



RESEARCH UPDATE

Dave Storms, CFA

Dave@stonegateinc.com

214-987-4121

Market Statistics in USD

Price	\$ 16.01
52 week Range	\$12.02 - \$25.66
Daily Vol (3-mo. average)	3,970
Market Cap (M)	\$ 39.2
Enterprise Value (M)	\$ 53.8
Shares Outstanding: (M)	2.5
Float (M)	0.7
Public Ownership	17.3%
Institutional Ownership	11.6%

Financial Summary in USD

Cash (M)	\$ 16.7
Cash/Share	\$ 6.84
Debt (M)	\$ 8.2
Equity (M)	\$ 109.4
Equity/Share	\$ 37.49

FYE: Dec **2023** **2024E** **2025E**

(all figures in M, expect per share information)

Rev	\$ 142.5	\$ 153.5	\$ 161.9
Chng%	-8%	8%	5%
EBITDA	\$ 11.9	\$ 14.7	\$ 15.8
Net Income	\$ (3.2)	\$ 3.7	\$ 4.1
EPS	\$ (1.29)	\$ 1.53	\$ 1.66
EV/Revenue	0.4x	0.4x	0.3x
EV/EBITDA	4.5x	3.7x	3.4x
P/E	-12.4x	10.5x	9.6x



COMPANY DESCRIPTION

NCS Multistage Holdings, Inc. is a Houston based Oil & Gas Equipment and Service company that provides engineered products and support services for oil and gas wells both domestically and internationally. NCS Multistage is on the leading technological edge among both fracturing services hardware offerings and service offerings. NCS Multistage was founded in 2006. The Company began trading on the NASDAQ Stock Exchange in 2017 under the ticker NCSM. Since then, the Company has made two acquisitions to help diversify its revenue stream, while also growing to over 245 customers, with 59 U.S. utility patents, and 50 International utility patents.

NCS MULTISTAGE HOLDINGS, INC. (NASDAQ: NCSM)

COMPANY UPDATES

Growth Potential: NCSM is involved with approximately 30% of Canadian well completions and is the second largest plug and perf provider by market share in Canada. While there is less market share to capture in the US, we expect Repeat Precision to give NCSM diversification among completion methods and bolster its US based operations. The Company is also capturing market share both overseas and on deep water rigs, with the North Sea customer base expected to expand further in FY24. We note that NCSM generated 29% of revenues in FY23 from its services segment, making the Company well diversified across operations and geographies.

Quarterly Results: NCSM reported revenue, adj EBITDA, and EPS of \$35.2M, \$2.5M, and \$15.96, respectively. This compares to our estimates of \$41.5M, \$5.9M, and \$1.45, respectively. EPS results were largely due to the ~40.8M worth of litigation provisions. After adjusting for the litigation provision, the Company still posted solid Adj. EBITDA results of \$11.9M for the full year 2023. We expect NCSM to maintain reasonably strong margins due to cost optimization through FY24.

Robust Balance Sheet and Liquidity Position: NCMS ended 4Q23 with net working capital of \$56.3M, which is flat from \$55.2M in 4Q22. The Company also closed the quarter with \$16.7M in cash and \$16.4M of undrawn revolver for liquidity position of \$33.1M. This compares favorably to only \$8.2M in debt and FY23 capex of \$1.7M.

Litigation Updates: NCSM has made progress among two outstanding legal challenges. In the first, NCSM received a judgement that was settled as expected with the Company receiving unpaid invoices and the plaintiff received funds from NCSM's insurance policy. This resulted in the above-mentioned litigation provision line item on the Income Statement, without any cash payments from NCSM. In the other, NCSM has stated that the two parties are still in negotiations, with both parties attending a mediation meeting in late February of 2024.

Cash Flows: For the year, NCSM delivered \$2.6M of FCF after distributions to non-controlling interests. This is compared to a negative FCF balance of \$2.1M in FY22. CapEx for FY24 is guided at \$2.0M to \$3.0M. It is expected that NCSM will be FCF positive in FY24.

Updated Guidance: Currently, the Canadian market is expected to be flat y/y and the United States market is expected to decline 5% to 10% y/y, with Repeat Precision expected to help buoy this decline. It is expected that the international market will improve by 5% to 10% y/y. The Company is guiding to a revenue range of \$145.0M to \$160.0M. This is coupled with a \$13.0M to \$17.0M adjusted EBITDA guidance. We have made modest adjustments to our model.

Valuation: We use both a DCF and EV/EBITDA comp analysis to guide our valuation. Our DCF analysis produces a valuation range of \$21.93 to \$28.10 with a mid-point of \$24.61. Our EV/EBITDA valuation results in a range of \$21.68 to \$28.03 with a mid-point of \$24.86.

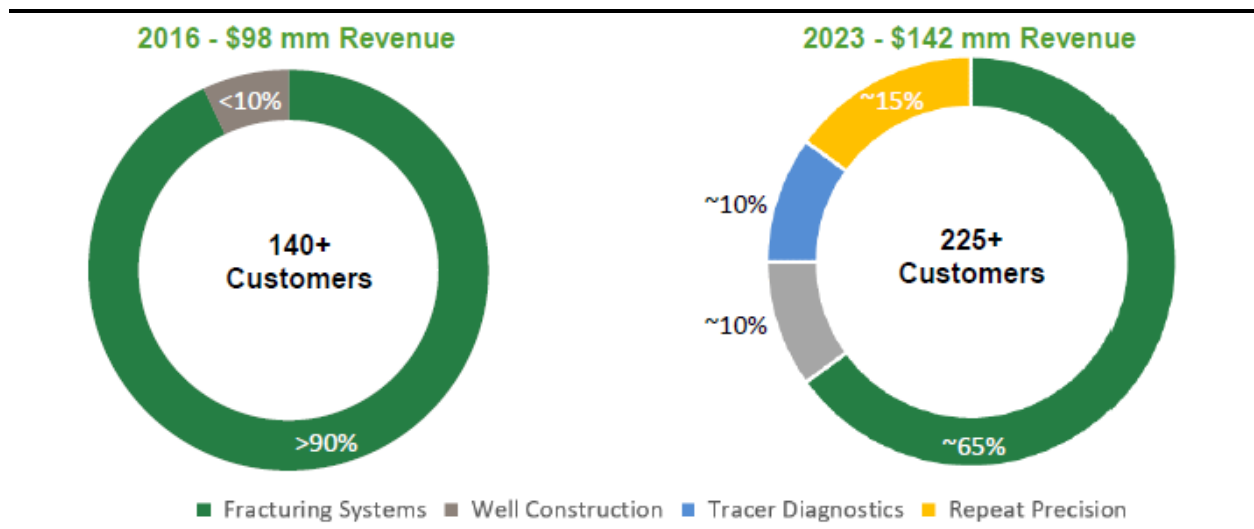
BUSINESS OVERVIEW

NCS Multistage Holdings, Inc. (“NCS”, “NCSM”, “NCS Multistage”, or “the Company”) is a Houston based Oil & Gas Equipment and Service company that provides engineered products and support services for oil and gas wells both domestically and internationally. NCS Multistage is on the leading technological edge among both fracturing services hardware offerings and service offerings.

The products and services provided by NCS are primarily used by exploration and production oil and gas companies for both onshore and offshore wells. These wells tend to be drilled with horizontal laterals in both unconventional and conventional formations. The downhole needs of these wells are a complex niche that requires the expertise that NCS has gained over the past 15+ years. As wells become more complex and cost effective, the demand for the pinpoint stimulation that NCS provides is expected to increase.

NCS Multistage was founded in 2006. The Company began trading on the NASDAQ Stock Exchange in 2017 under the ticker NCSM. Since then, the Company has made two acquisitions to help diversify its revenue stream, while also growing to over 225 customers, with 65 U.S. utility patents, and 46 International utility patents.

