Perspectec

Dye & Durham

Executive Summary:

An OpenText Story Dying for More Acquisitions

Rating
BUY

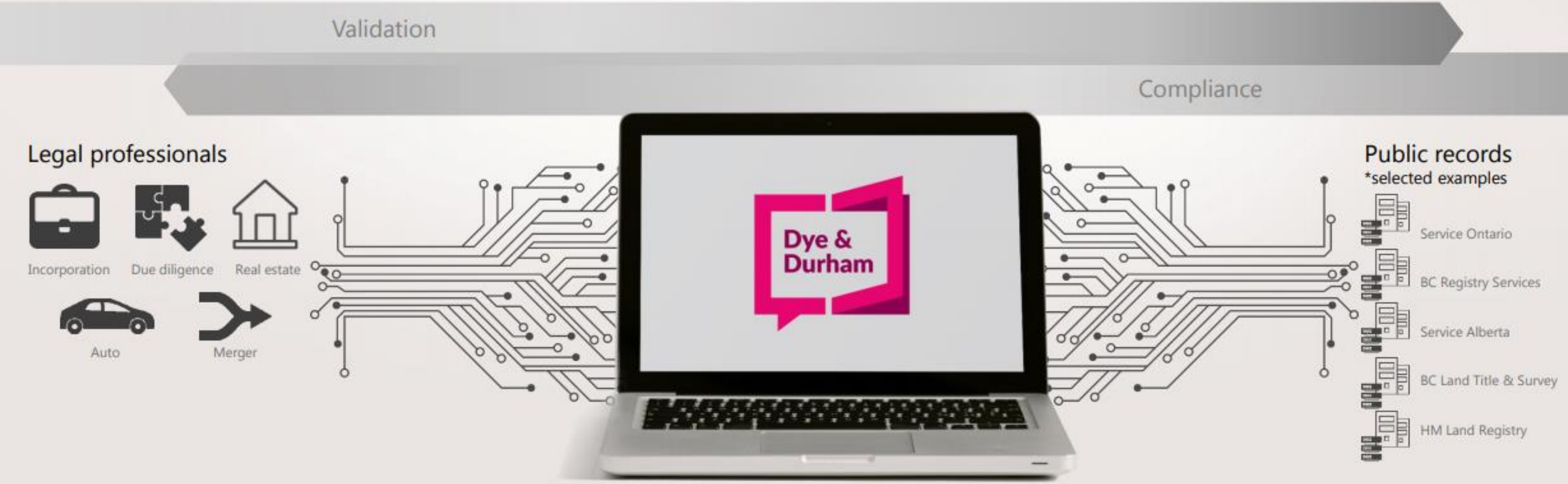
24-Month
Price Target
$24

August 7, 2020

Price: (DND-Toronto) C$15.25

Robin Manson-Hing
robin.manson-hing@perspectec.com
416-898-8546

Dye & Durham's Platform is a one-stop legal gateway to public records data



Best in class technology based platform

Dye & Durham acquires online gateways to public records data and charges primarily on users on a per-use basis

A copy of this amended and restated prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada (except Québec) but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This amended and restated prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only to persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This amended and restated prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

AMENDED AND RESTATED PRELIMINARY PROSPECTUS
(amending and restating the preliminary prospectus dated June 29, 2020)

Initial Public Offering and Secondary Offering — July 10, 2020

D&D

Dye & Durham Limited

$150,000,000

• Common Shares

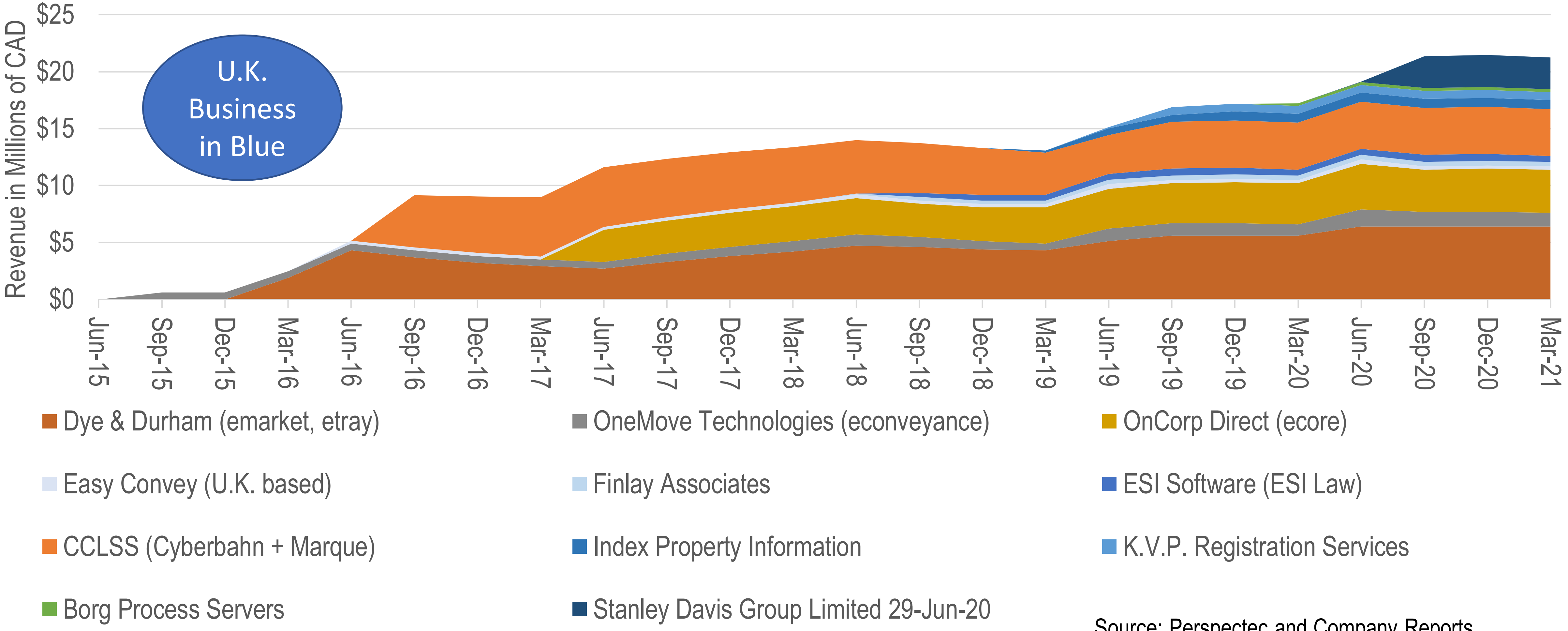
This IPO is defined by 505 pages of details

