to reach US\$786.2 billion by 2026, growing at an annual rate of 13.9%. The CPG Digital Marketing Market, a more focused subset, is expected to reach US\$60.6 billion by 2027, growing annually at 7.8%.

Strong Fortune 500 Customer Base

Datatable's customer base includes large consumer brands and currently works with 23 Fortune 500 companies and 50 of the world’s “top brands” including **Henkel**, **Kimberly Clark**, **NBCUniversal** (a division of **Comcast**), **Proctor & Gamble**, and **Toro**.

Experienced Management Team

Datatable has over 10 years of experience in the online advertising and marketing sectors and has been successful in building over 200 opt-in consumer databases and programs. To achieve this success, **Datatable** has established a highly experienced team of professionals in the fields of consumer acquisition & development, data analytics, digital marketing & communications, and website development.

Low Valuation – The Revenue Multiple has Room to Grow

Datatable is currently trading at 1.6x our 2022 revenue estimate of \$3.5 million, well below the Canadian AdTech and Marketing Tech providers (see [Comps](#)), which trade at 1.9x 2022E revenue, and Canadian SaaS comparable companies that trade at 5.8x 2022E revenue. **Datatable's** low revenue multiple highlights the potential for its share appreciation. For our valuation (see [Valuation](#) section), we use a Revenue Multiple of 5.0x in the Revenue Multiple valuation calculation and a Terminal Multiple of 13.0x EBITDA in the Discount Cash Flow (“DFC”) valuation calculation.

Appendix B: Financial Statements

Figure 12: Income Statement

Datable Technology Corporation	2020A	2021A	Q122A	Q222A	Q322A	Q422E	2022E	2023E
Income Statement - FYE (December 31)								
Total Revenue	1,969,193	3,532,318	860,586	868,528	678,357	1,135,491	3,542,962	5,314,443
Total Cost of Sales	805,068	2,153,441	491,966	519,375	435,282	728,612	2,175,235	2,678,479
Gross Profit	1,164,125	1,378,877	368,620	349,153	243,075	406,879	1,367,727	2,635,964
Sales & Marketing	836,879	1,443,503	261,279	207,782	163,706	261,163	893,930	1,222,322
General and Administrative	1,549,012	1,928,978	402,792	400,428	330,569	295,228	1,429,017	1,381,755
Research & Development	1,019,608	1,740,083	527,844	496,744	449,341	215,743	1,689,672	797,166
Stock Based Compensation	193,450	488,588	297,290	65,756	60,797	56,775	480,618	159,433
Depreciation of Property & Equipment	124,467	108,878	21,563	21,563	21,076	10,865	75,067	37,932
Total Operating Expenses	3,723,416	5,710,030	1,510,768	1,192,273	1,025,489	839,773	4,568,303	3,598,609
Operating Income	(2,559,291)	(4,331,153)	(1,142,148)	(843,120)	(782,414)	(432,894)	(3,200,576)	(962,645)
Other Income (Expenses):								
Foreign Exchange Gain (Loss)	18,267	(22,063)	12,424	-	(3,649)	-	8,775	-
Interest and Other Expenses	-	(285,253)	(96,021)	(96,769)	(92,371)	(101,365)	(386,526)	(405,459)
Other	84,038	50,757	-	729	(172,200)	-	(171,471)	-
Total Other Income	102,305	(256,559)	(83,597)	(93,634)	(268,220)	(101,365)	(546,816)	(405,459)
EBT	(2,456,986)	(4,587,712)	(1,225,745)	(936,754)	(1,050,634)	(534,258)	(3,747,391)	(1,368,104)
Income Taxes	-	-	-	-	-	-	-	-
Net Income (Loss)	(2,456,986)	(4,587,712)	(1,225,745)	(936,754)	(1,050,634)	(534,258)	(3,747,391)	(1,368,104)
EPS								
Basic EPS	(0.03)	(0.03)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)
Diluted EPS	(0.03)	(0.03)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)
Shares Outstanding								
Shares Outstanding, Basic (Weighted)	91,532,036	137,720,541	143,081,217	161,072,786	171,430,588	259,972,436	259,972,436	309,972,436
Shares Outstanding, Diluted (Weighted)	91,532,036	137,720,541	143,081,217	161,072,786	171,430,588	259,972,436	259,972,436	309,972,436
Shares Outstanding, Basic (End of Quarter)	-	148,598,162	155,573,162	161,997,436	182,472,436	-	-	-

Source: Company Reports; eResearch Corp.