Exhibit 1: NCSM Growth Since 2016



Source: Company Presentation

Business Segments

NCS Multistage provides two core business activities: Oil and Gas Products as well as Support Services. The Company’s revenues are well balanced between the activities with the products business activity accounting for approximately 71% of revenues compared to the service segment which accounted for approximately 29% of revenues in FY23.

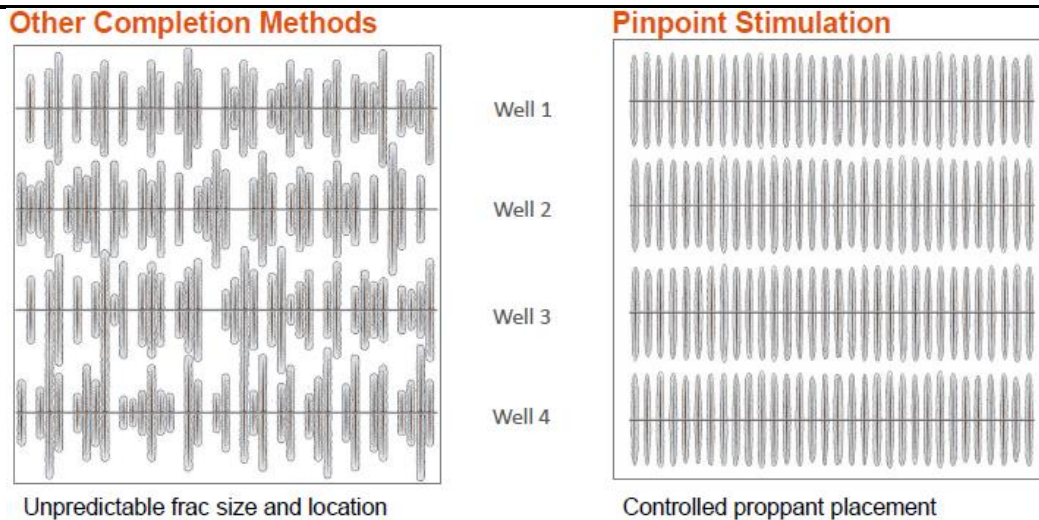
Revenues from Oil and Gas Product sales is further separated into the following units:

- Fracturing Systems
- Enhanced Recovery
- Repeat Precision
- Well Construction

Fracturing Systems

NCS Multistage derives the majority of its revenues from providing fracturing systems solutions to customers. The fracturing systems products are highly engineered products and services that allow for pinpoint stimulation into an oil or gas formation. This pinpoint stimulation is a process of individually stimulating each entry point in a controlled, efficient, verifiable, and repeatable manner in downhole completions. This is very attractive for end users as NCSM products allow E&P companies to be more efficient and productive as compared to legacy forms of completion methods. Additionally, this system can be used with both cemented and open-hole wellbores as well as wells that are in both conventional and unconventional formations, further expanding the size of the end market.

Exhibit 2: Pinpoint Stimulation vs. Other Completion Methods



Source: Company Presentation

NCSM achieves this pinpoint stimulation using its casing-installed sliding sleeves that work with the downhole frac isolation assembly to deliver fluid and proppant into the formation. All of this allows for the consistent stimulation to be 40-80 feet apart as opposed to ~200 feet apart if using other completion methods, thus driving efficiency.

Along with the products, the Company also provides operation services for the assemblies and advises customers on optimal use of the assemblies. This last part is particularly important as almost every customer has different requirements that necessitate hole specific hardware as well as hole specific applications. By providing this level of support and engineering the Company differentiates itself from its peers. Notably, the services provided in relation to fracturing systems are classified under the Support Services business activity.

Exhibit 3: Multi Frac Sleeves Overview



Source: Company Presentation

In providing this level of engineering and support, the Company starts with the casing-installed sliding sleeves mentioned above. These sleeves are crucial to the proper application of pinpoint stimulation

as they allow for the frac ports to be opened or closed. The sleeves come in both standard duty and heavy-duty variants as well as variants that can perform in high torque, high burst and collapse, and high compression environments that are found in offshore applications. As a consumable product, NCSM's ability to maintain relationships with customers provides the company with a potential recurring revenue stream for the life of the well.

To control the sleeves the Company uses its proprietary downhole frac isolation assembly. This assembly is comprised of a reusable bridge gap for isolation, a sleeve locator, various data measurement tools, and optional perforating sub assembly to create additional perforations. This system allows for real time monitoring of downhole pressure, temperature, and force measurement. By implementing this assembly, the Company can functionally open and close the sliding sleeves whenever necessary and any number of times.

Rounding out the fracturing system offerings is the sand jet perforating technology that the Company has used since the first iteration of the frac assembly. This slurry is used to tunnel through the casing and cement of a well and into the formation allowing for access of pinpoint stimulation. The implementation, operation, and advisory that comes with the purchase of a NCSM Fracturing System gives the Company a decided edge over competition.

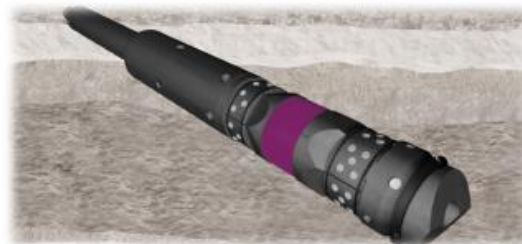
Enhanced Recovery

Enhanced recovery technically falls under the fracturing systems portion of the business due to its evolution and expansion from the Company's experience with fracturing systems. The core offering of the Enhanced Recovery segment is an expansion of the useful well life using injection control devices. The product line includes two variants that can be used as an addition to the casing-installed sleeves. The Innovus Convertible variant is a dual barrel sleeve that can be inserted prior to the initial fracturing and production phase to further control the injection of water or gas into the formation. The Terrus System is an injection control device deployed after the initial completion that also creates a customizable injection string of water or gas into the formation of existing wells.

Repeat Precision

NCS has a 50% ownership in Repeat Precision. Repeat Precision started by selling a line of PurpleSeal frac plugs, that could be combined with the PurpleSet setting tool, and are designed, manufactures, and assembled in house. These plugs are fully composite and work with 4.5", 5.5", and 6.0" specs. This expanse of offerings made Repeat Precision a logical investment for NCSM in 2017. Since then, Repeat Precision has been a valuable revenue driver and diversifier as well as a key supplier for NCSM. In 2021 Repeat Precision began selling PurpleFire perforating guns that are used to perforate well casings, greatly expanding its market reach. Lastly, Repeat Precision also provides machining services for certain NCS products.

Exhibit 4: Repeat Precision Products



PurpleSeal Express™ frac-plug deployment system



PurpleFire factory-assembled modular perforating gun system

Source: Company Presentation

Well Construction

To further support the fracturing systems on the front end, NCSM provides a suite of products that are designed to help customers safely and efficiently install casing and production lines into formations. These proprietary technologies are also supported by a full line of casing accessories to make NCM a single source provider for well construction solutions. This portion of the business is also supported by a technically trained sales force that is proficient in demonstrating and marketing the advantages that NCSM is bringing to the market. The three well construction solutions that the Company provides are listed below:

AirLock Buoyancy System: The AirLock casing buoyancy system facilitates landing casing strings in horizontal wells to the desired depth, while minimizing running time and surface hook-load. The AirLock assembly is installed in the casing string, allowing the vertical casing section to be filled with fluid, while the lateral section remains more air-filled. The air-filled segment significantly reduces sliding friction, while the weight of the vertical section provides the force to push the casing to depth. After the casing is landed, surface pressure is increased to release and shatter the glass or ceramic seal at a predetermined pressure, leaving an unrestricted casing bore. This technology has been a revenue driver as the Company has successfully licensed the technology leading to royalty income. This income shows up under Other Income, net.

