

REVISIONS	Rev.	Prior
Rating	Buy	Buy
Target Price (C\$)	\$6.90	\$6.90
Revenue 2024E (M)	\$549.0	\$551.0
EBITDA 2024E (M)	\$54.4	\$60.7
EPS 2024E (M)	\$0.37	\$0.26

MARKET DATA

Date:	Mar 22, 2024
Current Price (C\$):	\$3.29
Target Price (C\$):	\$6.90
52-Week Range:	\$2.22 / \$3.85
Shares O/S (M):	55.0
Mkt Cap (C\$M):	\$181.0
EV (C\$M):	\$418.9
Avg. Weekly Vol. (M):	0.16

Website: www.datacm.com

FINANCIALS

(\$M)	2022A	2023A	2024E
Revenue	\$273.8	\$447.7	\$549.0
EBITDA	\$32.0	\$40.6	\$54.4
Adj. EBITDA	\$40.7	\$74.2	\$71.1
EPS	\$0.30	-\$0.31	\$0.37
Cash	\$4.2	\$17.7	\$35.9
Current Assets	\$82.1	\$181.1	\$199.0
Total Assets	\$149.5	\$418.8	\$404.2
Debt	\$27.0	\$101.8	\$71.0
Lease Liabilities	\$39.8	\$155.3	\$153.5
Total Liabilities	\$126.6	\$390.0	\$351.2
Fiscal Year End:	31-Dec		

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

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

DATA Communications Management Corp.

(TSX: DCM | OTC: DCMDF)

Record Revenue & EBITDA Growth Highlight MCC Acquisition Synergies and Improving Margins

COMPANY DESCRIPTION:

DATA Communications Management Corp. ("DCM" or "the Company") is a Canadian-based provider of marketing and business communication solutions to companies in North America. Its technology-enabled content and workflow management capabilities solve the complex branding, communications, logistics, and regulatory requirements of leading enterprises so its customers can accomplish more in less time. Its services include printing, data & content management, labels & asset tracking, location-specific marketing, and multimedia campaign management.

COMPANY UPDATE:

- **DCM** reported Q4/2023 and full-year 2023 financial results. Revenue increased to \$130.0 million in Q4/2023, up 77.9% from \$73.0 million in Q4/2022, and in-line with our estimate of \$131.0 million.
- For the full year, Revenue hit \$447.7 million in 2023, up 63.5% from \$273.8 million in 2022, and in-line with our estimate of \$448.8 million.
- In Q4/2023, **DCM** reported Adjusted EBITDA of \$15.0 million, an increase of 32.4% from \$11.3 million in the same quarter last year. The Adjusted EBITDA for 2023 was \$53.4 million, a 30.3% increase from the previous year.
- The Revenue and EBITDA growth were mainly attributable to the acquisition of **Moore Canada Corporation (MCC)**, which closed in Q2/2023.
- We estimate **DCM** could generate over \$54.4 million of EBITDA in 2024, which could be allocated towards debt reduction, dividend distribution, or exploring further acquisition opportunities.

FINANCIAL ANALYSIS & VALUATION:

- We updated our model with the **DCM's** recent financials, shifted the model ahead one quarter, and slightly lowered the revenue growth from 2024 to 2026.
- We estimate an equal-weighted price target of \$6.90 based on a DCF valuation (\$10.05/share), a Revenue Multiple valuation (\$6.32/share), and an EBITDA Multiple valuation (\$4.40/share).
- **We are maintaining a Buy rating and a one-year price target of \$6.90.**

All figures in CAD unless otherwise stated.

eResearch Corporation

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Quarterly Update

Q4/2023 and 2023 Financial Results

On March 19, 2023, **DCM** reported fourth quarter and year-end 2023 financial results (see [Figure 1](#)):



- **Revenue:**

- Revenue increased to \$130.0 million in Q4/2023, up 77.9% from \$73.0 million in Q4/2022, and in-line with our estimate of \$131.0 million.
- In 2023, Revenue hit \$447.7 million, up 63.5% from \$273.8 million in 2022, and in-line with our estimate of \$448.8 million.
- The Revenue and Gross Profit improvements and increases in Cost of Sales and SG&A expenses were attributable to the **Moore Canada Corporation (MCC)** acquisition that closed in April 2023.
- The Company also announced that it added \$8.4 million in new sales from 74 new organizations, excluding any new clients added as part of the **MCC** acquisition. It also reported that it entered the Digital Signage & Display business in 2023 with Technology Hardware sales of \$0.35 million and has already booked \$1.3 million of sales in 2024 (see [Figure 2](#)).
- In May 2023, **DCM** announced updated five-year strategic financial objectives that included an overall annual organic revenue growth rate of more than 5%, including growing its marketing technology solutions by more than 60%.
- For 2023, overall combined-company (as if **MCC** had been part of the operations for the entire year), organic revenue reached approximately 2% year-over-year and fell short of the targeted +5% annual growth rate. Revenue growth was negatively impacted by the “significant demands” required for the integration of the **MCC** business.
- The Company reported that, in the 12 to 24 months following the **MCC** acquisition, it expects to see lower organic revenue growth rates. However, Management projects that organic revenue growth will align more closely with its target annual growth rate in the later stages of its five-year plan.

Figure 1: Q4/2023 Results Compared to eResearch Estimates

(C\$) ('000)	Q422A	2022A	Q123A	Q223A	Q323A	Q423A	Q423E	Diff.	2023A	Q124E	2024E
Total Revenue	\$73,045	\$273,804	\$76,077	\$118,963	\$122,721	\$129,964	\$131,000	-0.8%	\$447,725	\$139,000	\$549,000
Gross Margin	32.2%	30.8%	31.2%	26.9%	24.7%	25.2%	26.0%	-0.8%	26.6%	25.5%	26.0%
Total Operating Expenses	\$14,861	\$57,150	\$18,892	\$25,733	\$32,791	\$35,870	\$25,152	+42.6%	\$113,286	\$24,422	\$102,082
Operating Income	\$8,693	\$27,074	\$4,881	\$6,304	(\$2,450)	(\$3,110)	\$8,908	n/a	\$5,625	\$11,023	\$40,653
EBITDA*	\$9,820	\$31,973	\$11,148	\$10,573	\$8,645	\$10,226	\$12,726	-19.6%	\$40,592	\$14,681	\$54,417
Adj. EBITDA**	\$11,340	\$39,462	\$7,748	\$13,823	\$11,790	\$15,012	\$18,827	-20.3%	\$53,390	\$18,874	\$71,115
Diluted EPS	\$0.08	\$0.30	(\$0.06)	(\$0.06)	(\$0.08)	(\$0.12)	\$0.06	(\$0.17)	(\$0.31)	\$0.10	\$0.37
Cash	\$4,208	\$4,208	\$2,994	\$20,973	\$22,310	\$17,652	\$20,887		\$17,652	\$23,037	\$35,882
Debt	\$27,047	\$27,047	\$22,292	\$112,697	\$115,945	\$100,251	\$103,648		\$101,815	\$86,951	\$71,016

* eResearch's EBITDA calculation.
** DCM's Adj. EBITDA calculation

Source: Company Financials; eResearch Corp.