Source: Company Reports

Background of IPO

- Dye & Durham originally attempted an October 2018 IPO, but issues arose when $75 million of the $125 million in selling shares were to go to existing selling shareholders
- Dye & Durham released its Preliminary Prospectus on June 29, 2020. DND.TO began trading on the TSX on July 17, 2020 at $7.50 before closing the 1st day at $14.80
- The market may not have efficiently digested 500+ pages in 13 business days for a $150 million stock issuance. We have briefly combed over the document and there appears to be no major financial hiccups
- Use of Proceeds are going to pay off debt and the lockup period is 180 days, which is fine for now but acquisitions in the future should be made

Dye & Durham's Estimated Revenue Splits Show the Heavy Reliance on Acquisitions



Source: Perspectec and Company Reports

The Good News is that near-term Organic Growth is taking place driven by price increases

ts for the three and nine months ended March 31, 2020

e nine months ended March 31, 2020 and three and nine months ended Mar
1,313, respectively, an increase of $6,993 or 68% and $22,610 or 79%, respec
l nine months ended March 31, 2019, primarily due to organic growth and ad
uisitions. Organic growth for the nine months ended March 31, 2020 wa
ease from the Acquisitions. The factors contributing to increased organic rev
mplementation of price increases, cross-selling, and increased overall econo

Strategy Involves Constant Layoffs for Margins

"The Company is managed on the belief that by providing leading edge proprietary technology coupled with exceptional client service, **it can make what are often time consuming legal processes, mainly dealt with by support staff in law firms or administrative staff in large financial service institutions, easier to manage and more efficient**.

Dye & Durham's vision is to be the world's leading provider of public records registry data and the workflows this information powers."

Source: Perspectec and Company Reports

	For the years ended June 30,		
	2019	**2018**	**2017**
Revenue	43,845	32,541	18,837
Direct Costs	2,536	1,317	1,185
Gross Profit	41,309	31,224	17,652
Expenses	40,599	29,988	15,256
Net income (loss)	710	1,236	2,396
Other comprehensive income (loss)	(816)	(821)	(27)
Comprehensive income (loss)	(106)	415	2,369
Net cash provided by operating activities	10,196	10,943	2,396
Changes in non-cash working capital balances	(4,292)	3,567	(1,052)
Items not affecting cash	13,778	6,140	1,052
Net income (loss)	710	1,236	2,396
Finance costs	7,699	5,272	1,048
Income tax (recovery) expense	216	1,892	(602)
Amortization and depreciation	10,231	5,453	1,849
EBITDA(1)	18,856	13,853	4,691
Loss on settlement of loans and borrowings(2	—	228	—
Change in fair value of derivative liabilities(3	—	—	—
Acquisition, restructuring and other costs(4)	6,107	2,409	3,673
Impairment of software technologies(5)	1,230	—	340
Share-based compensation expense(6)	223	2,689	—
Cost synergies realized(7)	—	—	—
Adjusted EBITDA(1)	26,416	19,178	8,704
Adjusted EBITDA Margin(1)	60%	59%	46%

Cost Cutting has become more Aggressive in the Face of COVID-19

Based on the Company's preliminary unaudited financial results for April 2020, May 2020 and June 2020, management estimates the impacts of the COVID-19 pandemic on *pro forma* revenue to be marginal and to date the Company has not qualified for Canada's emergency wage subsidy programme. Despite this, in response to the impacts of the COVID-19 pandemic, the Company implemented the COVID-19 Action Plan (as defined herein) to permanently reduce its operating costs and mitigate certain economic and business pressures caused by COVID-19. These plans included (a) permanently reducing 12% of its workforce, (b) implementing a 20% temporary reduction in pay for the remaining employees until at least September 30, 2020, (c) discontinuing discretionary bonuses for Fiscal 2020, (d) suspending pay to Matthew Proud, the Company's chief executive officer, as well as all of the directors of the Company until at least September 30, 2020, and (e) temporarily laying off 98 employees whose focus was primarily in litigation solutions business line, resulting in an estimated aggregate savings of over $3.3 million in the fourth quarter of Fiscal 2020 (collectively, the "**COVID-19 Action Plan**").