Vecturn and Vectraset Liner Hanger: The Company's proprietary and robust liner hanger systems are specifically designed to hang and seal the production liner in complex horizontal wells. The systems are fully compatible with NCSM's fracturing systems products. The liner hanger is used to distribute the weight of the liner to the supporting casing.

Toe Initiation Sleeves: Toe initiation sleeves are designed to provide initial formation access for multistage completions. After shifting open the toe initiation sleeve, a customer can perform a casing integrity test, a pre-frac injection fall-off test, flush the wellbore to facilitate the pumping of completion tools to the toe of the well or execute the first fracturing stage for the well.

Exhibit 5: Well Construction Overview



Source: Company Presentation

Tracer Diagnostics

Tracer Diagnostics is one of NCSM Multistage's service offerings, along with the service provided in relation to fracturing systems mentioned above. NCSM is a leading provider of chemical and radioactive tracers for well diagnostics and reservoir characterizations. It is a cost effective and reliable service utilized by E&P companies to help optimize the completion of designs in the field. By utilizing a variety of different chemical and radioactive tracers, NCSM can serve a diverse base of customers

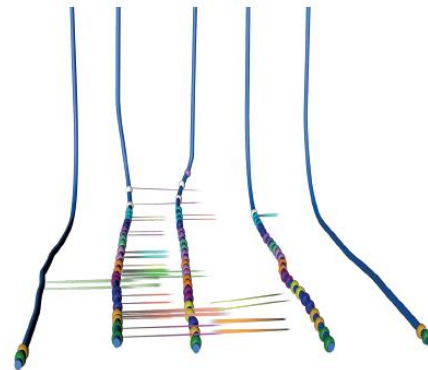
to help them:

- Evaluate well spacing
- Optimize completion designs
- Verify stage contributions
- Locate obstructions
- Monitor waterflood and gas flood efficiency

In 2022 Tracer diagnostics accounted for approximately 10% of total revenues or ~\$14.2M. By offering tracer diagnostic services, NCSM rounds out a full suite of highly engineered offerings for exploration and production companies.

Exhibit 6: Tracer Diagnostics Sample Output

FirstView™ 3D interactive animation



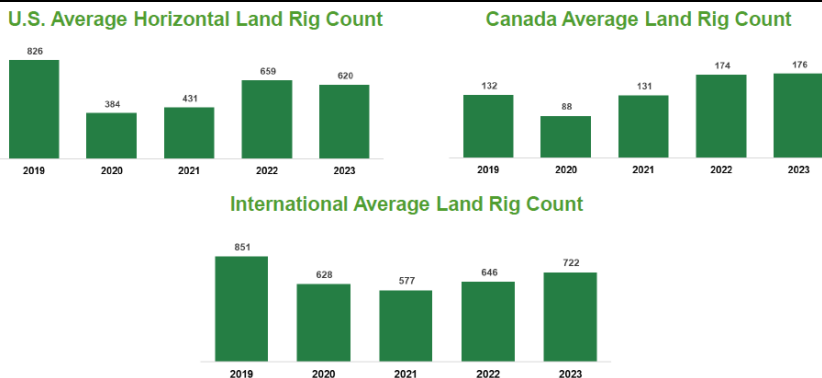
Source: Company Presentation

Market Overview

The success of NCS Multistage is closely tied to drilling and completion activity in North America. As activity increases, NCSM can leverage this activity in a way that is less capital intensive than traditional E&P companies. As well completions continue to rebound from their lows in 2020, we expect the industry to continue drilling longer and more complex wells. This expansion of scope coupled with an increase in completions is causing E&P companies to focus on efficiency and is expected to drive demand for NCSM’s products and services. As this demand increases, we expect NCSM to capitalize on the synergies created by the entire suite of offerings that it can provide to customers.

From a geographic standpoint NCSM is strategically positioned to take advantage of the Canadian market which has rebounded at a faster pace post-Covid than the American market. This is more important considering that only 50% to 55% of the Canadian market uses traditional well completion techniques like plug and perf or ball drops as compared to the US market which uses these techniques in over 90% of unconventional completions. This lower rate of traditional completion techniques in Canada is what drives NCMS to be on ~30% of Canadian well completions. The macro backdrop of a faster growing Canadian market along with the strong market share that NCSM has in that market provides NCSM the unique opportunity to take advantage rising rig counts in Canada. Additionally,

Exhibit 7: Market Growth



Source: Company Presentation

with the addition of Repeat Precision there is a viable path for NCSM to gain US market share and gain a foothold with customers should the American market shift away from traditional completion techniques, as was seen in the Canadian market.

Risks

As with any investment, there are certain risks associated with NCSM's operations as well as with the surrounding economic and regulatory environments common to the Oil & Gas Equipment and Services industry.

Foreign Exchange Risk – The Company generated approximately 69% of revenues in CAD during fiscal year 2023. Any strength in the USD vs. CAD can act as a headwind due to revenue translation effects, and from a competitive position vs. peers that generate less revenue in CAD.

Regulatory Changes – The Company is exposed to regulatory changes. Exploration and production activities are frequently scrutinized by governments, scientists, and the public in an attempt address climate change. Any adoption of climate change legislation could increase compliance or operating costs, limit the areas that customers can pursue E&P activities, and/or reduce demand for oil and gas. Any one of these outcomes would have a negative impact on the Company's profitability.

Customer concentration – NCS Multistage derived approximately 24% and 30% of its revenues from its top-five customers in F22 and F21, respectively. While no single customer accounts for more than 10% of revenues in either of these years, a loss of any of the top-five customers could have a material impact on NCSM's operations and revenue generation.

Highly Cyclical Industry – The oil & gas industry is highly cyclical, reliant on the domestic and foreign demand for oil and gas. Should the industry see a prolonged downturn, this would impact the demand for NCSM's products and services. Any downturn beyond typical seasonality could lead to well closures removing any pent-up demand that could remain in the system through typical seasonal cycles.

Competitive Business – Due to the competitive nature of the Oil and Gas industry, it is not guaranteed that NCS Multistage will maintain its current market share. As market conditions change there remains a possibility that competitors gain market share to the detriment of NCSM. This would most likely require a dislocation in service level, technology quality, safety record, or price between NCSM and its competitors.

Intellectual Property Laws – NCSM has several patents for intellectual property that the Company has developed. NCSM is constantly on guard and ready to defend its intellectual property using litigation if necessary. Should judgements go against the Company this could materially weaken its edge among peers. Additionally, having to pursue litigation as mediation for any infringement could be costly for the Company, regardless of the outcome.

Significant Ownership by PE Firm – As of December 31, 2023, Advent International Corporation owns approximately 60.6% of the shares outstanding in NCSM. While we like to see companies with significant ownership by institutional investors, a concentration of this size exposes the trading and liquidity of the stock to the interests of this PE Firm. To the best of our knowledge, the Advent International fund that owns these shares is a growth equity investor that is currently in harvest mode with no material pressure on the life of the fund.

VALUATION SUMMARY

We are using a DCF and a comparison analysis to help frame valuation.

DCF

Given the favorable tailwinds in the Canada market as well as the Companies continued expansion beyond North America, we are using a mid-single digit revenue growth number over the forecast period. We also assume the Company hits and maintains upper single digit EBITDA margins.

Our DCF analysis relies on a range of discount rates between 12.0% and 13.0% with a midpoint of 12.5%. This arrives at a valuation range of \$21.93 to \$28.10 with a midpoint of \$24.61.

Sensitivity Analysis:

Discount rate	Terminal Growth Rates				
	0%	1%	2%	3%	4%
11.50%	\$25.38	\$26.72	\$28.34	\$30.35	\$32.90
12.00%	\$23.79	\$24.97	\$26.38	\$28.10	\$30.25
12.50%	\$22.35	\$23.38	\$24.61	\$26.10	\$27.93
13.00%	\$21.02	\$21.93	\$23.01	\$24.30	\$25.87
13.50%	\$19.80	\$20.61	\$21.55	\$22.68	\$24.04

Comparison Analysis

NCS Multistage competes in a crowded industry where many direct competitors, although most are significantly larger than NCSM based on market cap. Consequently, our comp analysis casts a wide net.