- To incorporate this change into our model, we lowered revenue in 2024 by \$2 million and decreased the revenue growth rate to 3% and 4% in 2025 and 2026, respectively, from 5%.
- Although Technology Services revenue grew almost 177% year-over-year, it still represented only 3.3% of total revenue. Product Sales remained the dominant segment at almost 89% of total revenue (see [Figure 3](#)).
- **Gross Profit & Gross Margin:**
 - The Company reported a Gross Profit of \$32.8 million in Q4/2023, up 39.1% from \$23.6 million in the same quarter last year. Gross Profit in 2023 rose by 41.2% to \$118.9 million.
 - In Q4/2023, the Gross Margin was 25.2%, down 7.0% from 32.2% in Q4/2022, and slightly lower than our estimate of 26.0%.
 - For the year, the Gross Margin was 26.6%, down 4.2% from 30.8%, but in-line with our estimate of 26.8%. The reduction in the Gross Margin was attributed to lower margin contributions from the **MCC** business, which lowered the overall gross profit margin of DCM.
 - Despite this change, **DCM** reported that it has initiatives to improve the consolidated gross profit margins to at least 30%, the level **DCM** was at before the acquisition (see [Figure 4](#)).
- **Selling, General, and Administrative (SG&A) Expenses:**
 - **DCM's** SG&A expenses were \$25.3 million in Q4/2023, up 70.2% from \$14.9 million in Q4/2022, and up from \$25.1 million in the previous quarter.
 - In Q4/2023, SG&A expenses represented 19.5% of Total Revenue, down 0.9% from 20.3% in the same quarter last year.
 - For 2023, SG&A expenses were \$87.2 million, 19.5% as a percentage of revenue, and slightly down from 19.9% in 2022, indicating improved efficiency in managing operational expenses.

Figure 2: New Line of Business - Digital Signage & Display



Source: Company Presentation (March 2024)

- **Net Income and EPS:**

- The Company reported a Net Loss of \$6.4 million in Q4/2023, down from a Profit of \$3.7 million in Q4/2022.
- Basic and Diluted EPS in the quarter was a loss of \$0.12 compared to \$0.08 and \$0.08, respectively, in the same quarter last year.
- Net Income and EPS were negatively impacted in Q4/2023 and 2023 by \$10.6 million of restructuring expenses in Q4/2024, primarily associated with the plans to close the Trenton and Fergus, Ontario facilities.
- Excluding the restructuring expenses, and acquisition and integration costs, net of taxes, would have resulted in a 2023 Adjusted Net Income of \$12.8 million and an Adjusted Basic and Diluted EPS of \$0.25.

- **EBITDA:**

- In Q4/2023, **DCM** reported Adjusted EBITDA of \$15.0 million, an increase of 32.4% from \$11.3 million in the same quarter last year.
- In the quarter, the Company's Adjusted EBITDA Margin was 11.6%, down 4.0% from 17.2% in Q4/2022.
- EBITDA calculated by eResearch was \$10.2 million in Q4/2023, up 4.1% from \$9.8 million in Q4/2022, and lower than our estimate of \$12.7 million.
- The Adjusted EBITDA for 2023 was \$53.4 million, a 30.3% increase from the previous year. This growth reflects the positive impact of the **MCC** acquisition and ongoing efforts to improve gross profit margins and control SG&A expenses.
- **DCM** reiterated its commitment to an Adjusted EBITDA Margin of more than 14% as part of its five-year strategic plan.
- We estimate the Company could generate \$54.4 million of EBITDA in 2024, which could be allocated towards debt reduction, dividend distribution, or exploring further acquisition opportunities.

- **Cash and Total Debt:**

- As of December 31, 2023, **DCM** had \$17.7 million in cash and cash equivalents but continues to maintain a low cash balance to reduce the borrowing charges.