Source: Company Reports

Restructuring has resulted in some negative reviews for some customers seeking support…

Mark Blaisdell
1 review
★☆☆☆☆ a day ago

If I could have left a "zero" star for this company I would have. For what should have taken 5 minutes, I spent 2/3 of a day. The email address provided for their "OnCorp" was incorrect. I spoke to their phone operator literally 15 times, and got bounced back to voice mail. I was NEVER able to speak to a "real" person. After paying for their service and not receiving the report I had contracted for, I couldn't get through for help or to ultimately cancel and go somewhere else. I found another company to provide my needed report in 5 minutes at 35% the cost. AVOID THIS COMPANY AT ALL COSTS; It's a ripoff!

Stanley Davis Group

Write a

One George Yard, London, United Kingdom

3.1 ★★★☆☆ 29 reviews

Sort by: Highest

All | team 3 | professional 3

We had to set up an employee Trust that was a limited guarantee vehicle. Julie Seabrook and team were very **professional** and diligent, could not have asked more. Thanks Julie.

Acquired March 2019

Cyberbahn, Inc

Write a review

268 Adelaide St W, Toronto, ON

1.0 ★☆☆☆☆ 7 reviews

Sort by: Most relevant

tinytwocurls
4 reviews
★☆☆☆☆ 3 months ago

Wow! Did this place ever go down hill after Dye and Durham took over. Cyberbahn used to be amazing with very knowledgeable staff. It was easy to speak to a human or be emailed back with any query you had. Not just disappointing but sad.

2

a

adam dwek
5 reviews
★☆☆☆☆ 2 weeks ago

I don't know what happened to Cyberbahn but they have become impossible to reach. They used to be amazing but their service changed immediately.

Like

Source: Google

...while employee reviews paint an overworked staff, the feedback is similar (probably worse) to that of employees at OpenText and Constellation Software

This is usually a good sign for investors in the short-to-medium term

y 16, 2020

"Fast paced, focused on growth"

5.0 ★★★★★ Current Employee - Manager

Recommends | Positive Outlook | Approves of CEO

I have been working at Dye & Durham full-time for more than a year

Pros

Many interesting projects, opportunities to learn, grow and develop career. The company is on a massive growth plan with a big market to tap into. Global operations mean chances to travel. M&A work is very exciting and interesting.

Cons

M&A model means some people are let go with strong focus on cost reductions after acquisition. It's a tough sell for some people. You need a thick skin. Long hours at time due to deadlines.

Advice to Management

Communicate more, let the staff know what's happening and treat people well who e up on the chopping block.

March 17, 2020 Helpful (8)

"I understand how people on the Titanic felt"

2.0 ★★ Former Employee - Customer Service Specialist

Doesn't Recommend | Negative Outlook | Disapproves of CEO

I worked at Dye & Durham full-time for more than 5 years

Pros

Worked with a number of good people, and sometimes management went all out and bought pizza for lunch. That's about it in the way of pros

Cons

After working for a number of years at Dye & Durham, I and approximately 49 other people were either laid off, or terminated. Despite good performance reviews, and excellent attendance, I received notice by telephone this week. It didn't even warrant a face to face to add insult to injury. This company has gone through a major expansion by multiple acquisitions in the last few years, and now the cracks appear to be showing. As reported in the Globe &Mail, an IPO failed in 2018, and another one slated for March 2020 looks difficult given the current investment climate, so management has decided to cut costs, by simply "tossing people to the curb". Difficult to be engaged with a company that so easily dumps 50 employees, and reduces work hours for the balance. Just sad!

anuary 22, 2020 Helpful (2)

"Toxic environment"

1.0 ★ Former Employee - Management

Doesn't Recommend | Negative Outlook | Disapproves of CEO

I worked at Dye & Durham full-time for more than 10 years

Pros

The provided software and services themselves are great and to be able to work with them and your clients can provide a great deal satisfaction. You can learn a lot if you are able to jump around quickly.

Cons

Company does not care about their employees whatsoever. Whether you have been there for a month or 20 years, you are disposible. The CEO has fully stated that the company goals are to make money and if you do not know that as an employee, that is on you. If he could have you working 24h a day, he would. The actual employees are very smart and know what they are talking about, unfortunately, they are not listened to. The CEO will do whatever he wants and if you disagree then he will let you go.

Advice to Management

Care about your employees or you will lose them all.

ebruary 19, 2020 Helpf

"High growth legal tech company"

4.0 ★★★★ Former Employee - Manager Finance in Toronto, ON

Neutral Outlook | No Opinion of CEO

I worked at Dye & Durham full-time for less than a year

Pros

- You'll have the opportunity to experience various work tasks and will not find you work repetitive.
- High growth environment with abundant opportunities internally and externally
- Competitive pay

Cons

- High performance will pay off, but not advised to join this company if you are not ambitious.

Advice to Management

N/A

April 22, 2020 Helpful (10)

"Great until Matthew Proud bought the company and competitors they can 'afford'."

1.0 ★ Former Employee - Registry Agent

Doesn't Recommend | Negative Outlook | Disapproves of CEO

I worked at Dye & Durham full-time for more than 3 years

Pros

Amazing coworkers, and free breakfast.