Company Name	Symbol	Price ⁽¹⁾	Mrkt Cap	EV	TTM BV/Share	Price/BV	EV/Revenue ^(2,3)			EV/EBITDA ^(2,3)			P/E ^(2,3)			
							2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E	
Baker Hughes Company	BKR	\$ 30.97	\$30,627.0	\$ 34,921	\$ 15.40	2.0x	1.37x	1.27x	1.18x	9.4x	8.1x	7.0x	16.2x	15.1x	12.1x	
Core Laboratories Inc.	CLB	\$ 15.96	\$ 746.9	\$ 952	\$ 4.80	3.3x	1.87x	1.80x	1.66x	13.2x	11.5x	9.4x	20.7x	17.0x	12.8x	
DMC Global Inc.	BOOM	\$ 17.03	\$ 338.9	\$ 646	\$ 20.75	0.8x	0.90x	0.88x	0.84x	6.3x	6.8x	5.6x	15.8x	9.0x	6.9x	
Halliburton Company	HAL	\$ 36.08	\$32,230.6	\$ 38,982	\$ 10.56	3.4x	1.69x	1.60x	1.49x	7.7x	7.2x	6.5x	12.4x	10.6x	9.2x	
Nine Energy Service, Inc.	NINE	\$ 2.26	\$ 78.4	\$ 414	\$ (1.01)	-2.2x	0.68x	0.67x	0.67x	7.0x	6.2x	5.9x	-2.8x	-2.9x	-4.0x	
NOV Inc.	NOV	\$ 17.83	\$ 6,962.0	\$ 8,597	\$ 15.66	1.1x	1.00x	0.94x	0.88x	8.4x	7.3x	6.3x	7.1x	11.7x	9.8x	
Oil States International, Inc.	OIS	\$ 5.54	\$ 356.1	\$ 470	\$ 11.20	0.5x	0.60x	0.58x	0.53x	5.7x	5.0x	4.5x	27.7x	17.5x	10.1x	
Weatherford International plc	WFRD	\$ 109.57	\$ 7,826.8	\$ 8,927	\$ 12.83	8.5x	1.74x	1.56x	1.44x	7.8x	6.4x	5.8x	19.4x	15.6x	12.9x	
ProPetro Holding Corp.	PUMP	\$ 7.26	\$ 803.6	\$ 911	\$ 9.12	0.8x	0.56x	0.55x	0.52x	2.4x	2.6x	2.4x	9.6x	15.5x	10.4x	
Liberty Energy Inc.	LBRT	\$ 21.15	\$ 3,575.9	\$ 3,944	\$ 11.05	1.9x	0.83x	0.85x	0.81x	3.4x	3.5x	3.3x	6.7x	7.5x	6.5x	
RPC, Inc.	RES	\$ 7.58	\$ 1,599.9	\$ 1,404	\$ 4.83	1.6x	0.87x	0.87x	0.80x	3.9x	4.1x	4.0x	8.4x	9.8x	8.2x	
Average							2.0x	1.1x	1.1x	1.0x	6.8x	6.3x	5.5x	12.8x	11.5x	8.6x
Median							1.6x	0.9x	0.9x	0.8x	7.0x	6.4x	5.8x	12.4x	11.7x	9.8x
NCS Multistage Holdings, Inc.	NCSM	\$ 16.01	\$ 39.2	\$ 53.77	\$ 37.49	0.4x	0.4x	0.4x	0.3x	4.5x	3.7x	3.4x	-12.4x	10.5x	9.6x	

All figures in M, except per share information

(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) Forward estimates as of fiscal year

Source: Company reports, CapitalIQ, Stonegate Capital Partners

We are using an EV/EBITDA framework to inform our NCSM valuation. Currently NCSM is trading at a FY25 EV/EBITDA of 3.4x compared to comps at an average of 5.5x. We believe this is too steep of a discount, even when accounting for the smaller size of NCSM vs peers. Therefore, we are using an EV/EBITDA range of 4.0x to 5.0x with a midpoint of 4.5x which moves NCSM closer to comp companies. This arrives at a valuation range of \$21.68 to \$28.03 with a mid-point of \$24.86.

NCSM also trades at a Price/BV ratio of 0.4x, which is a significant discount to median peers at 1.6x. If a Price/BV range of 0.5x to 1.0x is applied to TTM BV/Share, that returns a valuation range of \$18.75 to \$37.49 with a mid-point of \$28.12.

Listed below are the important catalysts for the stock in F24 and beyond:

- Continued rebound in Canadian market..... F24+
- Expansion beyond North America F24+
- Margin expansion F24+

	EV/EBITDA		
2025E	4.00x	4.50x	5.00x
Adj EBITDA	15.8	15.8	15.8
TEV	63.1	71.0	78.8
Cash	16.7	16.7	16.7
Debt	8.2	8.2	8.2
Minority Int.	17.8	17.8	17.8
Mrkt Cap	53.9	61.7	69.6
S/O	2.5	2.5	2.5
Price	\$ 21.68	\$ 24.86	\$ 28.03

DISCOUNTED CASH FLOW

NCS Multistage Holdings, Inc. Discounted Cash Flow Model <i>(in \$M, except per share)</i>														
Estimates:	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Terminal Value
Revenue	155.6	142.5	153.5	161.9	170.8	180.2	190.1	200.6	212.0	224.1	237.3	251.3	266.4	
Operating Income	(2.3)	(5.5)	1.2	2.4	5.1	5.4	8.9	9.4	10.0	11.7	12.3	13.1	13.9	
Less: Taxes (benefit)	0.4	(0.2)	0.9	1.0	1.0	1.1	1.8	1.9	2.0	2.3	2.5	2.6	2.8	
NOPAT	(2.6)	(5.3)	0.2	1.4	4.1	4.3	7.1	7.5	8.0	9.3	9.9	10.5	11.1	
Plus: Depreciation & Amortization	4.3	4.6	4.9	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9	5.9	
Plus: Changes in NWC	(1.3)	(1.2)	(1.5)	(1.6)	(1.7)	(1.8)	(1.9)	(2.0)	(2.1)	(2.2)	(2.4)	(2.5)	(2.7)	
Less: Capex	(0.7)	(1.7)	(2.3)	(2.3)	(2.4)	(2.0)	(2.1)	(2.0)	(2.1)	(2.0)	(2.1)	(2.3)	(2.4)	
Free Cash Flow	(0.3)	(3.6)	1.3	2.6	5.2	5.8	8.5	9.0	9.3	10.7	11.1	11.5	12.0	116.2
Discount period - months			12	24	36	48	60	72	84	96	108	120	132	
Discount period - years			1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	
Discount factor			0.89	0.79	0.70	0.62	0.55	0.49	0.44	0.39	0.35	0.31	0.27	
PV of FCF			1.1	2.0	3.6	3.6	4.7	4.4	4.1	4.2	3.9	3.6	3.3	31.8
Growth rate assumptions:														
Revenue		-8.5%	7.7%	5.5%	5.5%	5.5%	5.5%	5.5%	5.7%	5.7%	5.9%	5.9%	6.0%	
Operating Income		145.5%	-121.2%	105.1%	113.6%	5.5%	65.3%	5.5%	5.7%	16.9%	5.9%	5.9%	6.0%	
EBITDA		-144.3%	-759.9%	23.7%	37.9%	3.8%	34.0%	4.1%	4.3%	11.5%	4.5%	4.5%	4.6%	
Free Cash Flow		nm	-135.4%	102.9%	102.7%	12.5%	46.7%	5.5%	3.3%	15.3%	3.7%	3.6%	3.7%	
Margin assumptions:														
Operating Income	-1.4%	-3.9%	0.8%	1.5%	3.0%	3.0%	4.7%	4.7%	4.7%	5.2%	5.2%	5.2%	5.2%	
D&A as a % of sales	2.8%	3.2%	3.2%	3.1%	3.0%	2.9%	2.8%	2.7%	2.6%	2.5%	2.4%	2.3%	2.2%	
EBITDA	1.3%	-0.6%	3.9%	4.6%	6.0%	5.9%	7.5%	7.4%	7.3%	7.7%	7.6%	7.5%	7.4%	
Taxes	6.9%	20.0%	80.6%	42.9%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
Changes in WC	-0.8%	-0.8%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	
Capex as a % of sales	-0.4%	-1.2%	-1.5%	-1.4%	-1.4%	-1.1%	-1.1%	-1.0%	-1.0%	-0.9%	-0.9%	-0.9%	-0.9%	
Valuation:														
Shares outstanding	2.5													
PV of FCF	38.5													
PV of Terminal Value	31.8													
Enterprise Value	70.3													
less: Net Debt	(8.6)													
less: Minority Interest	17.8													
Estimated Total Value:	61.1													
Est Equity Value/share:	\$24.61													
Sensitivity Analysis:														
		Terminal Growth Rates												
		0%	1%	2%	3%	4%								
Discount rate	11.50%	\$25.38	\$26.72	\$28.34	\$30.35	\$32.90								
	12.00%	\$23.79	\$24.97	\$26.38	\$28.10	\$30.25								
	12.50%	\$22.35	\$23.38	\$24.61	\$26.10	\$27.93								
	13.00%	\$21.02	\$21.93	\$23.01	\$24.30	\$25.87								
	13.50%	\$19.80	\$20.61	\$21.55	\$22.68	\$24.04								
Price	\$16.01													