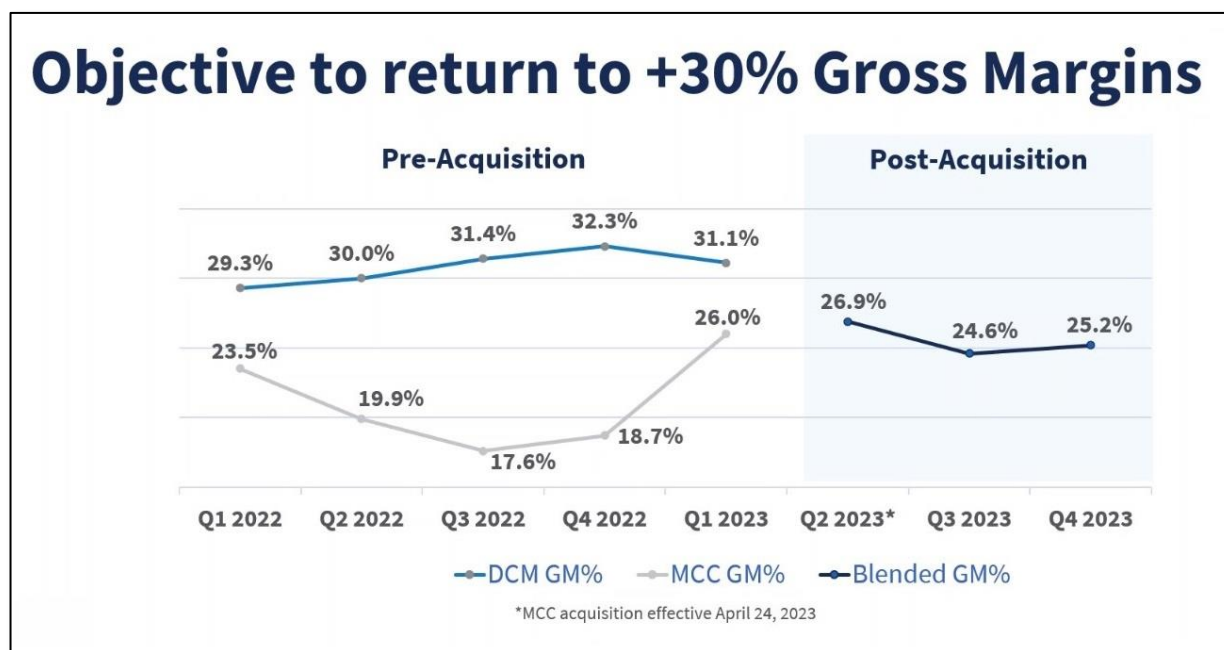
Figure 3: Revenue by Segment

('000)	Mar 31/22 Q1/22A	Jun 30/22 Q2/22A	Sep 30/22 Q3/22A	Dec 31/22 Q4/22A	2022A	Mar 31/23 Q1/23A	Jun 30/23 Q2/23A	Sep 30/23 Q3/23A	Dec 31/23 Q4/23A	2023A
Revenue Streams										
Product Sales	\$61,248	\$58,336	\$55,921	\$63,850	\$239,355 87.4%	\$66,712	\$108,157	\$107,976	\$113,471	\$396,316 88.5%
Technology-enabled Hardware Solutions	\$2,542	\$3,073	\$1,801	\$4,740	\$12,156 4.4%	\$3,381	\$1,917	\$2,319	\$899	\$8,516 1.9%
Warehousing Services	\$1,993	\$1,879	\$2,182	\$1,271	\$7,325 2.7%	\$2,001	\$2,545	\$3,752	\$3,875	\$12,173 2.7%
Freight Services	\$2,064	\$2,274	\$1,994	\$2,070	\$8,402 3.1%	\$2,012	\$3,438	\$3,617	\$4,180	\$13,247 3.0%
Marketing and Other Services	\$266	\$174	\$146	\$663	\$1,249 0.5%	\$515	\$811	\$523	\$903	\$2,752 0.6%
Tech-enabled Subscription Services & Fees	\$1,144	\$2,367	\$1,355	\$451	\$5,317 1.9%	\$1,456	\$2,095	\$4,534	\$6,636	\$14,721 3.3%
Total	\$69,257	\$68,103	\$63,399	\$73,045	\$273,804	\$76,077	\$118,963	\$122,721	\$129,964	\$447,725

Source: Company Financials; eResearch Corp.

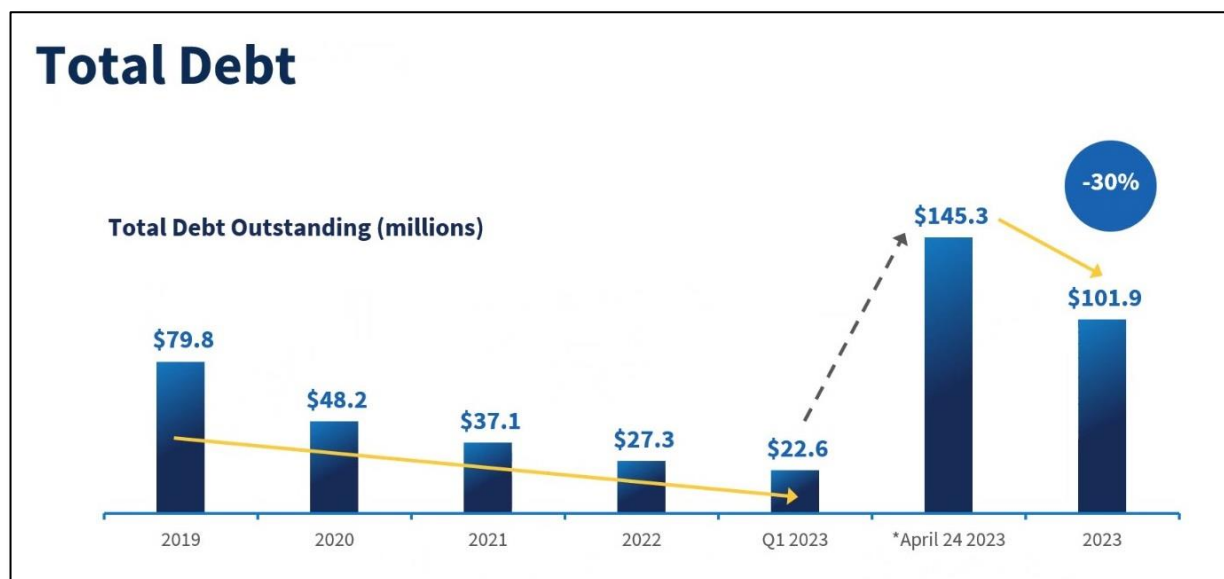
- At the end of the year, the Company's Total Debt stood at \$101.9 million, down 13.5% from \$115.9 million in Q3/2023 and down approximately 30% since the **MCC** acquisition (see [Figure 5](#)).
- Net Debt, excluding Lease Liabilities, ended the year at \$84.2 million, showing a significant reduction of 39.0% since the **MCC** acquisition.
- The Company reiterated its focus on debt reduction as a key strategic priority and targets Net Debt of less than 1.0x Adjusted EBITDA (net of lease payments).

Figure 4: Gross Margins History



Source: Company Presentation (March 2024)

Figure 5: Total Debt History – Paying Down Debt After the MCC Acquisition



Source: Company Presentation (March 2024)

Merger and Operations Update

DCM highlighted its post-merger integration success with **MCC**, including the consolidation of manufacturing facilities from 14 to 10 and the sale and leaseback of several properties, generating substantial proceeds to repay debt.

In 2023, **DCM** completed sale and leaseback transactions for its Oshawa, Ontario warehouse and Fergus, Ontario manufacturing plant, both acquired through the **MCC** acquisition, netting \$29.5 million to repay the acquisition-related credit facility. In January 2024, **DCM** completed a similar transaction for its Trenton, Ontario warehouse, also acquired from **MCC**, with net proceeds of \$8.5 million used to reduce the Company's revolving credit facility.

In July 2023, **DCM** announced a strategic initiative to close its Edmonton facility and relocate production operations to the Company's Calgary site by year-end. By the end of 2023, the Edmonton plant was closed, with its operations merged into the Calgary facility.

The Company also reported that it is on schedule to complete the consolidation of its Thistle and Bond Avenue plants in Toronto by mid-2024. In addition, **DCM** is planning to integrate its Fergus, Ontario factory into its Drummondville, Quebec facility, and its Trenton, Ontario facility into its Brampton, Ontario site within the next twelve months.

In 2023, total restructuring expenses amounted to \$20.3 million, including a \$7.5 million restructuring expense allocated in Q4/2023 for the anticipated closure costs of the Fergus and Trenton plants. Although the closures of these plants are not yet finalized, the restructuring expense has been largely established and therefore booked.

Management also emphasized strategic focuses such as improving gross profit margins, particularly in the legacy **MCC** business, growing the business through an expanded product and service offering, and generating increased free cash flow to reduce net debt.