Figure 13: Balance Sheet

Dataable Technology Corporation Balance Sheet - FYE (December 31)	2020A	2021A	Q122A	Q222A	Q322A	Q422E	2022E	2023E
Current Assets								
Cash	1,374,100	1,242,680	707,252	248,588	249,400	-64,029	-64,029	426,884
Account Receivables	257,733	260,167	181,171	225,475	259,174	248,704	248,704	279,792
Prepaid Expenses & Other Assets	351,265	361,911	873,385	420,785	196,876	107,726	107,726	192,312
Inventory	0	0	0	0	0	0	0	0
Total Current Assets	1,983,098	2,249,332	1,915,017	1,048,057	705,450	292,402	292,402	898,988
Non-Current Assets								
Property and Equipment	32,456	24,460	21,281	18,102	15,410	14,699	14,699	12,133
Right-of Use and Other	54,483	181,527	163,143	144,759	126,375	120,952	120,952	102,361
Total Assets	2,070,037	2,455,319	2,099,441	1,210,918	847,235	428,054	428,054	1,013,483
Current Liabilities								
Accounts Payables/Accrued Liabilities	637,740	823,524	914,510	1,328,903	1,724,245	589,878	589,878	526,522
Lease Liability	60,415	64,375	64,375	64,375	64,375	147,614	147,614	221,421
Current Portion of Debt/Promissory Notes	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	-500	-500	-3,000
Deferred Revenue - Current	1,568,508	1,583,940	1,868,637	1,359,990	1,144,059	794,844	794,844	681,295
Total Current Liabilities	2,266,663	2,491,839	2,867,522	2,773,268	2,952,679	1,551,836	1,551,836	1,446,237
Non-Current Liabilities								
Term Loan/Promissory Notes	0	0	0	0	0	0	0	0
Credit Facilities	25,720	27,778	0	0	0	0	0	0
Lease Liability	0	121,916	106,451	90,698	74,079	-16,775	-16,775	-117,077
Deferred Income Tax Liabilities	0	0	0	0	0	0	0	0
Provision/Loan Payable/Benefits Payable	0	0	0	0	0	0	0	0
Other	0	0	28,310	28,858	29,424	29,424	29,424	29,424
Total Liabilities	2,292,383	5,402,369	5,854,946	5,694,760	5,952,315	4,460,618	4,460,618	4,254,717
Shareholders Equity								
Capital Stock	15,583,394	17,243,898	17,637,648	17,780,309	18,091,809	19,641,809	19,641,809	21,641,809
Contributed Surplus	0	0	0	0	0	56,775	56,775	216,208
Deficit	(20,825,718)	(25,413,430)	(26,639,175)	(27,575,929)	(28,626,564)	(29,160,822)	(29,160,822)	(30,528,926)
Total Shareholders Equity	-222,346	-2,947,050	-3,755,505	-4,483,842	-5,105,080	-4,032,564	-4,032,564	-3,241,234
Total Liabilities & Shareholders Equity	2,070,037	2,455,319	2,099,441	1,210,918	847,235	428,054	428,054	1,013,483

Source: Company Reports; eResearch Corp.