Source: Company Reports; Stonegate Capital Markets

BALANCE SHEET

NCS Multistage Holdings, Inc. Consolidated Balance Sheets (\$M) Fiscal Year End: December														
ASSETS	FY 2018	FY 2019	FY 2020	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023
Cash and Cash Equivalents	25.1	11.2	15.5	22.2	15.5	14.9	9.9	16.2	16.2	13.6	13.7	11.4	16.7	16.7
Accounts Receivable Trade	50.0	42.0	21.9	24.4	28.5	20.3	34.4	27.8	27.8	29.7	22.2	30.3	24.0	24.0
Inventories	32.8	39.9	34.9	33.9	34.5	37.0	34.1	37.0	37.0	40.6	42.8	42.0	41.6	41.6
Prepaid Expenses and Other Current Assets	2.0	2.4	3.0	3.3	2.6	3.2	2.7	2.8	2.8	2.1	2.9	2.3	1.9	1.9
Other Current Receivables	4.7	5.0	8.4	4.7	4.6	4.4	4.3	3.7	3.7	5.1	3.7	4.0	19.0	19.0
Total Current Assets	114.6	100.6	83.7	88.5	85.7	79.7	85.4	87.7	87.7	91.2	85.3	90.1	103.2	103.2
Property and Equipment	32.3	33.0	24.4	24.7	24.4	24.0	23.4	23.3	23.3	23.7	24.1	24.4	23.3	23.3
Goodwill	23.1	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
Identifiable Intangibles	49.0	45.2	6.4	5.7	5.6	5.4	5.2	5.1	5.1	4.9	4.7	4.6	4.4	4.4
Operating Lease Assets	-	5.1	5.2	4.8	4.6	4.7	4.6	4.5	4.5	4.2	5.6	5.1	4.8	4.8
Deposits and Other Assets	1.4	3.5	3.6	3.1	2.8	3.1	2.8	2.8	2.8	2.2	2.2	2.1	0.9	0.9
Deferred Income Taxes	9.3	0.0	0.2	0.2	0.2	0.5	0.4	0.0	0.0	0.0	0.3	0.3	0.1	0.1
Total Assets	\$ 229.7	\$ 202.6	\$ 138.7	\$ 142.3	\$ 138.4	\$ 132.7	\$ 137.1	\$ 138.6	\$ 138.6	\$ 141.5	\$ 137.5	\$ 141.7	\$ 152.0	\$ 152.0
LIABILITIES AND SHAREHOLDERS' EQUITY														
Accounts Payable-trade	7.2	8.5	4.9	7.5	8.1	7.7	8.6	7.5	7.5	7.9	7.9	9.4	6.2	6.2
Accrued Expenses	4.1	3.5	3.3	6.3	3.8	3.5	6.0	4.4	4.4	4.7	4.4	5.1	3.7	3.7
Income Taxes Payable	0.2	1.9	0.7	0.3	0.3	0.3	0.4	0.5	0.5	0.4	0.3	0.0	0.4	0.4
Operating Lease Liabilities	-	2.1	1.8	1.6	1.4	1.4	1.3	1.3	1.3	1.3	1.6	1.6	1.6	1.6
Current Maturities of Long-Term Debt	2.2	1.5	1.3	1.5	1.8	1.9	1.4	1.5	1.5	1.8	2.4	1.8	1.8	1.8
Other Current Liabilities	2.0	2.4	2.8	2.7	1.6	2.2	2.4	2.5	2.5	1.6	1.7	2.0	18.4	18.4
Current Contingent Consideration	10.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	25.6	19.8	14.9	19.8	16.9	17.1	20.1	17.7	17.7	17.7	18.2	19.8	32.1	32.1
Long-Term Debt Less Current Maturities	23.5	11.4	4.4	6.3	6.2	6.3	6.4	6.4	6.4	6.6	6.4	6.5	6.3	6.3
Operating Lease Liabilities, Long-Term	-	3.5	4.0	3.8	3.7	3.8	3.8	3.7	3.7	3.4	4.6	4.1	3.8	3.8
Accrual for Legal Contingencies	-	-	-	-	-	-	-	-	-	17.5	42.4	40.8	-	-
Other Long-Term Liabilities	1.3	1.4	1.9	1.6	1.5	1.3	1.2	1.3	1.3	1.3	1.3	1.3	0.2	0.2
Deferred Income Taxes	3.1	3.0	0.0	0.1	0.1	0.3	0.3	0.2	0.2	0.2	0.4	0.5	0.2	0.2
Non-Current Contingent Consideration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 53.5	\$ 39.0	\$ 25.2	\$ 31.7	\$ 28.5	\$ 28.7	\$ 31.7	\$ 29.3	\$ 29.3	\$ 46.7	\$ 73.2	\$ 73.0	\$ 42.6	\$ 42.6
Common Stock - Par Value	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional Paid In Capital	411.4	425.1	432.8	437.0	437.8	438.7	439.5	440.5	440.5	441.4	442.4	443.8	444.6	444.6
Accumulated Other Comprehensive Loss	(84.0)	(80.8)	(81.8)	(82.1)	(81.6)	(82.9)	(86.2)	(85.6)	(85.6)	(85.7)	(85.3)	(86.3)	(85.8)	(85.8)
Retained (Deficit)/earnings	(166.2)	(199.0)	(256.6)	(261.4)	(262.9)	(268.4)	(264.4)	(262.5)	(262.5)	(277.4)	(309.7)	(305.3)	(265.6)	(265.6)
Treasury Stock - Common	(0.3)	(0.7)	(0.8)	(1.0)	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Total Parent Net Equity	\$ 161.3	\$ 144.6	\$ 93.6	\$ 92.6	\$ 92.0	\$ 86.1	\$ 87.5	\$ 91.0	\$ 91.0	\$ 76.6	\$ 45.9	\$ 50.6	\$ 91.6	\$ 91.6
Miroity Interest	14.9	18.9	19.9	18.1	17.9	17.9	17.9	18.2	18.2	18.2	18.4	18.1	17.8	17.8
Total Liabilities and Shareholders' Equity	\$ 229.7	\$ 202.6	\$ 138.7	\$ 142.3	\$ 138.4	\$ 132.7	\$ 137.1	\$ 138.6	\$ 138.6	\$ 141.5	\$ 137.5	\$ 141.7	\$ 152.0	\$ 152.0
Liquidity														
Current Ratio	4.5x	5.1x	5.6x	4.5x	5.1x	4.7x	4.3x	5.0x	5.0x	5.2x	4.7x	4.5x	3.2x	3.2x
Quick Ratio	3.2x	3.1x	3.3x	2.8x	3.0x	2.5x	2.6x	2.9x	2.9x	2.9x	2.3x	2.4x	1.9x	1.9x
Working Capital	89.0	80.8	68.8	68.7	68.7	62.7	65.4	70.0	70.0	73.5	67.1	70.2	71.2	71.2
Net Working Capital	66.1	71.1	54.6	48.0	55.0	49.7	56.9	55.2	55.2	61.7	55.7	60.6	56.3	56.3
Leverage														
Debt to Equity	15.9%	8.9%	6.2%	8.4%	8.7%	9.5%	8.9%	8.7%	8.7%	11.0%	19.1%	16.4%	8.9%	8.9%
Debt to Capital	11.2%	6.4%	4.2%	5.5%	5.8%	6.2%	5.7%	5.7%	5.7%	5.9%	6.4%	5.9%	5.4%	5.4%
Capital Usage- Annualized														
A/R Turns	1.4x	1.1x	1.7x	1.2x	0.8x	1.3x	1.3x	3.8x	1.5x	1.0x	1.9x	1.5x	5.7x	1.7x
Days Sales Outstanding	252.7	317.5	213.7	296.4	449.5	274.6	276.4	95.9	243.7	382.5	193.8	238.1	63.6	217.2
A/P Turnover	5.1x	3.3x	3.5x	1.6x	1.0x	1.9x	1.9x	6.0x	2.0x	1.2x	2.6x	1.9x	7.7x	2.7x
Days Payable Outstanding	71.9	109.9	102.9	221.9	376.9	194.9	187.5	61.0	184.2	315.5	140.5	195.9	47.2	135.6