Cons

Poor management and no sense of direction. Big Hairy Audacious Goal - 'BHAG'
No culture and social committee is a joke for employees.
Too much work and too little rewards or recognition.
Greed on yearly and biyearly increase of prices on products and services are an insult to long time clients...especially since they do not receive the support they used to get due to D&D terminating employees without replacement.

Advice to Management

Don't buy anymore companies if you don't know how to run them.

60% Adjusted EBITDA Margins do not account for capitalized software and lease costs.

In addition, constant restructuring and acquisition costs appear to be part of their business model and will likely be ‘reoccurring’

	For the years ended June 30,		
	2019	**2018**	**2017**
Revenue	43,845	32,541	18,837
Direct Costs	2,536	1,317	1,185
Gross Profit	41,309	31,224	17,652
Expenses	40,599	29,988	15,256
Net income (loss)	710	1,236	2,396
Other comprehensive income (loss)	(816)	(821)	(27)
Comprehensive income (loss)	(106)	415	2,369
Net cash provided by operating activities	10,196	10,943	2,396
Changes in non-cash working capital balances	(4,292)	3,567	(1,052)
Items not affecting cash	13,778	6,140	1,052
Net income (loss)	710	1,236	2,396
Finance costs	7,699	5,272	1,048
Income tax (recovery) expense	216	1,892	(602)
Amortization and depreciation	10,231	5,453	1,849
EBITDA[1]	18,856	13,853	4,691
Loss on settlement of loans and borrowings[2	—	228	—
Change in fair value of derivative liabilities[3	—	—	—
Acquisition, restructuring and other costs[4]	6,107	2,409	3,673
Impairment of software technologies[5]	1,230	—	340
Share-based compensation expense[6]	223	2,689	—
Cost synergies realized[7]	—	—	—
Adjusted EBITDA[1]	26,416	19,178	8,704
Adjusted EBITDA Margin[1]	60%	59%	46%

Source: Perspectec and Company Reports

Despite these issues, disclosed user metrics appear strong…however these stats are not comparable to other companies…

…as the metrics only apply to a portion of customers

"**Customer Churn Rate**" is calculated by multiplying (a) 100, by (b) a fraction, (i) the denominator of which is the total number of clients that generated revenue of greater than $5,000 in Fiscal 2018, and (ii) the numerator of which is the total number of clients from (i) that generated no revenue in Fiscal 2019.

It's not clear what percentage of customers have revenue generated >$5,000. Not a true churn rate.

"**Net Revenue Retention**" is calculated by multiplying (a) 100, by (b) a fraction, (i) the denominator of which is the total revenue generated from all clients with greater than $5,000 of revenue in Fiscal 2018, and (ii) the numerator of which is the total revenue generated from all such clients in Fiscal 2019.

It's not clear what percentage of customers have revenue generated >$5,000. Not a true net revenue retention.

"**Net Promoter Score**" or "**NPS**" is a management tool that can be used to gauge the loyalty of the Company's client relationships that serves as an alternative to traditional customer satisfaction research. See "General Matters".

A Net Promotor Score of 58 in the face of rising prices does not reconcile with a 2% churn rate. However having inelastic pricing on existing products demonstrates a reasonably good NPS.

Capital Expenditures

Dye & Durham's capital expenditures for the nine months ended March 31, 2020 were $761 compared to $372 for the nine months ended March 31, 2019 and for the Fiscal 2019 were $363 compared to $1,091 for Fiscal 2018. Capital expenditures are primarily related to leasehold improvements and purchase of computer equipment.

Capitalized Software Assets

	Nine months ended March 31,		Fiscal		
(Thousands)	**2020 ($)**	**2019 ($)**	**2019 ($)**	**2018 ($)**	**2017 ($)**
Capitalized Software	1,447	3,109	3,825	3,256	997

In accordance with IFRS, the Company capitalizes eligible software costs when certain criteria are met. Capitalized software costs are primarily comprised of labour and third party contractor expenses.

Capitalized software costs decreased from $3,109 during the nine months ended March 31, 2019 to $1,447 for the nine months ended March 31, 2020. The decrease is primarily due to the completion of various projects in Fiscal 2019.

In Fiscal 2019, capitalized software costs increased to $3,825 from $3,256 due to an increase in development costs related to significant enhancements in the *easyconveyance* and ESILaw platforms and the product integration of the *ecore* and *Cyberbahn* applications.

Source: Company Reports

Product upgrades and integrations are excluded from the income statement

Lower Reoccurring Acquisition and Restructuring Costs we believe should be built into a forecast continuously (similar to OpenText)

22. Acquisition, restructuring and other expenses

	2019 $	2018 $	2017 $
Acquisition related expenses	**1,386**	289	1,921
Public offering relating expenses	**2,694**	—	—
Restructuring	**2,027**	5,036	1,718
	6,107	5,325	3,639

Acquisitions related expenses consist mainly of professional fees associated with business combinations.

Public offering related expenses consist mainly of professional fees associated with filing a preliminary prospectus in October 2018.

Restructuring expenses mainly represent employee exit costs as a result of synergies created due to the business combinations.