DCM reiterated its forecasted total annualized synergies from the **MCC** acquisition of between \$30 million to \$35 million over the next 12 months, from operational, organizational, and procurement initiatives.

To date, **DCM** management has concentrated on four pivotal areas of post-merger integration following the acquisition of **MCC**:

1. **Operational Initiatives:** Aimed at increasing gross profit margins through a reduction of the overall cost of goods sold and the enhancement of operational efficiencies. This includes the strategic consolidation of four manufacturing plants.
2. **Organizational Initiatives:** Focused on boosting gross profit margins and minimizing SG&A expenses by integrating essential functional teams, especially within the Commercial and Operations departments, and eliminating redundant roles.
3. **Procurement Initiatives:** Designed to reduce consolidated purchasing costs and negotiate better terms, enhancing overall procurement efficiency.
4. **Revenue Growth:** Centered on refining commercial sales strategies to grow revenue. This involves expanding and capitalizing on the combined strengths of our print and communications workflow solutions along with our digital services.

DCM currently employs approximately 1,800 people in Canada and the United States.

Strategic Update for 2024

We believe that **DCM** could see positive revenue growth and improved margins from their strategic priorities in 2024:

1. **Complete MCC Integration:** By advancing plant consolidation efforts and synchronizing back-office systems, **DCM** aims to finalize the **MCC** integration.
2. **Gross Profit Margin Improvement:** The Company plans to enhance gross profit margins, with a particular focus on optimizing the performance of the legacy **MCC** business.
3. **Business Growth:** **DCM** intends to leverage its increased scale, broadened product and service portfolio, and the capabilities of its unified team to drive revenue growth.
4. **Free Cash Flow Enhancement:** By continuing to increase Free Cash Flow, **DCM** will be better positioned to further reduce its Net Debt, opening up opportunities for additional strategic investments and capital allocation decisions.

Figure 6: 2024 Strategic Priorities



Source: Company Presentation (March 2024)

Valuation

DCM Comps

Comparing **DCM** to other public companies is complicated given that it has many lines of business but is somewhat simplified as the Company only focuses on three core markets: (1) Conventional Print Solutions, (2) Digital Asset Management (DAM), and (3) Tech-Enabled Marketing Workflow.

Average valuation multiples in the various sectors are as follows (see [Appendix B](#)).

(1) Conventional Print Solutions:

- EV/Revenue of 1.0x (2024E Revenue);
- EV/EBITDA of 6.4x (2024E EBITDA).

(2) DAM:

- EV/Revenue of 3.2x (2024E Revenue);
- EV/EBITDA of 20.9x (2024E EBITDA).

(3) Tech-Enabled Marketing Workflow:

- EV/Revenue of 2.5x (2024E Revenue);
- EV/EBITDA of 12.9x (2024E EBITDA).

DCM Valuation

Currently, **DCM** is trading at 0.8x our 2024 revenue estimate of \$549.0 million and 7.7x our 2024 EBITDA estimate of \$54.4 million. These multiples are at the low end of the revenue and EBITDA multiples compared to the various industry multiples and highlight the potential for **DCM's** share price appreciation. As **DCM** shifts to more Tech-Enabled solutions, we expect its valuation multiples to increase.

Figure 7: Valuation Multiples Comparing our Model to DCM and the Sector Averages (2024E)

	Model	DCM (Market)	Conventional Print Solutions	DAM	Tech-Enabled Marketing Workflow
Revenue	1.0x	0.8x	1.0x	3.2x	2.5x
EBITDA	8.0x	7.7x	6.4x	20.9x	12.9x

Source: See Appendix B; eResearch Corp.

Due to the Company's guidance of lower than 5% organic revenue growth in the short term, we have revised our organic revenue growth rate to 3% in 2025 and 4% in 2026 from 5%, but maintained a 5% revenue growth in 2027 and 2028.

We have maintained our estimate of improving gross margins and EBITDA through facility consolidation and the migration to higher-margin digital services at 26% in 2024 growing to 29% by 2028.

[Figure 8](#) highlights the revenue growth and gross margin assumptions we use in our model to reach our estimates.

Figure 8: Model Assumptions and Company Guidance

METRIC	RATE				DCM Guidance (5-Year Plan)
	2024E	2025E	2026E	2027E-2028E	
Revenue Growth	23%	3%	4%	5%	+5% Organic
Gross Margins	26%	26%	27%	28%-29%	+30%
Adj. EBITDA Margins	13%	13%	14%	15%-16%	+14%

Source: Company Presentation (2023); eResearch Corp.

Target Price Calculation

Method 1: Discounted Cash Flow (see [Figure 10](#)): Using a Weighted Average Cost of Capital (WACC) of 14% and a Terminal Multiple of 8.0x EBITDA in 2028, the one-year target share price estimate is \$10.06.

Method 2: Revenue Multiple (see [Figure 9](#)): Using a revenue multiple of 1.0x and a one-year forward Revenue estimate of \$549.0 million, the one-year target share price estimate is \$6.32.

Method 3: EBITDA Multiple (see [Figure 9](#)): Using an EBITDA multiple of 8.0x and a one-year forward EBITDA estimate of \$54.4 million, the one-year target share price estimate is \$4.40.

The equal-weighted price per share is \$6.93 and we are maintaining the one-year price target at \$6.90.

We are maintaining a Buy rating and the one-year price target of \$6.90.

Figure 9: Target Price (1 Year) Calculation

						SHARES	TARGET
Method 1: DCF (5-year)	WACC:14%	Terminal Multiple: 8x EBITDA	See DCF calculation.			58.9M	\$10.06
			ENT. VALUE	Net Debt Q4/2024	MARKET CAP	SHARES	TARGET
Method 2: Revenue Multiple	1.0x	1 Year Fwd Revenue (Est.): \$549M	\$549.0M	\$182.9M	\$366.1M	57.9M	\$6.32
Method 3: EBITDA Multiple	8.0x	1-Year Fwd EBITDA (Est.): \$54.4M	\$435.2M	\$182.9M	\$252.3M	57.9M	\$4.40
Equal-Weighted Target Price (1 year)							\$6.93

Source: eResearch Corp.