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

NCS Multistage Holdings, Inc. Consolidated Statements of Income (in \$M, except per share amounts) Fiscal Year End: December																				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 E Mar-24	Q2 E Jun-24	Q3 E Sep-24	Q4 E Dec-24	FY 2024E	Q1 E Mar-25	Q2 E Jun-25	Q3 E Sep-25	Q4 E Dec-25	FY 2025E
Product Sales	\$ 156.8	\$ 145.8	\$ 75.2	\$ 83.2	\$ 105.9	\$ 31.4	\$ 17.4	\$ 27.3	\$ 24.3	\$ 100.4	\$ 28.3	\$ 22.7	\$ 30.9	\$ 27.3	\$ 109.1	\$ 30.3	\$ 24.2	\$ 33.1	\$ 29.2	\$ 116.7
Services	70.2	59.7	31.8	35.3	49.8	12.1	8.0	11.0	10.9	42.0	11.1	10.3	11.6	11.3	44.3	11.3	10.5	11.8	11.5	45.2
Total Revenues	227.0	205.5	107.0	118.5	155.6	43.6	25.4	38.3	35.2	142.5	39.4	33.0	42.4	38.6	153.5	41.6	34.7	44.9	40.8	161.9
Cost of Product Sales	74.9	75.1	46.6	51.9	68.4	18.8	12.0	17.1	16.3	64.2	16.7	14.5	17.9	16.4	65.5	19.1	14.5	19.2	16.7	69.4
Cost of Services	33.4	32.9	16.3	18.1	26.8	6.2	4.9	5.4	6.1	22.6	6.4	6.3	6.0	6.1	24.8	5.9	6.6	6.7	6.6	25.8
Gross Profit	118.7	97.5	44.1	48.5	60.4	18.5	8.5	15.7	12.9	55.6	16.3	12.2	18.5	16.1	63.1	16.6	13.6	18.9	17.5	66.7
Selling General and Administrative Expenses	82.8	88.6	59.4	49.1	58.3	16.2	14.5	12.7	13.2	56.5	16.0	14.0	13.2	13.9	57.1	16.5	13.8	13.7	15.3	59.2
Depreciation	4.7	5.9	4.4	3.8	3.7	0.9	0.9	1.0	1.1	3.9	1.1	1.1	1.1	1.1	4.2	1.1	1.1	1.1	1.1	4.4
Amortization	13.1	4.6	1.5	0.7	0.7	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.7
Impairments	227.5	7.9	50.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Fair Value of Contingent Considerations	(2.9)	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	325.3	106.9	115.5	53.6	62.7	17.3	15.6	13.8	14.4	61.1	17.2	15.3	14.4	15.1	62.0	17.7	15.0	15.0	16.5	64.3
Operating Income	(206.7)	(9.5)	(71.4)	(5.1)	(2.3)	1.3	(7.1)	1.9	(1.6)	(5.5)	(0.9)	(3.1)	4.1	1.0	1.2	(1.1)	(1.5)	4.0	1.0	2.4
Interest Gain/(Expense), Net	(2.0)	(1.9)	(1.8)	(0.7)	(1.0)	(0.2)	(0.2)	(0.0)	(0.1)	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)
Gain on Patent Infringement	-	-	25.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Litigation	-	-	-	-	-	(17.5)	(24.9)	(0.1)	40.7	(1.8)	-	-	-	-	-	-	-	-	-	-
Other gains/loses	0.2	0.3	1.7	2.1	3.0	0.3	1.5	2.0	0.4	4.1	1.0	1.0	1.0	1.0	4.0	0.8	0.8	0.8	0.8	3.2
FX Gain/Loss	0.2	(1.0)	(1.1)	0.3	(0.3)	0.1	0.0	(0.2)	0.5	0.5	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Profit Before Taxes	(208.3)	(12.1)	(46.9)	(3.5)	(0.6)	(16.1)	(30.7)	3.6	39.9	(3.3)	(0.1)	(2.2)	5.0	1.9	4.7	(0.4)	(0.8)	4.7	1.7	5.1
Provision for Income Tax	(23.1)	10.8	(7.8)	0.3	0.4	(1.1)	1.4	(0.5)	0.1	(0.2)	(0.0)	(0.4)	1.0	0.4	0.9	(0.1)	(0.2)	0.9	0.3	1.0
Net Income	(185.2)	(22.8)	(39.1)	(3.8)	(1.0)	(15.0)	(32.1)	4.1	39.8	(3.1)	(0.0)	(1.7)	4.0	1.5	3.8	(0.3)	(0.6)	3.7	1.3	4.1
Net Income Attributable to Non-Controlling Interest	(5.1)	(10.0)	(18.5)	(1.0)	(0.2)	0.0	(0.2)	0.3	(0.2)	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)
Net Income Attributable to NCSM	(190.3)	(32.8)	(57.6)	(4.7)	(1.1)	(15.0)	(32.2)	4.4	39.6	(3.2)	(0.0)	(1.7)	4.0	1.5	3.7	(0.3)	(0.6)	3.7	1.3	4.1
Basic EPS	\$ (85.00)	\$ (14.08)	\$ (24.37)	\$ (1.98)	\$ (0.45)	\$ (6.10)	\$ (13.02)	\$ 1.78	\$ 15.96	\$ (1.29)	\$ (0.02)	\$ (0.71)	\$ 1.63	\$ 0.62	\$ 1.53	\$ (0.14)	\$ (0.25)	\$ 1.51	\$ 0.54	\$ 1.66
Diluted EPS	\$ (85.00)	\$ (14.08)	\$ (24.37)	\$ (1.98)	\$ (0.45)	\$ (6.10)	\$ (13.02)	\$ 1.77	\$ 15.80	\$ (1.29)	\$ (0.02)	\$ (0.71)	\$ 1.63	\$ 0.62	\$ 1.53	\$ (0.14)	\$ (0.25)	\$ 1.51	\$ 0.54	\$ 1.66
WTD Shares Out - Basic	2.2	2.3	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.4
WTD Shares Out - Diluted	2.2	2.3	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.4
EBITDA	(188.5)	0.3	(39.2)	1.7	4.7	(14.8)	(29.4)	4.8	41.3	1.9	1.3	(1.9)	5.3	2.2	7.0	1.0	(0.5)	5.0	2.0	7.5
Adjusted EBITDA	\$ 49.7	\$ 28.3	\$ 2.2	\$ 9.1	\$ 15.1	\$ 4.9	\$ (2.2)	\$ 6.8	\$ 2.5	\$ 11.9	\$ 3.2	\$ 0.1	\$ 7.3	\$ 4.1	\$ 14.7	\$ 3.1	\$ 1.6	\$ 7.0	\$ 4.1	\$ 15.8
Margin Analysis																				
Gross Margin	52.3%	47.4%	41.2%	40.9%	38.8%	42.6%	33.3%	41.0%	36.6%	39.0%	41.3%	36.9%	43.7%	41.8%	41.1%	40.0%	39.1%	42.2%	43.0%	41.2%
Operating Margin	-91.1%	-4.6%	-66.8%	-4.3%	-1.4%	2.9%	-28.1%	4.9%	-4.4%	-3.9%	-2.4%	-9.3%	9.8%	2.7%	0.8%	-2.7%	-4.2%	8.9%	2.4%	1.5%
EBITDA Margin	21.9%	13.8%	2.0%	7.7%	9.7%	11.2%	-8.8%	17.8%	7.2%	8.4%	8.2%	0.2%	17.1%	10.7%	9.6%	7.4%	4.6%	15.7%	9.9%	9.7%
Pre-Tax Margin	-91.8%	-5.9%	-43.8%	-3.0%	-0.4%	-37.0%	-121.0%	9.3%	113.2%	-2.3%	-0.1%	-6.6%	11.9%	4.9%	3.1%	-1.0%	-2.2%	10.4%	4.1%	3.2%
Net Income Margin	-83.9%	-16.0%	-53.8%	-4.0%	-0.7%	-34.4%	-126.9%	11.5%	112.5%	-2.2%	-0.1%	-5.2%	9.4%	3.9%	2.4%	-0.8%	-1.8%	8.2%	3.2%	2.5%
Tax Rate	11.1%	-89.1%	16.6%	-7.5%	-58.4%	6.8%	-4.4%	-15.0%	0.1%	6.9%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Growth Rate Y/Y																				
Total Revenue	12.6%	-9.5%	-47.9%	10.8%	31.3%	11.4%	-7.5%	-21.7%	-12.3%	-8.5%	-9.5%	30.1%	10.8%	9.6%	7.7%	5.5%	5.1%	5.7%	5.5%	5.5%
Total cost of revenues	232.4%	-67.1%	8.0%	-53.6%	16.9%	0.9%	5.0%	-15.8%	1.2%	-2.4%	-0.3%	-2.1%	4.0%	4.5%	1.3%	3.1%	-1.5%	4.0%	9.5%	3.7%
Operating Income	-4267.5%	-95.4%	652.7%	-92.8%	-56.0%	-158.1%	20.6%	-53.7%	-185.8%	145.5%	-173.4%	-57.1%	121.2%	-165.9%	-121.2%	17.6%	-52.3%	-4.1%	-3.8%	105.1%
Pre-Tax Income	#####	-94.2%	288.6%	-92.5%	-82.9%	819.2%	415.6%	-7.0%	1122.2%	456.2%	-99.7%	-92.9%	40.7%	-95.2%	-241.0%	687.7%	-64.5%	-7.3%	-12.5%	9.1%
Net Income	-9154.1%	-82.8%	75.5%	-91.8%	-76.7%	875.2%	488.0%	12.0%	1903.0%	186.1%	-99.7%	-94.7%	-9.6%	-96.2%	-218.4%	687.7%	-64.5%	-7.3%	-12.5%	9.1%