Source: Perspectec and Company Reports

Adjusted EBITDA also excludes cash expenses from lease contracts as per IFRS 16

5. Right-of-use assets

The Company has lease contracts for office space and data center equipment, which range from two to eight years. The following table presents the right-of-use assets for the Company as at March 31, 2020:

	$
Balance, July 1, 2018	2,431
Additions	1,233
Depreciation expense	(689)
Balance, June 30, 2019	2,975
Additions	**3,863**
Net investment in sublease	**(335)**
Depreciation expense	**(838)**
Effects of foreign exchange	**(57)**
Balance, March 31, 2020	**5,608**

Right-of-use assets depreciation expense for the three- and nine-month periods ended March 31, 2020 was $319 and $838 [2019 – $200 and $618], respectively.

Source: Perspectec and Company Reports

It is also fair game to deduct lease payments and the associated interest from Adjusted EBITDA

6. Lease liabilities

The following table presents the lease liabilities for the Company as at March 31, 2020:

	$
Balance, July 1, 2018	2,431
Additions	1,317
Interest accretion	273
Lease repayments	(827)
Balance, June 30, 2019	3,194
Additions	4,242
Interest accretion	**314**
Lease repayments	**(907)**
Effects of foreign exchange	38
Balance, March 31, 2020	**6,881**
Current	**1,826**
Non-current	**5,055**

Interest accretion expense from lease liabilities for the three- and nine-month periods ended March 31, 2020 was $122 and $314 [2019 – $66 and $203], respectively.

As a result of the adoption of IFRS 16, the Company has recognized an increase to both assets and liabilities on the consolidated statement of financial position. The Company also recognized a decrease in general and administrative expenses for the removal of rent expense for operating leases, an increase in depreciation and amortization related to the right-of-use assets and an increase to finance costs due to the accretion of lease liabilities in the consolidated statement of income and other comprehensive income (loss). The weighted average

Source: Perspectec and Company Reports

Dye & Durham also appears to be pro-rating cost synergies, which is an aggressive method we have not seen before

EBITDA(1)	17,421	11,927	15,970	10,578	18,856	13,853	4,691
Loss on settlement of loans and borrowings(2)	1,944	918	1,944	918	—	228	—
Change in fair value of derivative liabilities(3)	2,123	—	2,123	—	—	—	—
Acquisition, restructuring and other costs(4)	8,514	6,881	6,456	4,845	6,107	2,409	3,673
Impairment of software technologies(5)	—	1,230	—	1,230	1,230	—	340
Share-based compensation expense(6)	233	155	233	155	223	2,689	—
Cost synergies realized(7)	1,164	—	1,164	—	—	—	—
Adjusted EBITDA(1)	31,399	21,111	27,890	17,726	26,416	19,178	8,704
Adjusted EBITDA Margin(1)	52%	55%	54%	62%	60%	59%	46%

(7) "Cost synergies realized" relates to the impact of the full period of cost synergies related to the reduction of employees in relation to the Acquisitions.

Source: Perspectec and Company Reports

In millions of CAD	06/30/17	06/30/18	06/30/19	06/30/20	06/30/21
IFRS	2017	2018	2019	2020	2021
Company Reported Adj. EBITDA	8.7	19.2	26.4	42.0	50.0
Co. Reported Adusted EBITDA Margin %	26.8%	43.7%	36.2%	48.4%	55.0%
Deduct: Lease repayments			-0.9	-1.2	-1.2
Deduct: Right-of-use Depreciation Expense			-0.7	-1.1	-1.5
Deduct: Capitalized Software Costs	-1.0	-3.3	-3.8	-1.9	-2.0
Deduct: Acquisition	-1.9	-0.3	-1.4	-2.8	-2.5
Deduct: Restructuring Costs	-1.7	-5.0	-2.0	-1.7	-1.5
Normalized EBITDA	**4.1**	**10.6**	**17.6**	**33.3**	**41.3**
	12.5%	24.2%	24.1%	38.3%	45.4%

A Legitimate Adjusted EBITDA still reports impressive margins, and this should continue in fiscal 2020 and 2021.