Figure 14: Cash Flow Statement

Datable Technology Corporation Cash Flow Statement - FYE (December 31)	2020A	2021A	Q122A	Q222A	Q322A	Q422E	2022E	2023E
Cash Provided By Operating Activities								
Net Income (Loss)	(2,456,986)	(4,587,712)	(1,225,745)	(936,754)	(1,050,634)	(534,258)	(3,747,391)	(1,368,104)
Depreciation of Property & Equipment	124,467	108,878	21,563	21,563	21,077	1,173	65,376	4,210
Depreciation of Right-of-Use Assets	-	-	-	-	-	5,423	5,423	18,591
Interest Expense on Lease Liabilities	9,369	287,495	96,468	97,052	98,192	2,077	293,789	7,226
Stock Based Compensation Expense	193,450	488,588	297,290	65,756	60,797	56,775	480,618	159,433
Other	(50,076)	(50,757)	-	-	172,200	-	172,200	-
Changes in Non-Cash Working Capital								
Account & Other Receivables	(191,112)	(2,434)	78,996	275,696	(33,699)	10,470	331,463	(31,088)
Inventory	-	-	-	-	-	-	-	-
Prepaid Expenses & Other Current Assets	(216,078)	(10,646)	(511,474)	452,600	223,909	89,150	254,185	(84,586)
Accounts Payable & Other Payables	(129,420)	236,541	90,984	414,392	395,341	(1,134,367)	(233,650)	(63,356)
Other	-	-	320,000	(320,000)	(172,200)	-	(172,200)	-
Provisions	-	-	-	-	-	(500)	(500)	(2,500)
Deferred (Unbilled) Revenue	1,062,325	15,432	284,697	(508,647)	(215,931)	(349,215)	(789,096)	(113,549)
Total Cash Provided By Operating Activities	(1,654,061)	(3,514,615)	(547,221)	(438,342)	(500,949)	(1,853,275)	(3,339,787)	(1,473,722)
Investing Activities								
Purchase of Property & Equipment	(6,642)	(17,120)	-	-	-	(462)	(462)	(1,644)
Total Cash From Investing Activities	(6,642)	(81,694)	(88,635)	-	153,209	(462)	64,112	(1,644)
Financing Activities								
Proceeds from Loan/Promissory Notes	-	2,702,300	-	-	-	-	-	-
Repayment of Loan/Promissory Notes	-	-	-	-	-	-	-	-
Operating Line/Credit Facility (Repayment)	40,000	20,000	-	-	-	-	-	-
Transaction Costs	(94,895)	(16,983)	-	-	(21,250)	-	(21,250)	-
Lease Payments	(104,162)	(94,172)	(19,572)	(19,572)	(20,048)	(9,692)	(68,884)	(33,722)
Proceeds from exercise of Stock Options and Warrants	-	-	-	-	-	-	2,000,000	-
Issue/Repurchase of Equity	2,732,670	853,744	120,000	(750)	389,850	1,550,000	2,059,100	-
Total Cash From Financing Activities	2,573,613	3,464,889	100,428	(20,322)	348,552	1,540,308	1,968,966	1,966,278
Net Increase in Cash	912,910	(131,420)	(535,428)	(458,664)	812	(313,429)	(1,306,709)	490,912
Beginning Cash	461,190	1,374,100	1,242,680	707,252	248,588	249,400	1,242,680	(64,029)
Ending Cash	1,374,100	1,242,680	707,252	248,588	249,400	(64,029)	(64,029)	426,884

Source: Company Reports; eResearch Corp.

Appendix C: Company Comparables by Industry

Figure 15: U.S. and Canadian Comparables – Canadian AdTech & Marketing Tech, and Marketing Workflow Tech