Figure 10: DCF Analysis

DATA Communications Management Corp. FYE (December 31)							
DCF Analysis (C\$)	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenue (\$)	273.8	447.7	549.0	565.5	588.1	617.5	648.4
Revenue Growth	16.3%	63.5%	22.6%	3.0%	4.0%	5.0%	5.0%
EBITDA (\$)	32.0	40.6	54.4	54.7	63.1	74.1	84.5
EBITDA Growth	53.5%	27.0%	34.1%	0.4%	15.4%	17.5%	14.0%
EBITDA Margin	11.7%	9.1%	9.9%	9.7%	10.7%	12.0%	13.0%
Depreciation and Amortization	11.2	21.7	39.1	16.4	25.6	21.5	18.0
EBIT (\$)	20.8	18.9	15.3	38.2	37.5	52.6	66.4
NOPAT	38.6	8.0	54.2	61.1	74.5	91.0	106.3
Plus Amortization (\$)	11.2	21.7	39.1	16.4	25.6	21.5	18.0
Less Capital Expenditures (\$)	(1.5)	(3.1)	(6.7)	(3.4)	(2.8)	(2.3)	(1.9)
Net Working Capital Changes	(11.8)	0.9	(9.3)	(9.3)	0.6	(3.7)	(2.1)
EPS (Continuing)	0.30	(0.31)	0.37	0.53	0.68	0.86	1.01
Unlevered Free Cash Flow (\$)	36.4	27.5	77.4	64.8	97.9	106.5	120.4
PV of Unlevered FCFs (\$)	42.7	28.3	69.9	51.4	68.1	64.9	64.4

Valuation Assumptions:			
Discount Rate	14.0%		
Terminal Multiple	8.0x		
Valuation Analysis:			
	Current	1-Yr Target	2-Yr Target
Total PV of FCFs (\$M)	347.1	363.3	323.3
Terminal Value (\$M)	675.7	675.7	675.7
PV of Terminal Value (\$M)	361.4	412.2	469.9
Net (debt) cash position	(239.5)	(182.9)	(132.2)
Total Value (\$M)	469.0	592.6	660.9
DCF Value/Share (C\$)	C\$7.96	C\$10.06	C\$11.22
DCF Value/Share (US\$)	US\$5.85	US\$7.40	US\$8.25
FD Shares O/S (M)*	58.9	58.9	58.9

*Using the Treasury Method

Source: Company Reports; eResearch Corp.

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

		Terminal EV/EBITDA Multiplier						
		5.00	6.00	7.00	8.00	9.00	10.00	11.00
Discount Rate	10.0%	8.48	9.48	10.48	11.48	12.48	13.48	14.49
	12.0%	7.94	8.87	9.81	10.74	11.68	12.61	13.55
	14.0%	7.44	8.31	9.19	10.06	10.93	11.81	12.68
	16.0%	6.97	7.79	8.61	9.43	10.25	11.07	11.89
	18.0%	6.54	7.31	8.08	8.85	9.61	10.38	11.15
	20.0%	6.14	6.86	7.58	8.31	9.03	9.75	10.47

Source: Company Reports; eResearch Corp.

Figure 12: Shares Outstanding for Fully Diluted Share Count and Valuation

Shares, Options, and Warrants ('000)	
Shares Outstanding: Basic - End of the Current Quarter (Sep 30/23)	55,023
Options Outstanding: 4.5 million at an average exercise price of \$1.20	4,529
Warrants Outstanding: 0.3 million at an average exercise price of \$3.16	261
Fully Diluted Share Count	59,813
Shares Outstanding - Valuation using Multiples ('000)	
Shares Outstanding: Basic - End of the Previous Quarter (Jun 30/23)	55,023
Shares Issued in the Quarter	-
Shares Outstanding: Basic - End of the Current Quarter (Sep 30/23)	55,023
Shares Issued after the Quarter End	-
Updated Share Count for Next Quarter	55,023
- In the Money Options: Stock Price above Strike Price*	2,899
- In the Money Warrants: Stock Price above Strike Price*	10
Updated Shares Outstanding, Fully Diluted: After the Quarter End (Multiples)	57,932
<i>* Number of shares has been adjusted by the Treasury Stock Method</i>	
Shares Outstanding - DCF Valuation ('000)	
Shares Outstanding: Basic - End of the Current Quarter (Sep 30/23)	55,023
Shares Issued after the Quarter End	-
Updated Share Count for Next Quarter	55,023
- In the Money Options: Target Price above Strike Price*	3,743
- In the Money Warrants: Target Price above Strike Price*	141
Updated Shares Outstanding, Fully Diluted: After the Quarter End (DCF)	58,907
<i>* Number of shares has been adjusted by the Treasury Stock Method</i>	

Source: Company Reports; eResearch Corp.

Appendix A: Financial Statements

Figure 13: Income Statement

DCM Income Statement - FYE (December 31); CAD ('000)	2022A	Q423A	2023A	Q124E	Q224E	Q324E	Q424E	2024E	2025E
Total Revenue	273,804	129,964	447,725	139,000	138,000	134,000	138,000	549,000	565,470
Total Cost of Sales	189,580	97,204	328,814	103,555	102,120	99,160	101,430	406,265	418,448
Gross Profit	84,224	32,760	118,911	35,445	35,880	34,840	36,570	142,735	147,022
Sales & Marketing	29,137	11,014	39,195	10,522	10,916	11,444	11,040	43,922	44,107
General and Administrative	26,477	14,135	47,374	13,483	14,076	14,740	14,214	56,513	55,416
Other operating costs	1,208	-	5,734	-	-	-	-	-	-
Restructuring Charges	-	10,570	20,308	-	-	-	-	-	-
Stock Based Compensation	328	151	675	417	414	402	414	1,647	1,696
Total Operating Expenses	57,150	35,870	113,286	24,422	25,406	26,586	25,668	102,082	101,219
Operating Income	27,074	(3,110)	5,625	11,023	10,474	8,254	10,902	40,653	45,803
Other Income (Expenses):									
Interest on Loan Payable	(2,742)	(2,742)	(8,315)	(2,036)	(1,739)	(1,636)	(1,532)	(6,943)	(4,886)
Acquisition and Integration Costs	(1,870)	(704)	(10,903)	(1,000)	(1,000)	(1,500)	(1,500)	(5,000)	-
Other	(2,567)	(2,106)	(8,851)	-	-	-	-	-	-
Total Other Income	(7,179)	(5,552)	(28,069)	(3,036)	(2,739)	(3,136)	(3,032)	(11,943)	(4,886)
EBT	19,895	(8,662)	(22,444)	7,986	7,735	5,119	7,870	28,710	40,917
Income Taxes	(5,929)	2,304	6,590	(1,997)	(1,934)	(1,280)	(1,967)	(7,177)	(10,229)
Net Income (Loss)	13,966	(6,358)	(15,854)	5,990	5,801	3,839	5,902	21,532	30,688
EPS									
Basic EPS	0.32	(0.12)	(0.31)	0.11	0.11	0.07	0.11	0.39	0.56
Diluted EPS	0.30	(0.12)	(0.31)	0.10	0.10	0.07	0.10	0.37	0.53
Basic EPS- ex-non-recurring items									
Shares Outstanding									
Shares Outstanding, Basic (Weighted)	44,063	55,023	50,833	55,023	55,023	55,023	55,023	55,023	55,023
Shares Outstanding, Diluted (Weighted)	46,572	55,023	50,833	57,932	57,932	57,932	57,932	57,932	57,932
Shares Outstanding, Basic (End of Quarter)	44,063	55,023	55,023	-	-	-	-	-	-

Source: Company Reports; eResearch Corp.