Adjusted EBITDA metrics are similar to how OpenText and Others Report

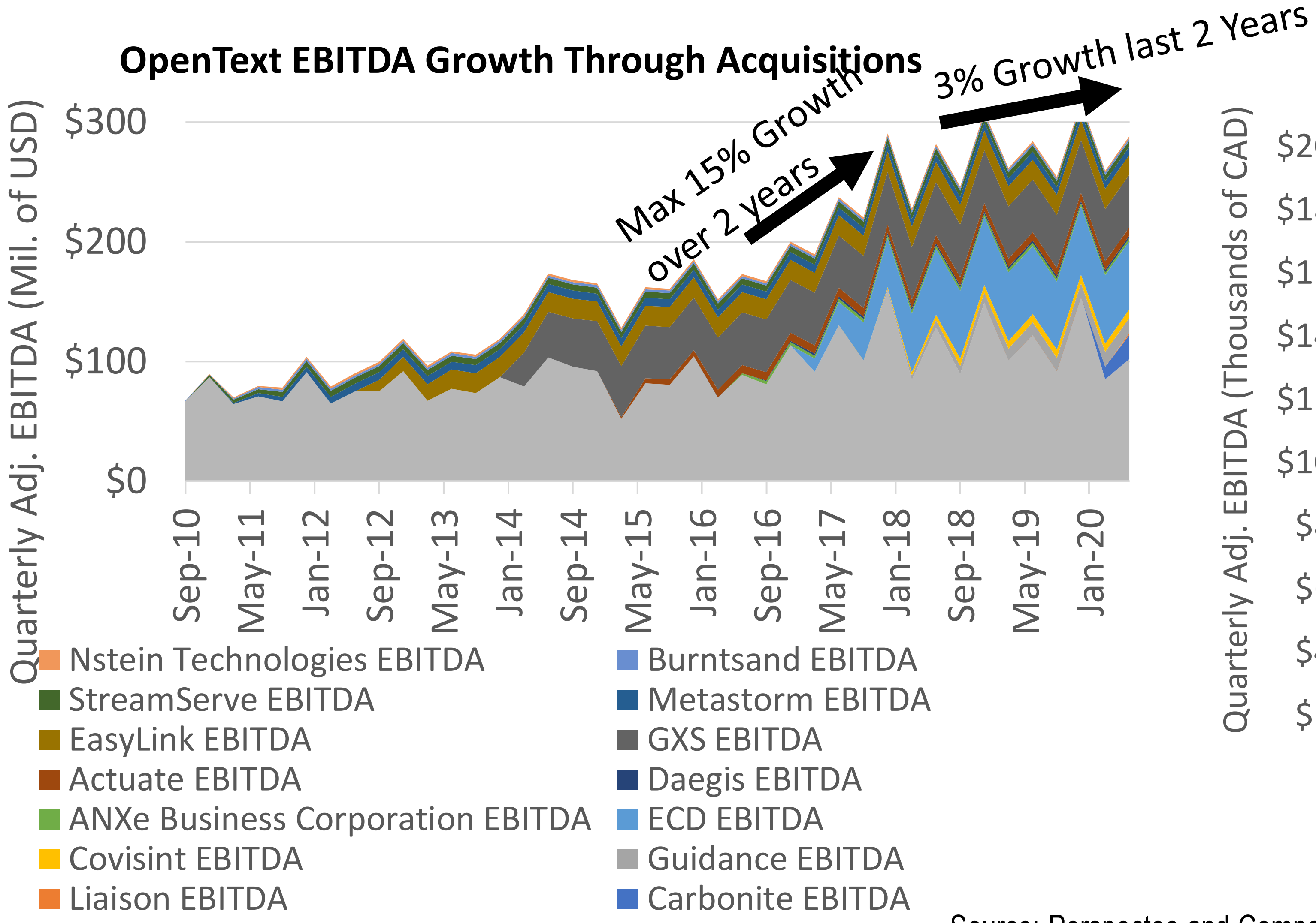
	Operations					
	Recurring Revenue	Real Organic Sales Growth	Primary Growth Strategy	Growth Funded Through	Adjusted EBITDA Margins	Est. Net Promotor Score
OpenText	Large and Growing %	~ 0%	Acquisitions	Operations	~40%	10
Dye & Durham	Small %	Single digits driven by price increases	Acquisitions	Debt / Equity	~50%	<58 w/ acquisitions

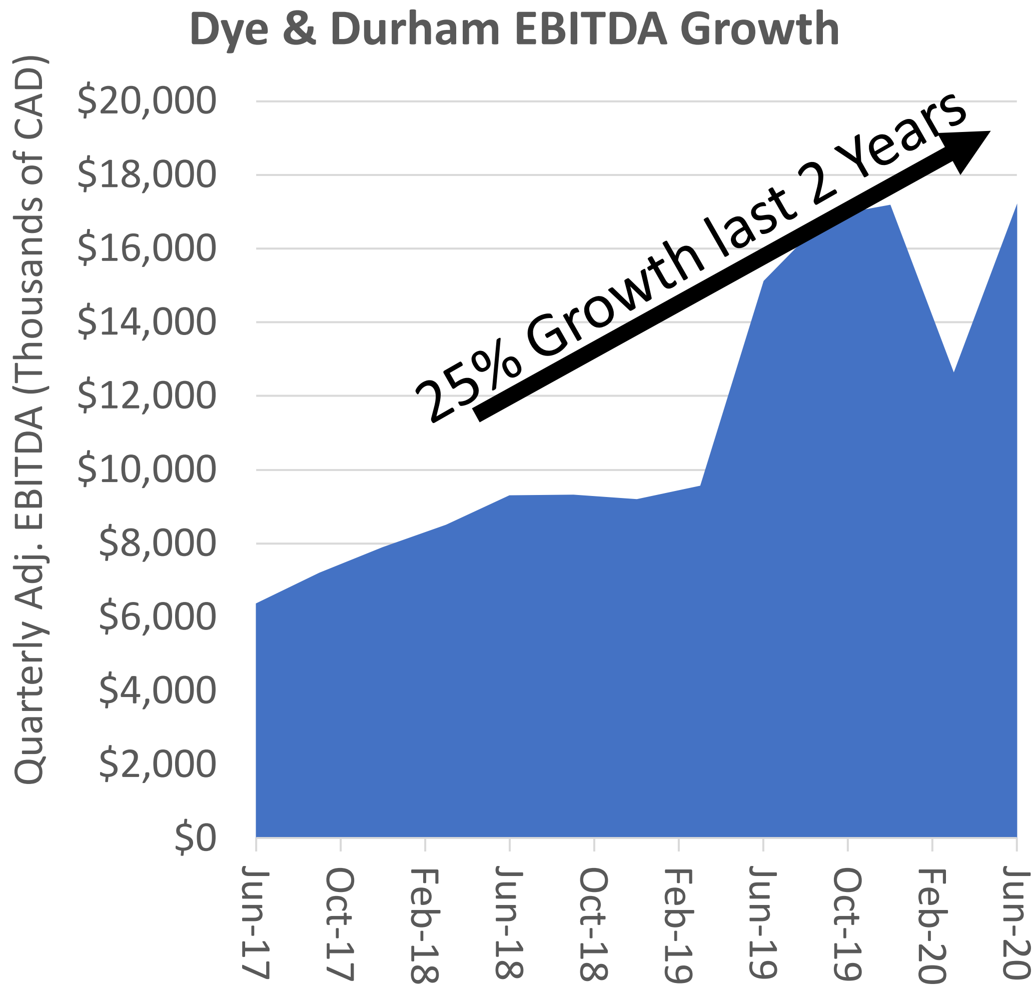
	EBITDA				
	Capitalize Software	Leases Excluded	SBC Excluded	Consistent Restructuring Excluded	Fees Associated with Consistent Acquisitions Excluded
OpenText	✓	✓	✓	✓	✓
Dye & Durham	✓	✓	✓	✓	✓