Name	Nov 25 Close (C\$)	Mkt Cap (C\$ M)	EV (C\$ M)	REVENUE (C\$ M)			EBITDA (C\$ M)			EV/Revenue			EV/EBITDA		
				2020A	2021A	2022E	2020A	2021A	2022E	2020A	2021A	2022E	2020A	2021A	2022E
Datable Technology Corporation	\$0.02	\$2.7	\$5.6	\$2.0	\$3.5	\$3.5	-\$2.5	-\$3.6	-\$2.0	2.8x	1.6x	1.6x			
Canadian Advertising, Marketing & Technology Comps															
AcuityAds Holdings Inc.	\$2.41	\$138.3	\$61.3	\$104.9	\$122.0	\$118.6	\$9.4	\$20.8	\$6.4	0.6x	0.5x	0.5x	6.5x	2.9x	9.5x
Adcore Inc.	\$0.29	\$17.7	\$12.0	\$17.0	\$28.0		\$1.3			0.7x	0.4x		9.4x		
Aquarius AI Inc.	\$0.02	\$3.1	\$3.3	\$0.0	\$0.2		-\$1.3					20.8x			
ARHT Media Inc.	\$0.15	\$28.8	\$22.5	\$2.2	\$4.8		-\$3.5			4.7x	4.7x				
DATA Communications Management	\$1.46	\$64.3	\$135.1	\$259.3	\$235.3	\$265.3	\$21.6	\$32.9	\$35.1	0.5x	0.6x	0.5x	6.2x	4.1x	3.9x
DeepMarkit Corp.	\$0.03	\$5.1	\$3.2	\$0.0	\$0.0		-\$0.3			544.3x	1057.8x				
EQ Inc.	\$1.12	\$77.8	\$74.9	\$10.4	\$12.1	\$14.1	-\$2.2	-\$3.2	-\$4.4	7.2x	6.2x	5.3x			
Fobi AI Inc.	\$0.31	\$47.1	\$45.9	\$0.0	\$1.7		-\$7.6			27.7x	27.7x				
Gatekeeper Systems Inc.	\$0.24	\$21.9	\$22.8	\$21.9	\$15.0		\$2.8			1.5x	1.5x		8.3x		
Reklaim Ltd.	\$0.03	\$2.8	\$3.8	\$0.2	\$1.0		-\$4.5			21.2x	3.8x				
Snipp Interactive Inc.	\$0.13	\$36.7	\$29.2	\$8.7	\$15.3	\$25.0	-\$1.0	\$1.9	\$1.0	3.4x	1.9x	1.2x	15.6x	29.2x	
YANGAROO Inc.	\$0.05	\$2.8	\$5.7	\$7.9	\$9.7		\$0.7			0.7x	0.6x		8.7x		
Yellow Pages Limited	\$13.99	\$261.0	\$164.0	\$333.5	\$287.6	\$269.3	\$109.0	\$102.5	\$99.2	0.5x	0.6x	0.6x	1.5x	1.6x	1.7x
Zoomd Technologies Ltd.	\$0.26	\$25.2	\$21.1	\$25.4	\$52.6		-\$3.4			0.8x	0.4x				
Mean (EV/Rev <20; EV/EBITDA <100)										2.2x	2.1x	1.9x	6.8x	7.1x	11.6x
Median										2.4x	1.9x	0.9x	8.3x	4.1x	3.9x