Figure 14: Balance Sheet

DCM Balance Sheet - FYE (December 31); CAD ('000)	2022A	2023A	2024E	2025E
Current Assets				
Cash	4,208	17,652	35,882	53,501
Account Receivables	54,630	117,956	123,926	122,196
Prepaid Expenses & Other Assets	2,984	5,313	5,879	5,607
Inventory	20,220	28,840	30,658	41,469
Income taxes receivable	15	2,640	2,640	2,640
Held for Sale	0	8,650	0	0
Total Current Assets	82,057	181,051	198,985	225,412
Non-Current Assets				
Deferred Income Tax Assets	4,830	9,801	9,801	9,801
Property and Equipment	6,779	30,358	24,731	20,409
Pension Assets	2,830	1,962	1,962	1,962
Intangible Assets	2,507	10,616	8,647	7,043
Goodwill	16,973	22,265	22,265	22,265
Right-of Use and Other	33,505	162,701	137,825	116,646
Total Assets	149,481	418,754	404,215	403,538
Current Liabilities				
Accounts Payables/Accrued Liabilities	44,133	75,766	75,534	74,874
Lease Liability	6,791	10,322	9,384	9,666
Current Portion of Debt/Promissory Notes	11,667	6,333	2,188	1,436
Provisions	1,316	16,325	16,325	16,325
Deferred Revenue - Current	3,942	6,221	5,520	5,686
Taxes Payable	1,630	0	0	0
Total Current Liabilities	69,479	116,531	108,952	107,986
Non-Current Liabilities				
Term Loan/Promissory Notes	0	93,918	68,158	44,718
Credit Facilities	15,380	0	670	480
Lease Liability	33,011	144,993	138,384	129,434
Provision/Loan Payable/Benefits Payable	8,764	27,390	27,874	28,358
Other	0	7,158	7,158	7,158
Total Liabilities	126,634	389,990	351,196	318,134
Shareholders Equity				
Capital Stock	256,478	283,738	283,738	283,738
Warrants & Options	869	219	219	219
Accumulated OCI	207	177	1,253	1,253
Contributed Surplus	3,131	3,135	4,782	6,478
Deficit	(237,838)	(258,505)	(236,973)	(206,285)
Total Shareholders Equity	22,847	28,764	53,019	85,404
Total Liabilities & Shareholders Equity	149,481	418,754	404,215	403,538

Source: Company Reports; eResearch Corp.

Figure 15: Cash Flow Statement

DCM	2022A	2023A	2024E	2025E
Cash Flow Statement - FYE (December 31); CAD ('000)				
Cash Provided By Operating Activities				
Net Income (Loss)	13,966	(15,854)	21,532	30,688
Amortization of Intangibles	1,606	2,881	2,757	2,245
Depreciation of Property & Equipment	2,965	6,165	11,490	7,087
Depreciation of Right-of-Use Assets	6,609	12,677	24,876	21,179
Interest Expense on Lease Liabilities	2,223	7,006	9,151	8,669
Stock Based Compensation Expense	328	675	1,647	1,696
Pension Expense	351	121	484	484
Loss on Disposal of Intangible Assets	98	-	-	-
Provisions	-	20,308	-	-
Income Tax Expense	5,929	(10,662)	-	-
Finance Cost	120	-	-	-
Other	328	8,598	-	-
Changes in Non-Cash Working Capital				
Account & Other Receivables	(3,063)	(3,586)	(5,970)	1,730
Inventory	(8,087)	14,361	(1,818)	(10,811)
Prepaid Expenses & Other Current Assets	(43)	(2,051)	(566)	272
Accounts Payable & Other Payables	6,888	(3,452)	(232)	(660)
Other	(5,056)	-	-	-
Provisions	(3,160)	(4,975)	-	-
Deferred (Unbilled) Revenue	673	591	(701)	166
Total Cash Provided By Operating Activities	22,675	32,803	62,652	62,745
Investing Activities				
Purchase of Property & Equipment	(1,475)	(2,940)	(5,863)	(2,765)
Purchase of Intangibles	(71)	(127)	(788)	(642)
Business (Acquisition) Sale	70	(130,953)	-	-
Total Cash From Investing Activities	(1,476)	(104,487)	(6,651)	(3,407)
Financing Activities				
Proceeds from Loan/Promissory Notes	-	162,140	-	-
Repayment of Loan/Promissory Notes	-	(87,592)	(20,179)	(24,192)
Operating Line/Credit Facility (Repayment)	(9,716)	282	(894)	(190)
Repayment of Other Liabilities	515	-	-	-
Transaction Costs	-	(1,801)	-	-
Lease Payments	(8,730)	(13,321)	(16,698)	(17,337)
Proceeds from exercise of Stock Options and Warrants	-	1,240	-	-
Issue/Repurchase of Equity	-	24,221	-	-
Total Cash From Financing Activities	(17,931)	85,169	(37,771)	(41,719)
Effect of Exchange Rates on Cash	39	(41)	-	-
Net Increase in Cash	3,307	13,444	18,230	17,619
Beginning Cash	901	4,208	17,652	35,882
Ending Cash	4,208	17,652	35,882	53,501

Source: Company Reports; eResearch Corp.