Interest payments are both ~10% - 15% the size of EBITDA

Source: Perspectec

25% Annual EBITDA Growth and Inelastic Pricing are a Good Sign to a Long Growth Runway





Source: Perspectec and Company Reports

Millions of Dollars (USD = OTEX, CAD = DND)	Adj. EBITDA Fiscal (June) 2020 Est.	Enterprise Value	EV/EBITDA
OpenText	$1,132	$19,500	**17.2x**
Dye & Durham	$42	$502	**12.0x**

Source: Perspectec and Company Reports

Dye & Durham is trading at a discount to OpenText, which is fair given OTEX's lower cost of capital and lower Free Cash Flow Yield (~2% vs. ~4%)

DND.TO is generating around $10 million/year in Free Cash Flow and its Operations are not Dilutive

Year ended June 30	2019	2018	2017
	$	$	$
Cash flows from operating activities			
Income for the year	710	1,236	2,396
Items not affecting cash:			
Depreciation and amortization	10,231	5,453	1,848
Impairment of software technologies	1,230	—	340
Shares issued for services	—	1,250	—
Stock-based compensation expense	223	—	—
Deferred tax recovery	1,201	(548)	(1,170)
Non-cash finance related expenses, net	893	(14)	92
Changes in non-cash working capital balances	(4,292)	3,381	(1,200)
Net cash provided by operating activities	10,196	10,758	2,306
Cash flows from financing activities			
Proceeds from share issuance	3,568	13,594	8,000
Shares re-purchased	—	(25,217)	—
Return of capital	—	(15,000)	—
Proceeds from loans and borrowings	145,824	26,755	57,500
Payments for loans and borrowings	(87,700)	(6,623)	(4,481)
Payments for lease obligations	(748)	—	—
Repayments to directors	—	—	(3,699)
Dividends paid	—	—	(700)
Proceeds from (repayment of) bank indebtedness	(554)	554	—
Net cash provided by (used in) financing activities	60,390	(5,937)	56,620
Cash flows from investing activities			
Purchases of property and equipment	(363)	(1,091)	(538)
Acquisition consideration paid, net of cash acquired	(60,491)	(1,252)	(59,084)
Payment of holdbacks and deposits	(786)	—	(17)
Additions to intangible assets	(5,476)	(3,665)	(1,496)
Increase in ownership interest of subsidiary	—	(1,275)	—
Net cash provided by (used in) investing activities	(67,116)	(7,283)	(61,135)
Change in cash during the year	3,470	(2,462)	(2,209)
Cash and cash equivalents, beginning of year	25	2,605	4,841

Cash Flows (Thousands)	**Nine months ended March 31, 2020 ($)**	**Nine months ended March 31, 2019 ($)**
Net cash provided by operating activities	6,978	5,513
Net cash provided by (used) financing activities	495	60,175
Net cash used in investing activities	(5,821)	(63,935)
Change in cash during the period	1,652	1,753
Cash and cash equivalents, beginning of period	3,506	25
Effect of foreign exchange on cash	32	(23)
Cash and cash equivalents, end of period	**5,190**	**1,755**

Free cash flow can be used to pay off debt and maintain their net debt / EBITDA covenants

Source: Perspectec and Company Reports

There are many businesses available to be acquired. Examples below include competitors that may be acquired in the future

THE COMPANY'S BUSINESS

Business Model

Since 2013, management has transformed Dye & Durham into a leading Canadian legal technology company. Today, the Company provides users access to a cloud-based Platform which act as an all-in-one solution for the automation of the process of public records due diligence searches, document creation and electronic records filings.