Name	Nov 25 Close (\$)	Mkt Cap (\$M)	EV (\$M)	REVENUE (\$M)			EBITDA (\$M)			EV/Revenue			EV/EBITDA		
				2020A	2021A	2022E	2020A	2021A	2022E	2020A	2021A	2022E	2020A	2021A	2022E
Tech-Enabled Marketing Providers															
Cimpress plc	US\$27.81	US\$729.3	US\$2,378.7	US\$2,481.4	US\$2,576.0	US\$2,848.9	US\$268.2	US\$246.8	US\$238.3	1.0x	0.9x	0.8x	8.9x	9.6x	10.0x
Deluxe Corporation	US\$18.80	US\$811.0	US\$2,499.7	US\$1,790.8	US\$2,022.2	US\$2,213.4	US\$296.6	US\$325.4	US\$412.0	1.4x	1.2x	1.1x	8.4x	7.7x	6.1x
dotdigital Group Plc	£0.93	£278.2	£236.8	£47.4	£58.1	£62.5	£14.7	£15.1	£22.0	5.0x	4.1x	3.8x	16.1x	15.7x	10.8x
Galaxy Digital Holdings Ltd.	\$4.10	\$424	\$421	\$0	\$0	\$667	\$0	\$0	\$0			0.6x			
Harte Hanks, Inc.	US\$10.53	US\$76.0	US\$99.9	US\$176.9	US\$194.6	US\$203.5	-US\$1.2	US\$15.2	US\$20.1	0.6x	0.5x	0.5x	6.6x	5.0x	
HubSpot, Inc.	US\$289.30	US\$14,053.1	US\$13,505.3	US\$883.0	US\$1,300.7	US\$1,706.4	-US\$29.8	-US\$32.6	US\$210.8	15.3x	10.4x	7.9x		64.1x	
Publicis Groupe S.A.	€ 63.48	€ 15,986.28	€ 19,141.74	€ 10,788.00	€ 11,738.00	€ 12,384.36	€ 1,938.00	€ 1,934.00	€ 2,767.61	1.8x	1.6x	1.5x	9.9x	9.9x	6.9x
Quadient S.A.	€ 15.30	€ 525.95	€ 1,313.00	€ 1,142.70	€ 1,029.40	€ 1,019.66	€ 202.60	€ 193.60	€ 251.96	1.1x	1.3x	1.3x	6.5x	6.8x	5.2x
Startek, Inc.	US\$3.55	US\$143.0	US\$371.5	US\$640.2	US\$703.6	US\$668.0	US\$55.7	US\$71.1	US\$55.9	0.6x	0.5x	0.6x	6.7x	5.2x	6.6x
Teleperformance SE	€ 210.60	€ 12,440.67	€ 15,086.67	€ 5,732.00	€ 7,115.00	€ 8,235.09	€ 858.20	€ 1,156.90	€ 1,733.86	2.6x	2.1x	1.8x	17.6x	13.0x	8.7x
TTEC Holdings, Inc.	US\$47.29	US\$2,233.0	US\$3,196.1	US\$1,949.2	US\$2,273.1	US\$2,414.6	US\$296.9	US\$330.3	US\$320.5	1.6x	1.4x	1.3x	10.8x	9.7x	10.0x
Zeta Global Holdings Corp.	US\$8.50	US\$1,756.3	US\$1,825.3	US\$368.1	US\$458.3	US\$576.6	US\$39.5	-US\$197.4	US\$89.4	5.0x	4.0x	3.2x	46.2x		20.4x
Mean (EV/Rev <20; EV/EBITDA <100)										3.3x	2.6x	2.0x	14.6x	9.4x	14.0x
Median										1.4x	1.3x	1.2x	8.9x	8.7x	6.9x

Source: S&P Capital IQ; eResearch Corp.

