Q2 2023 Earnings Call Transcript

Friday, August 11, 2023

James Lorimer:

Good morning, ladies and gentlemen, and thank you for standing by and welcome to the Data Communications Management Corp Second Quarter 2023 Financial Results Conference Call.

My name is James Lorimer, CFO of DCM, and I'm pleased to be hosting today's call. Joining me on the call today is Richard Kellam, our President and CEO. Following our prepared remarks, we will be moderating a Q&A session. As a reminder, this conference call is being broadcast live and recorded. We'd also like to remind everyone that Richard and I can be available after the call for any follow-up questions that you may have.

Before we begin, I'd like to remind everyone that we will be referring to forward-looking information on today's call. This information is subject to certain risks and uncertainties as outlined in the forward-looking information disclosure in our press release and more fully within our public disclosure filings on SEDAR.

We have posted a brief video message from Richard along with a summary of our results and key initiatives for the quarter on our website in the form of an infographic. This presentation will be added to our website for your reference along with the post view recording and transcript. Our detailed information is also available on our website and SEDAR. Please also follow us on LinkedIn to keep up to date with other business developments.

I'd now like to turn the call over to Richard.

Richard Kellam:

Thank you, James, and good morning and for some of our international people dialing in, good afternoon and good evening, James and I are in different locations today doing some new business developments.

Objectives for today, I want to talk about our consolidated results for Q2. We'll actually unpack those as we typically do under our bigger and better theme and then we'll turn it over to shareholders for any questions at the end.

Before we get into it, I want to remind shareholders that this quarter two of 2023 consists of one week of integration or one week of the acquisition in April and then all of May and all of June. Given we closed the transaction for Moore Canada Corp on April 24, so it's not a full quarter of full, you know full acquisition of MCC into the quarter, it's two months plus a week. So just want to remind shareholders of that before we get into the data here.

Ok so we're really pleased with the progress we're making to continue to build a bigger business. As you'll see, our growth is quite significant with the acquisition of Moore Canada Corp at just under 75% on the quarter. We added $51 million in revenue to our top line on the quarter coming out of $119,000,000, really important to note as well.

If you look at the next slide, you know I want to put that 75% into context. If you look at our underlying business, so the underlying business of revenue of both Moore Canada Corp and DCM, you look at that bar on the right, you can see our underlying performance continues to be very strong at 8.2% growth. So not all of that 75 or 74.7% came from acquisition growth. Our underlying business is very strong on the back as you can see in this slide too, very strong.

Very strong halves prior, OK our revenue growth in quarter two is now 7 consecutive quarters of year over year growth. And you can see from the slide here the continued performance quarter on quarter. So strength to strength, so very proud of the momentum we've got in our business in underlying and of course now post-acquisition growth as well and integration growth. So very good momentum from a revenue perspective and lots of reasons why that momentum is continuing. New business development, expansion revenue with existing clients and just moving strength to strength with our commercial teams.

Moving on to gross profit, gross profit also growing well post acquisition at 56.7%, $32 million in gross profit and our gross margin is coming in at 26.9%. I want to put this into context because a big part of the deal logic here when we did this deal with MCC was MCC had a lower margin than DCM and obviously that was very attractive from a value creation perspective. We're now applying the DCM operating model to move margin forward and in fact the combined margin we have in the quarter is a little higher than what we had planned at 26.9%. But we have an active plan to bring margin back into the 30 and north of 30 range.

So again, it was very much as expected, slightly ahead of target on the quarter at 26.9%. And you can see the overall gross profit margin continuing to be very solid and we're very pleased. If you look at the next slide, you know I talked about seven quarters of revenue growth. We actually have eight quarters of gross profit growth. We actually turned the corner and gross profit in Q3 of 2021 and we've had solid momentum since then, so very, very good progress on gross profit growth quarter by quarter. Alright, turn it over to share price, momentum, James.