The Company has maintained consistent growth through acquiring and effectively integrating legal technology businesses into its Platform in order to scale, deliver better performance and drive significant synergies. Typically, these acquired businesses provide deeply embedded software and technology enabled services. Further, these acquired businesses typically operate a transaction orientated flow-through disbursement revenue model and have strong reoccurring revenue and a large market share in their respective industry or sub-industry. Post-acquisition, through technology integration and implementation of best practices, Dye & Durham automates these processes, generates improved unit economics and provides a streamlined customer experience. The Company's focus on acquiring businesses with growth potential, managing them well and then building them has allowed it to generate strong cash

Parent Company	Industry	Sub-Industry
Information Services Corporation	Business Law	Business Law
Dye & Durham	Business Law	Business Law
Vistra UK	Business Law	Business Law
Companies Made Simple Group	Business Law	Business Law
Theformationscompany.com	Business Law	Business Law
Rapid Formations	Business Law	Business Law
Your Company Formations	Business Law	Business Law
Rochford Brady Legal Services	Business Law	Business Law
Corporate Access	Business Law	Business Law
Dublin Legal Services	Business Law	Business Law
Allied Legal Services	Business Law	Business Law
Do Process Software	Real Estate	Real Estate Conveyancing
LawyerDoneDeal	Real Estate	Real Estate Conveyancing
LEAP Legal Software	Real Estate	Case management, report and document creation
Redbrick Solutions	Real Estate	Case management, report and document creation
Property Information Exchange Limited	Real Estate	Public records search
SearchFlow	Real Estate	Public records search
TM Group	Real Estate	Public records search
InfoTrack	Real Estate	Public records search

Source: Perspectec and Company Reports

Acquisitions via share issuances will likely be accretive to Adjusted EBITDA at the current $15 price

@ $15 per share, DND.TO can grow EBITDA by 15% by diluting Shareholders 9%

For Cyberbahn, DND.TO paid 4.2x EV/EBITDA post synergies

For SDG, DND.TO paid 1.9x EV/EBITDA post synergies

If DND.TO can acquire platforms at 5x EV/EBITDA, DND.TO would need to raise ~$60 million in equity to grow EBITDA an additional 15%.

Assuming Ad. EBITDA of $77.5 million, growing EBITDA by $11.6 million through acquisitions requires $58 million raised through equity

At $15/share about 4 million shares would need to be issued (vs. 44.3 million shares outstanding).

Fiscal 2022 EBITDA of $89 million, applying the current 12x EV/EBITDA multiple = $1.07 billion market capitalization.

Assuming net debt of ~$100 million, a target EV of $1.17 billion / 48 million shares outstanding post the equity issue

$24 target price by fiscal (June) 2022

Source: Perspectec

CEO Matthew Proud, former exit CEO of OneMove through investing in the company (OneMove is now a business within of Dye & Durham)

Name of Shareholder[(1)(2)(3)]	Number and Percentage of Shares Owned, Controlled or Directed Prior to the Offering	Number of Shares to be Sold Pursuant to the Secondary Offering	Number and Percentage of Shares Owned, Controlled or Directed after giving effect to the Offering (assuming no exercise of the Over- Allotment Option)	Percentage of Shares after giving effect to the Offering and exercise of Over-Allotment Option
Plantro…………………………	10,218,414	1,333,333	8,885,081 (21.5%)	20.0%
Seastone………………………………	8,167,664	1,333,333	6,834,331 (16.5%)	15.4%
Wahi………………………………	1,841,898	333,334	1,508,564 (3.6%)	3.4%

Former CFO of OneMove Ronnie Wahi

Tyler Proud, brother of Matthew and former director of Dye & Durham now running another software company

Largest Shareholders own just under 40%

Recommendation and Price Target

We believe investors should buy Dye & Durham after the announcement of a major acquisition. We expect this to happen over the next 18 months.

Our price target of $24 per share by June of 2022 is based on an EV/EBITDA multiple of 12x DND.TO's fiscal 2022 adjusted EBITDA of $89 million.

Biggest Risks to Target Price

No acquisitions are made over the next 18 months and/or the EV/post-synergy EBITDA is materially higher than 5x.

The equity markets do not collapse

Net promotor scores for the acquired platforms are around the industry average

Majority Shareholders

Rating:
BUY

Important Disclosures and Disclaimer

This publication is produced by Perspectec Inc. This publication and the contents hereof are intended for information purposes only, and may be subject to change without further notice. Any use, disclosure, distribution, dissemination, copying, printing or reliance on this publication for any other purpose without our prior consent or approval is strictly prohibited. Neither Perspectec Inc. nor any of its respective parent, holding, subsidiaries or affiliates, nor any of its respective directors, officers, independent contractors, servants and employees, represent nor warrant the accuracy or completeness of the information contained herein or as to the existence of other facts which might be significant, and will not accept any responsibility or liability whatsoever for any use of or reliance upon this publication or any of the contents hereof.

No publications, nor any content hereof, constitute, or are to be construed as, an offer or solicitation of an offer to buy or sell any of the securities or investments.

This research report is not to be relied upon by any person in making any investment decision or otherwise advising with respect to, or dealing in, the securities mentioned, as it does not take into account the specific investment objectives, financial situation and particular needs of any person. Please refer to Perspectec Inc.'s terms of use disclosure and privacy policy https://perspectec.com/term_of_use

RATING	CURRENT RATING	PREVIOUS RATING
BUY	✓	
HOLD/NEUTRAL		
SELL		

For the purposes of complying with NYSE, NASDAQ and all Self-Regulatory Organizations, Perspectec Inc. has assigned the following rating system BUY, HOLD/NEUTRAL, SELL for the securities which are the views expressed by an analyst, Independent contractor, and or an employee of Perspectec Inc. The information and opinions in these reports were prepared by Perspectec Inc. or an analyst, independent contractor. Though the information herein is believed to be reliable and has been obtained from public sources believed to be reliable. Perspectec Inc. makes no representation as to its accuracy or completeness.