Figure 16: Canadian SaaS Comparables

Name	Nov 25 Close (C\$)	Mkt Cap (C\$ M)	EV (C\$ M)	REVENUE (C\$ M)			EBITDA (C\$ M)			EV/Revenue			EV/EBITDA		
				2020A	2021A	2022E	2020A	2021A	2022E	2020A	2021A	2022E	2020A	2021A	2022E
Datatable Technology Corporation	\$0.02	\$2.7	\$5.6	\$2.0	\$3.5	\$3.5	-\$2.5	-\$3.6	-\$2.0	2.8x	1.6x	1.6x			
Canadian SaaS Comps															
Absolute Software Corporation	\$13.65	\$712.3	\$920.6	\$111.6	\$155.2	\$222.0	\$18.2	\$17.6	\$53.6	8.3x	5.9x	4.1x	50.5x	52.5x	17.2x
Constellation Software Inc.	\$2,080.98	\$44,099.2	\$45,803.1	\$3,969.0	\$5,107.0	\$6,560.0	\$863.0	\$1,113.0	\$1,674.8	11.5x	9.0x	7.0x	53.1x	41.2x	27.3x
The Descartes Systems Group Inc.	\$93.23	\$7,905.1	\$7,724.8	\$348.7	\$424.7	\$489.1	\$135.4	\$174.1	\$214.4	18.2x	18.2x	15.8x	57.1x	44.4x	36.0x
Docebo Inc.	\$42.09	\$1,385.0	\$1,175.4	\$62.9	\$104.2	\$143.0	-\$5.4	-\$11.9	\$0.3	18.7x	11.3x	8.2x			3403.8x
Enghouse Systems Limited	\$30.12	\$1,664.1	\$1,455.1	\$512.2	\$459.2	\$418.6	\$149.0	\$133.9	\$136.7	2.8x	3.2x	3.5x	9.8x	10.9x	10.6x
Kinaxis Inc.	\$151.48	\$4,220.5	\$4,045.1	\$224.2	\$250.7	\$367.8	\$31.8	\$13.0	\$72.0	18.0x	16.1x	11.0x	127.0x	312.3x	56.2x
Lightspeed Commerce Inc.	\$21.09	\$3,171.4	\$2,335.0	\$175.6	\$484.2	\$692.6	-\$71.3	-\$127.2	-\$52.9	13.3x	4.8x	3.4x			
mCloud Technologies Corp.	\$1.40	\$22.7	\$86.3	\$26.9	\$25.6	\$14.3	-\$23.9	-\$30.3	-\$34.6	3.2x	3.4x	6.0x			
Nuvei Corporation	\$39.98	\$5,649.5	\$5,424.4	\$376.2	\$724.5	\$840.6	\$142.6	\$247.5	\$352.2	14.4x	7.5x	6.5x	38.0x	21.9x	15.4x
Open Text Corporation	US\$29.67	US\$7,911.5	US\$10,680.3	US\$3,300.9	US\$3,435.6	US\$3,513.8	US\$1,002.0	US\$1,010.1	US\$1,226.4	3.1x	3.1x	3.0x	10.7x	10.6x	8.7x
Q4 Inc.	\$2.86	\$114.6	\$78.4	\$40.4	\$55.4	\$56.6	-\$8.5	-\$16.9	-\$28.6	1.9x	1.4x	1.4x			
Shopify Inc.	US\$36.77	US\$46,774.7	US\$43,132.2	US\$2,929.5	US\$4,611.9	US\$5,503.4	US\$234.7	US\$445.2	US\$57.2	14.7x	9.4x	7.8x	183.8x	96.9x	
Tecsys Inc.	\$31.19	\$454.4	\$430.7	\$118.1	\$135.1	\$142.1	\$10.6	\$8.0	\$7.6	3.6x	3.2x	3.0x	40.8x	53.9x	56.9x
Thinkific Labs Inc.	\$1.56	\$124.1	\$30.8	\$21.1	\$38.1	\$51.3	-\$1.4	-\$24.0	-\$27.0	1.5x	0.8x	0.6x			
AnalytixInsight Inc.	\$0.42	\$40.5	\$37.3	\$3.2	\$3.0	\$0.0	-\$2.1	-\$3.2	\$0.0	11.7x	12.4x				
Mean (EV/Rev <100; EV/EBITDA <1000)										9.7x	7.3x	5.8x	63.4x	71.6x	28.5x
Median										11.5x	5.9x	5.1x	50.5x	44.4x	27.3x

Source: S&P Capital IQ; eResearch Corp.

Appendix D: Risks

Datatable operates in a quickly changing technology industry, which inherently brings high levels of risk and uncertainty. **Datatable** operates in a very competitive landscape and needs to sell its solutions to large media and CPG companies. Other risks include the following.