James Lorimer:

Our share price certainly performed very well this year. As we talked about last quarter, there's a little bit of noise in our earnings because of the fair value adjustments related to our long-term incentive compensation. So for the current quarter, we've broken the kind of variations related to RSUs and DSUs and Mark to market out as a separate line item.

And in our EBITDA reconciliation, you'll see that going forward we'll be reporting that as a separate line item, we have at the end of this presentation, including a reconciliation going back on a quarterly basis from the beginning of the first quarter in 2022. And we'll be posting that on our website so that you can look and get kind of a comparable perspective, but those fair value adjustments represented about $2.3 million in the quarter given our share price appreciated by almost 23% and year to date our share price is up almost 133% and total kind of adjustments here today are about 7 and a half million dollars. As a result, we've reported Adjusted EBITDA of $13.8 million in the quarter. This also includes add backs for restructuring expenses and other one-time charges relating to the acquisition.

We're very pleased that EBITDA was up almost 50% compared to a year ago. And as Richard referenced earlier, this includes 2 months plus a week of the MCC results and you know certainly the third quarter will be the first kind of full quarter reporting the combined results of MCC. EBITDA did come down a little bit as a percentage of revenue at 11.6% compared to 13.7%. But this is really, as Richard noted, because of the lower overall gross margins in the MCC business. And we have a clear plan not only to grow gross profit back north of 30% and also to grow Adjusted EBITDA back to north of 14%.

Included in this table is a summary of how Adjusted EBITDA looks for the past two years on a quarterly basis. Again, you know two very strong quarters of Adjusted EBITDA. So we're tracking very nicely going into the second half of the year. We've included here a summary of our financial performance compared to last year and a variance comparison. Most of the numbers here are reflective of commentary that we've already talked about. What I would like to point out is adjusted net income for the quarter of 3.8 million dollars compared to $3.6 million last year on an adjusted EPS basis, we came in flat at 8 cents compared to last year at the same number.

The adjusted net income impact really kind of adding back restructuring expenses, acquisition and integration costs, fair value gains and losses on financial liabilities and the after tax impact of those really the increase of about $200,000 is mitigated a little bit by higher interest expenses related to the financing of the acquisition of MCC and also slightly higher share count given the equity raise we did a couple months ago.

For the first half of 2023, you can see the comparisons here. We're at $195 million of revenue, which is up $57.7 million compared to last year's gross profit, again up and on a year-to-date basis we're 28.6% compared to 29.7%; that 110 basis point difference really attributed to the lower overall gross margins of the MCC business. But we are in our core business, certainly experiencing improved volume and also you know good margins from some of the product mix that we're seeing this year.

Again, adjusted net income for the year of $9.7 million is up from $7.7 million last year and this only reflects as noted you know partial results of MCC in the quarter. So Adjusted EBITDA still on a year-to-date basis 13.6% that does benefit particularly in the first quarter of us having higher overall Adjusted EBITDA margins than the MCC business. But we do have a plan to continue to drive a higher levels of Adjusted EBITDA margin.

Now I'll turn it back to Richard.

Richard Kellam:

Thank you, James. So clearly great progress building a bigger business. Now we'll talk about what we're doing to build a Better Business.

So from an SG&A perspective, obviously our total SG&A costs went up post the acquisition to remind shareholders, we brought on just north of 900 new associates into the business. So obviously that increased our total SG& A if you look at the SG&A component of those 900, but again less than revenue, most important to look to the far right-hand side of the slide that actually our SG&A as a percent of revenue went down quite significantly 19.3% versus 20.5% year ago.

So well within our five-year range of 18 to 20, we see a path to the low end of that range actually as a result of some of the work that we're going to do to continue to optimize the SG&A line and grow the revenue line as well. At the same time, so the very much in line with the deal logic and deal model that we completed as you know in our due diligence as part of this acquisition. So you know well on track from an SG&A standpoint where we're happy at the 19.3 range versus 20.5 year ago.

OK, James. So if we look at James, you want to take this one on?