Appendix B: Company Comparables by Industry

Figure 16: U.S. and Canadian Comparables – Conventional Print Solution Providers and DAM Solution Providers

Name	Ticker	Mar 22 Close (\$)	Mkt Cap (\$M)	EV (\$M)	REVENUE (\$M)			EBITDA (\$M)			EV/Revenue			EV/EBITDA		
					2022A	2023A	2024E	2022A	2023A	2024E	2022A	2023A	2024E	2022A	2023A	2024E
DATA Communications Management Corp.	TSX:DCM	\$3.26	\$179	\$419	\$273.8	\$447.7	\$549.0	\$32.0	\$40.6	\$54.4	1.5x	0.9x	0.8x	13.1x	10.3x	7.7x
US Comps - Conventional Print Solution Providers																
ARC Document Solutions, Inc.	NYSE:ARC	US\$2.67	US\$114	US\$159	US\$286	US\$281	US\$284	US\$38	US\$31	US\$38	0.6x	0.6x	0.6x	4.2x	5.2x	4.1x
Canon Inc.	TSE:7751	US\$30.02	US\$29,650	US\$32,238	US\$30,570	US\$29,660	US\$28,463	US\$4,397	US\$4,356	US\$4,330	1.1x	1.1x	1.1x	7.3x	7.4x	7.4x
Cimpress plc	NASDAQ:CMPR	US\$90.35	US\$2,407	US\$3,863	US\$2,888	US\$3,210	US\$3,395	US\$101	US\$323	US\$478	1.3x	1.2x	1.1x	38.4x	12.0x	8.1x
Ennis, Inc.	NYSE:EBF	US\$20.46	US\$529	US\$438	US\$400	US\$432	US\$423	US\$78	US\$77	US\$76	1.1x	1.0x	1.0x	5.6x	5.7x	5.7x
Quad/Graphics, Inc.	NYSE:QUAD	US\$5.45	US\$285	US\$857	US\$3,217	US\$2,958	US\$2,738	US\$252	US\$234	US\$225	0.3x	0.3x	0.3x	3.4x	3.7x	3.8x
Xerox Holdings Corporation	NASDAQ:XRX	US\$17.02	US\$2,114	US\$5,305	US\$6,900	US\$6,695	US\$6,588	US\$449	US\$541	US\$609	0.8x	0.8x	0.8x	11.8x	9.8x	8.7x
Mean (EV/Rev <20; EV/EBITDA <100)											0.8x	0.8x	0.8x	11.8x	7.3x	6.3x
Median											0.9x	0.9x	0.9x	6.5x	6.5x	6.6x
Cdn Comps - Conventional Print Solution Providers																
CCL Industries Inc.	TSX:CCL.B	\$71.14	\$12,656	\$14,165	\$6,382	\$6,650	\$7,030	\$1,179	\$1,270	\$1,427	2.2x	2.1x	2.0x	12.0x	11.2x	9.9x
Supremex Inc.	TSX:SXP	\$3.79	\$97	\$185	\$272	\$302	\$284	\$51	\$43	\$41	0.7x	0.6x	0.7x	3.6x	4.3x	4.5x
Transcontinental Inc.	TSX:TCLA	\$14.73	\$1,276	\$2,236	\$2,973	\$2,914	\$2,889	\$395	\$407	\$454	0.8x	0.8x	0.8x	5.7x	5.5x	4.9x
Mean (EV/Rev <20; EV/EBITDA <100)											1.2x	1.2x	1.1x	7.1x	7.0x	6.4x
Median											0.8x	0.8x	0.8x	6.5x	6.5x	6.3x
US Comps - Digital Asset Management (DAM) Solution Providers (PaaS/SaaS)																
Adobe Inc.	NASDAQ:ADBE	US\$499.52	US\$226,056	US\$223,316	US\$17,606	US\$19,409	US\$21,469	US\$6,716	US\$7,268	US\$10,720	12.7x	11.5x	10.4x	33.3x	30.7x	20.8x
Box, Inc.	NYSE:BOX	US\$28.51	US\$4,116	US\$4,619	US\$874	US\$1,038	US\$1,083	US\$85	US\$85	US\$338	5.3x	4.5x	4.3x	54.3x	54.1x	13.7x
Fluent, Inc.	NASDAQ:FLNT	US\$0.51	US\$42	US\$62	US\$361	US\$298	US\$304	US\$19	US\$6	US\$11	0.2x	0.2x	0.2x	3.3x	10.1x	5.6x
LiveRamp Holdings, Inc.	NYSE:RAMP	US\$34.03	US\$2,252	US\$1,765	US\$529	US\$636	US\$694	-US\$58	US\$17	US\$119	3.3x	2.8x	2.5x		102.9x	14.9x
Open Text Corporation	NASDAQ:OTEX	US\$39.13	US\$10,493	US\$18,331	US\$3,494	US\$5,696	US\$5,826	US\$969	US\$1,435	US\$2,167	5.2x	3.2x	3.1x	18.9x	12.8x	8.5x
QuinStreet, Inc.	NASDAQ:QNST	US\$16.87	US\$926	US\$893	US\$582	US\$550	US\$693	-US\$4	-US\$12	US\$37	1.5x	1.6x	1.3x			23.9x
Smartsheet Inc.	NYSE:SMAR	US\$39.24	US\$5,371	US\$4,796	US\$551	US\$958	US\$1,116	-US\$211	-US\$93	US\$178	8.7x	5.0x	4.3x			27.0x
TechTarget, Inc.	NASDAQ:TTGT	US\$32.64	US\$932	US\$1,037	US\$297	US\$230	US\$233	US\$77	US\$16	US\$73	3.5x	4.5x	4.5x	13.5x	64.3x	14.2x
Mean (EV/Rev <20; EV/EBITDA <100)											5.1x	4.2x	3.8x	24.7x	34.4x	16.1x
Median											4.4x	3.8x	3.7x	18.9x	42.4x	14.5x
CDN Comps - Digital Asset Management (DAM) Solution Providers (PaaS/SaaS)																
illumin Holdings Inc.	TSX:ILLM	\$1.52	\$76.8	\$29.3	\$121.0	\$126.3	\$134.8	-\$4.5	-\$9.9	\$5.4	0.2x	0.2x	0.2x			5.5x
Fobi AI Inc.	TSXV:FOBI	\$0.09	\$18.7	\$18.6	\$1.6	\$2.5	\$0.0	-\$12.7	-\$8.6	\$0.0	11.9x	7.4x				
MediaValet Inc.	TSX:MVP	\$1.69	\$74.1	\$77.4	\$12.8	\$16.4	\$20.9	-\$11.0	-\$6.9	-\$2.0	6.0x	4.7x	3.7x			
TrueContext Corporation	TSXV:TCXT	\$1.05	\$140.3	\$140.0	\$21.3	\$24.4	\$39.8	-\$4.2	-\$1.5	\$3.1	6.6x	5.7x	3.5x			45.9x
Mean (EV/Rev <20; EV/EBITDA <100)											6.2x	4.5x	2.5x			25.7x
Median											6.3x	5.2x	3.5x			25.7x

Source: S&P Capital IQ; eResearch Corp.