Source: Company Reports, Stonegate Capital Partners estimates

Statement of Cash Flows

NCS Multistage Holdings, Inc. Consolidated Cash Flow Statements (\$M) Fiscal Year End: December																		
CASH FLOW	FY 2018	FY 2019	FY 2020	Q1 Mar-21	Q2 Jun-21	Q3 Sep-21	Q4 Dec-21	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023
Operating Activities																		
Net Loss	(185.2)	(22.8)	(39.1)	(3.5)	(5.5)	3.2	2.0	(3.8)	(1.7)	(5.5)	4.0	2.3	(1.0)	(15.0)	(32.1)	4.1	39.8	(3.1)
Depreciation and Amortization	17.8	10.4	5.9	1.1	1.1	1.2	1.1	4.5	1.1	1.1	1.1	1.1	4.3	1.1	1.2	1.2	1.2	4.8
Write-off of Deferred Loan Costs	-	-	0.6	-	-	-	-	-	-	0.2	-	-	0.2	-	0.1	(0.1)	-	-
Amortization of Deferred Loan Costs	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.2	0.1	(0.1)	0.2	0.1	0.2
Share Based Compensation	10.9	12.5	8.5	2.2	1.6	1.4	1.4	6.6	2.2	1.2	1.0	1.5	6.0	1.3	1.3	1.7	1.2	5.4
Provision for Inventory Obsolescence	1.7	0.9	1.8	0.4	0.9	0.4	0.0	1.8	0.6	0.7	0.6	0.7	2.5	0.1	0.1	0.0	1.0	1.2
Deferred Income Tax Expense	(28.8)	9.0	(3.2)	0.1	(0.1)	0.1	0.0	0.1	0.0	0.0	0.1	0.2	0.3	0.0	0.0	0.1	0.0	0.2
Gain/loss on Sales of Property and Equipment	0.1	(0.3)	(0.6)	(0.1)	(0.2)	(0.0)	(0.1)	(0.4)	(0.0)	(0.2)	(0.1)	(0.0)	(0.4)	(0.1)	(0.3)	(0.1)	0.7	0.3
Provision for Litigation	-	-	-	-	-	-	-	-	-	-	-	-	-	17.5	24.9	0.1	(42.3)	0.2
Proceeds from Notes Receivable	-	-	0.3	0.0	0.1	0.1	0.1	0.3	0.1	0.1	0.2	0.1	0.6	0.2	0.0	0.1	0.2	0.5
Accounts Receivable-trade	(4.2)	4.7	19.3	(0.0)	4.5	(5.2)	(1.8)	(2.6)	(3.7)	7.6	(16.4)	7.7	(4.9)	(1.6)	8.1	(9.1)	7.1	4.5
Inventories-net	(2.9)	(7.6)	3.2	(0.0)	(1.1)	0.5	(0.3)	(0.9)	(1.0)	(3.9)	0.9	(3.7)	(7.7)	(3.8)	(2.1)	(0.4)	0.6	(5.8)
Prepaid Expense and Other Assets	(0.6)	0.5	(3.0)	0.1	(0.4)	0.3	(0.5)	(0.4)	1.1	0.2	0.6	(0.5)	1.3	0.9	(0.4)	(0.0)	2.0	2.6
Accounts Payable-trade	0.2	2.6	(3.2)	0.7	0.2	(0.0)	1.9	2.8	0.4	0.1	1.8	(1.1)	1.2	0.3	(0.5)	3.0	(5.4)	(2.6)
Accrued Expenses	(2.4)	(0.7)	(0.1)	(0.0)	0.7	1.9	0.4	3.0	(2.5)	(0.3)	2.6	(1.6)	(1.8)	0.3	(0.3)	(1.0)	0.4	(0.6)
Other Liabilities	(0.6)	(1.6)	0.5	(2.8)	0.7	(0.6)	(0.5)	(3.2)	(2.9)	0.3	0.1	(0.3)	(2.9)	(1.7)	(0.6)	(0.0)	(0.2)	(2.6)
Income Taxes Receivable/payable	(17.1)	1.6	(2.7)	(0.1)	0.5	2.3	1.0	3.7	0.1	(0.9)	(0.1)	1.3	0.4	(1.2)	1.1	(0.1)	0.0	(0.2)
Impairment	227.5	7.9	50.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Doubtful Accounts Receivable	0.3	3.5	0.8	(0.1)	(0.0)	(0.1)	-	(0.1)	-	(0.0)	(0.0)	(0.0)	(0.1)	-	0.1	0.1	(0.1)	-
Payments of Contingent Consideration	-	(3.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Fair Value of Contingent Consideration	(2.9)	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Patent Infringement Settlement	-	-	(25.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Proceeds from Patent Infringement Settlement	-	-	21.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from Operating Activities	14.0	17.9	35.1	(1.8)	2.9	5.6	4.9	11.6	(6.1)	0.9	(3.8)	7.6	(1.4)	(1.6)	0.5	(0.4)	6.2	4.8
Investing Activities																		
Purchase of Property and Equipment	(11.1)	(6.1)	(2.1)	(0.0)	(0.2)	(0.1)	(0.2)	(0.5)	(0.2)	(0.2)	(0.3)	(0.3)	(1.0)	(0.5)	(0.6)	(0.6)	(0.2)	(1.9)
Purchase and Development of Software and Technology	(4.7)	(0.3)	(0.1)	(0.1)	(0.2)	(0.0)	(0.0)	(0.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.3)
Proceeds from Sale of Property and Equipment	0.4	1.4	1.1	0.1	0.1	0.2	0.0	0.4	0.1	0.1	0.2	0.0	0.4	0.1	0.3	0.1	0.1	0.5
Cash Flow from Investing Activities	(15.4)	(5.0)	(1.1)	(0.1)	(0.3)	0.0	(0.1)	(0.4)	(0.1)	(0.2)	(0.1)	(0.3)	(0.7)	(0.5)	(0.5)	(0.5)	(0.2)	(1.7)
Financing Activities																		
Payments on Finance Leases	-	-	-	(0.3)	(0.3)	(0.3)	(0.4)	(1.3)	(0.3)	(0.4)	(0.4)	(0.4)	(1.5)	(0.4)	(0.4)	(0.4)	(0.4)	(1.6)
Line of Credit Borrowing	-	-	5.0	0.0	0.3	-	-	0.4	3.2	4.3	2.7	1.6	11.8	3.6	4.8	3.3	-	11.7
Payments of Line of Credit Borrowings	-	(10.0)	(15.0)	-	(0.4)	-	-	(0.4)	(2.9)	(4.2)	(3.1)	(1.5)	(11.7)	(3.3)	(4.3)	(4.1)	-	(11.8)
Treasury Shares Withheld	(0.2)	(0.3)	(0.2)	(0.2)	(0.0)	-	-	(0.2)	(0.4)	(0.0)	(0.0)	(0.0)	(0.4)	(0.3)	-	(0.0)	(0.0)	(0.3)
Payment of deferred loan Cost related to ABL facility	-	-	-	-	-	-	-	-	-	(0.9)	(0.1)	(0.0)	(1.0)	-	-	-	-	-
Payments of Contingent Consideration	-	(7.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on Promissory Note	(8.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Promissory Note Borrowings	5.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment Note Borrowings	2.0	0.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on Equipment Note and Capital Leases	(2.4)	(5.0)	(1.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the Exercise of Options for Common Stock	1.1	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Non-controlling Interests	(2.3)	(6.0)	(17.6)	(1.3)	(0.5)	(0.5)	(0.5)	(2.8)	-	-	-	-	-	-	-	-	(0.5)	(0.5)