Business and Operating Risks:

- The COVID-19 pandemic health crisis is affecting the business environment in many ways including changes in customer needs and new purchasing behaviours, and supply chain and distribution delays. Due to COVID-19-related issues, some of **Datatable's** customers have shifted rewards budgets to 2022 and this pattern could continue if the health crisis does not abate soon.
- Due to the nature of the consumer online advertising and marketing industries, **Datatable** will face strong competition from solution providers and in-house sales and marketing departments.
- The market for data-driven products and services is constantly changing as technology evolves, therefore **Datatable** must continue to innovate as new proprietary technologies are developed.
- **Datatable's** operational success largely depends on key officers, consultants, and employees, which could be detrimental to future operations if any of them unexpectedly depart.
- **Datatable's** principal strategy component is organic growth. This growth depends on the ability to successfully gain market share, identify and develop new markets, and establish and maintain favourable relationships with customers.

Financial Risks:

- **Datatable** has a limited operating history and is in the early stage of development, which is subject to high losses and uncertainty of revenue, under-capitalization, and cash shortages.
- **Datatable** will need to refinance its existing credit facilities or other debt obligations in the future and may require additional financing for future growth such as investments in digital innovation and potential acquisitions. Capital costs could increase and its availability could be negatively impacted by disruptions and high volatility in the capital markets. This refinancing event could have a material negative effect on its business and overall financial condition.
- **Datatable** has a history of Net Losses on an annual basis for the past decade between 2011 and 2021, with an accumulating deficit of \$26.6 million as of March 31, 2022, which may continue in the future due to losses on operations and investments, and the impairment of intangible assets such as goodwill.

Currency Risks:

- **Datatable's** functional and reporting currency is the Canadian dollar and has exposure to U.S. dollar risk as some of the Company's revenue and expenses are in U.S. dollars. If there is an appreciation of the Canadian dollar versus the U.S. dollar, its investments and earnings in the United States could be negatively affected, and vice versa.

Sales and Marketing Risks:

- **Datatable** operates in an evolving and increasingly competitive industry with large competitors that may have advantages over the Company, including longer operating histories and market presence, greater name recognition, access to larger customer bases, economies of scale and cost structure advantages, greater sales and marketing, manufacturing, distribution, technical, and financial resources, and government support.
- **Datatable** operates through its proprietary software, which has the risk of becoming ineffective if there are changes in customer demands, habits, and standards.

Legal and Regulatory Risks:

- **Datatable** can be involved in litigation matters, including lawsuits based on product liability, personal injury, breach of contract, indemnification claims, and lost profits or other consequential damage claims. The outcome of litigations is difficult to predict and raises the risk of an unfavourable impact on its business, results of operations, liquidity, and financial condition.
- Technology companies dealing directly with consumer data have the risk of a security or privacy breach involving unauthorized access to sensitive information, which may reduce demand for the Company's products and/or may result in significant fines or regulatory compliance issues.
- Laws and regulations regarding technology are constantly changing with previous laws being adjusted and new laws being formed, which may negatively affect **Datatable's** business operations and cash flows due to unexpected compliance costs and unexpected regulations impeding the growth of the internet.

Technology Risks:

- **Datatable's** products are highly technical and may contain undetected errors, defects, or security vulnerabilities, which could result in loss of revenue, delayed revenue recognition, loss of customers, or increased service costs.
- **Datatable** relies on its proprietary products to maintain its reputation and competitive position. Segregation and protection of its information, including security over employee information, financial records, and operational data, or Confidential Information are required. Any failure to do so could harm **Datatable's** reputation or competitive advantage.
- Cyber threats might defeat **Datatable's** security measures or those of its third-party service providers. Moreover, employee error or malfeasance, faulty password management, or other irregularities may result in a breach of security measures adopted by **Datatable** or its third-party service providers, leading to a breach of Confidential Information.

Appendix E: eResearch Disclosure

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ANALYST ACCREDITATION

eResearch Analyst on this Report: Chris Thompson CFA, MBA, P.Eng.

Analyst Affirmation: I, Chris Thompson, hereby state that, at the time of issuance of this research report, I do not own common shares, share options, or share warrants of **Dataable Technology Corporation (TSXV: DAC)**.

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