Figure 17: U.S. and Canadian Comparables – Tech-Enabled Marketing Workflow Providers and Canadian Tech

Name	Ticker	Mar 22 Close (\$)	Mkt Cap (\$M)	EV (\$M)	REVENUE (\$M)			EBITDA (\$M)			EV/Revenue			EV/EBITDA		
					2022A	2023A	2024E	2022A	2023A	2024E	2022A	2023A	2024E	2022A	2023A	2024E
DATA Communications Management Corp.	TSX:DCM	\$3.26	\$179	\$419	\$273.8	\$447.7	\$549.0	\$32.0	\$40.6	\$54.4	1.5x	0.9x	0.8x	13.1x	10.3x	7.7x
Tech-Enabled Marketing Workflow Providers																
Cimpress plc	NASDAQ:CMPR	US\$90.35	US\$2,406.6	US\$3,863.2	US\$2,887.6	US\$3,209.7	US\$3,395.4	US\$100.6	US\$322.5	US\$478.2	1.3x	1.2x	1.1x	38.4x	12.0x	8.1x
Deluxe Corporation	NYSE:DLX	US\$20.43	US\$899.5	US\$2,522.8	US\$2,238.0	US\$2,238.0	US\$2,213.4	US\$386.5	US\$390.2	US\$408.2	1.1x	1.1x	1.1x	6.5x	6.5x	6.2x
dotdigital Group Plc	AIM:DOTD	£0.86	£255.8	£220.5	£62.8	£74.2	£82.4	£13.0	£15.7	£25.2	3.5x	3.0x	2.7x	16.9x	14.0x	8.7x
Galaxy Digital Holdings Ltd.	TSX:GLXY	\$13.50	\$1,477	\$1,477			\$567									
Harte Hanks, Inc.	NASDAQ:HHS	US\$7.54	US\$54.4	US\$55.0	US\$206.3	US\$191.5	US\$191.6	US\$15.8	US\$13.1	US\$16.4	0.3x	0.3x	0.3x	3.5x	4.2x	3.4x
HubSpot, Inc.	NYSE:HUBS	US\$621.75	US\$31,506.9	US\$30,906.4	US\$1,731.0	US\$2,170.2	US\$2,562.9	-US\$83.0	-US\$80.9	US\$493.3	17.9x	14.2x	12.1x			62.6x
Publicis Groupe S.A.	ENXTPA:PUB	€ 99.36	€ 24,855.09	€ 26,942.05	€ 14,196.00	€ 14,802.00	€ 13,783.95	€ 2,373.00	€ 2,956.00	€ 3,003.25	1.9x	1.8x	2.0x	11.4x	9.1x	9.0x
Quacient S.A.	ENXTPA:QDT	€ 19.20	€ 660.20	€ 1,416.56	€ 1,024.30	€ 1,074.38	€ 1,111.90	€ 197.50	€ 0.00	€ 265.96	1.4x	1.3x	1.3x	7.2x		5.3x
Teleperformance SE	ENXTPA:TEP	€ 91.20	€ 5,536.98	€ 10,102.51	€ 8,154.00	€ 8,345.00	€ 10,289.99	€ 1,372.00	€ 1,406.00	€ 2,181.36	1.2x	1.2x	1.0x	7.4x	7.2x	4.6x
TTEC Holdings, Inc.	NASDAQ:TTEC	US\$9.98	US\$473.3	US\$1,451.6	US\$2,443.7	US\$2,462.8	US\$2,311.2	US\$301.2	US\$240.7	US\$231.1	0.6x	0.6x	0.6x	4.8x	6.0x	6.3x
Zeta Global Holdings Corp.	NYSE:ZETA	US\$11.05	US\$2,413.5	US\$2,474.3	US\$591.0	US\$728.7	US\$874.3	-US\$231.5	-US\$137.7	US\$165.8	4.2x	3.4x	2.8x			14.9x
Mean (EV/Rev <20; EV/EBITDA <100)											3.3x	2.8x	2.5x	12.0x	8.4x	12.9x
Median											1.4x	1.3x	1.3x	7.3x	7.2x	7.2x

Name	Ticker	Mar 22 Close (C\$)	Mkt Cap (C\$ M)	EV (C\$ M)	REVENUE (C\$ M)			EBITDA (C\$ M)			EV/Revenue			EV/EBITDA		
					2022A	2023A	2024E	2022A	2023A	2024E	2022A	2023A	2024E	2022A	2023A	2024E
Canadian Advertising, Marketing & Technology Comps																
illumin Holdings Inc.	TSX:ILLM	\$1.52	\$76.8	\$29.3	\$121.0	\$126.3	\$134.8	-\$4.5	-\$9.9	\$5.4	0.2x	0.2x	0.2x			5.5x
Adcore Inc.	TSX:ADCO	\$0.24	\$14.2	\$8.1	\$19.7	\$23.1		-\$0.4	-\$0.4		0.4x	0.3x				
ARHT Media Inc.	TSXV:ART	\$0.05	\$0.0	\$1.9	\$7.5	\$6.6	\$9.7	-\$7.0	-\$7.9	-\$5.7	0.2x	0.3x	0.2x			
Datable Technology Corporation	TSXV:DAC	\$0.01	\$1.1	\$4.5	\$3.9	\$5.3		-\$3.8	-\$0.8		1.1x	0.8x				
DeepMarket Corp.	TSXV:MKT	\$0.08	\$0.4	\$0.4				-\$6.3	-\$3.0							
EQ Inc.	TSXV:EQ	\$1.09	\$75.7	\$76.3	\$11.0			-\$6.1			6.9x					
Fobi AI Inc.	TSXV:FOBI	\$0.09	\$18.7	\$18.6	\$1.6	\$2.5		-\$12.7	-\$8.6		11.9x	7.4x				
Gatekeeper Systems Inc.	TSXV:GSI	\$0.77	\$0.1	-\$1.1	\$22.2	\$32.8		\$0.8	\$5.7							
Reklaim Ltd.	TSXV:MYID	\$0.12	\$13.8	\$14.6	\$2.4			-\$4.5			6.2x					
Snipp Interactive Inc.	TSXV:SPN	\$0.12	\$34.3	\$28.8	\$24.7			-\$1.6			1.2x					
YANGAROO Inc.	TSXV:YOO	\$0.05	\$2.8	\$5.6	\$7.7			-\$0.5			0.7x					
Yellow Pages Limited	TSX:Y	\$9.90	\$136.2	\$156.8	\$268.3	\$239.4	\$209.7	\$85.8	\$69.5	\$61.0	0.6x	0.7x	0.7x	1.8x	2.3x	2.6x
Zoomd Technologies Ltd.	TSXV:ZOMD	\$0.07	\$6.9	\$9.4	\$53.0			-\$1.9			0.2x					
Mean (EV/Rev <20; EV/EBITDA <100)											2.7x	1.6x	0.4x	1.8x	2.3x	4.0x
Median											0.7x	0.5x	0.2x	1.8x	2.3x	4.0x

Source: S&P Capital IQ; eResearch Corp.

Appendix C: 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 **DATA Communications Management Corp. (TSX: DCM)**.

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