Payment of Deferred Loan Cost Related to Senior Secured Credit Facility	-	(0.9)	(0.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from Financing Activities	(5.1)	(27.3)	(29.8)	(1.7)	(0.8)	(0.8)	(0.9)	(4.3)	(0.4)	(1.1)	(0.9)	(0.4)	(2.7)	(0.4)	0.1	(1.2)	(1.0)	(2.4)
Foreign Exchange Rate Effect on Cash and Cash Equivalents	(2.2)	0.5	0.0	0.0	0.1	(0.3)	(0.1)	(0.3)	0.0	(0.2)	(0.2)	(0.6)	(1.1)	(0.2)	(0.0)	(0.2)	0.2	(0.2)
Net Change in Cash	(8.7)	(13.9)	4.3	(3.6)	1.9	4.5	3.7	6.6	(6.6)	(0.6)	(5.1)	6.4	(5.9)	(2.6)	0.1	(2.3)	5.3	0.5
Beginning of period cash	\$ 33.8	\$ 25.1	\$ 11.2	\$ 15.5	\$ 12.0	\$ 13.9	\$ 18.4	\$ 15.5	\$ 22.2	\$ 15.5	\$ 14.9	\$ 9.9	\$ 22.2	\$ 16.2	\$ 13.6	\$ 13.7	\$ 11.4	\$ 16.2
End of period cash	\$ 25.1	\$ 11.2	\$ 15.5	\$ 12.0	\$ 13.9	\$ 18.4	\$ 22.2	\$ 22.2	\$ 15.5	\$ 14.9	\$ 9.9	\$ 16.2	\$ 16.2	\$ 13.6	\$ 13.7	\$ 11.4	\$ 16.7	\$ 16.7

Source: Company Reports, Stonegate Capital Partners

IMPORTANT DISCLOSURES AND DISCLAIMER

- (a) The research analyst and/or a member of the analyst's household do not have a financial interest in the debt or equity securities of the subject company.
- (b) The research analyst responsible for the preparation of this report has not received compensation that is based upon Stonegate's investment banking revenues.
- (c) Stonegate or any affiliate have not managed or co-managed a public offering of securities for the subject company in the last twelve months, received investment banking compensation from the subject company in the last 12 months, nor expects or receive or intends or seek compensation for investment banking services from the subject company in the next three months.
- (d) Stonegate's equity affiliate, Stonegate Capital Partners, "SCP" has a contractual agreement with the subject company to provide research services, investor relations support, and investor outreach. SCP receives a monthly retainer for these non-investment banking services.
- (e) Stonegate or its affiliates do not beneficially own 1% or more of any class of common equity securities of the subject company.
- (f) Stonegate does not make a market in the subject company.
- (g) The research analyst has not received any compensation from the subject company in the previous 12 months.
- (h) Stonegate, the research analyst, or associated person of Stonegate with the ability to influence the content of the research report knows or has reason to know of any material conflicts of interest at the time of publication or distribution of the research report.
- (i) No employee of Stonegate has a position as an officer or director of the subject company.

Ratings - Stonegate does not provide ratings for the covered companies.

Distribution of Ratings - Stonegate does not provide ratings for covered companies.

Price Chart - Stonegate does not have, nor has previously had, a rating for its covered companies.

Price Targets - Stonegate does not provide price targets for its covered companies. However, Stonegate does provide valuation analysis.

Regulation Analyst Certification:

I, Dave Storms, CFA, hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

For Additional Information Contact:

Stonegate Capital Markets, Inc.

Dave Storms, CFA

Dave@stonegateinc.com

214-987-4121

Please note that this report was originally prepared and issued by Stonegate for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of Stonegate should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. The information contained herein is based on sources which we believe to be reliable but is not necessarily complete and its accuracy cannot be guaranteed. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of Stonegate Capital Markets and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein. The firm and/or its employees and/or its individual shareholders and/or members of their families and/or its managed funds may have positions or warrants in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. While we endeavor to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. All opinions are subject to change without notice, and we do not undertake to advise you of any such changes. Reproduction or redistribution of this report without the expressed written consent of Stonegate Capital Markets is prohibited. Additional information on any securities mentioned is available on request.