James Lorimer:

Sure. We did incur approximately $2.7 million of restructuring expenses and you know, remind everyone that our target of 25 to $30 million in in annualized synergies, will come with some restructuring expenses. We're certainly working hard to try and contain all the initiatives that we're working on within, not only this year, but also 2024 and working hard to have a very clean kind of 2025 as we get out there.

So some of these things are going to take a little bit of heavy lifting, but as you can see from the results on the right-hand side of this page, the initiatives that we've already implemented have generated approximately $4.2 million of annualized savings going forward. So, you know, really kind of 2 1/2, I guess really 100 days now into our acquisition, we're about 15% of the way to our target of annualized synergies. We did have about $3.8 million of acquisition and integration expenses. These are, you know, kind of post-closing tidy-ups. That number will certainly go down in future quarters.

Richard Kellam:

OK, so This is why I was referring to when I was talking about SG&A. You can see we went from 910 to 1822 post acquisition. But importantly, if you look at the right-hand side of the slide, here our revenue per associate was at 300,000, did not drop very much at all. In fact, pretty much flat post acquisition at 299. As we work through our integration efforts, we see a path easily into the mid threes and as we grow revenue up into the high threes and low fours on a revenue per associate. So you know very good progress here and you can see the glide path we've been on over a number of years. So certainly building a Better Business here from our productivity per associate perspective.

And we continue to be proud of our ESG efforts. A lot of work on the sustainability side with waste reduction and with renewable energy and carbon footprint. We've also actively started to bring these programs into the acquired facilities of MCC, a lot of great work on social. I think I've told shareholders we’re pretty active with Habitat for Humanity and many other supplier diversity programs, and certainly you know, our governance capabilities extended to the new, bigger and better company.

But the thing that we're very proud of and we're proud of a lot of the results we’re building on the ESG strategy. But the thing, the one we're very proud of is our PrintReleaf effort. To remind shareholders, we reforest 100% of our paper use for clients. And since we got into this program just over a year and a half ago, we have reforested close to 1,000,000 trees, 959,000 trees, but 79 million pounds of paper used. We flow these credits directly through to our clients as well, if clients want to pick up the credits for their ESG efforts. It's a very a very solid program and we will cross a million trees reforested in September and certainly will press release that and we'll celebrate that and to put it in perspective, what a million trees actually looks like, it's a roughly 20,000 acres of reforestation, but 80 square kilometers, 15,000 football fields and for some of our American friends that are on the call today, it's 23 central parks. So significant effort here on reforestation, which we're super proud of and certainly our clients are extremely supportive of this this program as well.

We're also making good progress from a DCM digital perspective. You can see that our first half growth is north of 18%, just under $3 million in revenue on our digital offering. So a lot more. We'll report a lot more on this to shareholders over the course of the next, you know, kind of three to six months, but good progress from a digital penetration perspective.

James Lorimer:

From a debt perspective, shareholders know we've been on a very good glide path over the past several years paying down debt. We did incur some incremental debt, of course with the fully financed transaction of MCC. We're pleased to say on a pro forma basis while our debt spiked up to approximately $145,000,000 with the acquisition, we've reduced that number by approximately 20% through the quarter.

Probably more important is net debt and we exited Q1 at approximately just under $20 million of net debt. The MCC acquisition, net of cash was approximately $126 million. We repaid $24 million of working capital as a result of the private placement we completed in May and then the Oshawa sale in June generated approximately $23 million. And then just additional working capital payments allowed us to exit the second quarter at approximately $93.6 million in net debt.

And that's I think after including approximately $21 million of cash at the end of the quarter. I will point out during the quarter we finalized the final purchase price adjustments for the acquisition of Moore's, there was a subsequent $4.9 million adjustment to the purchase price which is showed in our accrued payables and that was largely due to stronger working capital in the business than we had expected when we closed the deal, big chunk of that was cash. And as you see below, there's approximately $4.8 million of kind of net cash and you know when we close the transaction.

Richard Kellam:

So certainly great progress from building a Better Business as you saw, you know, improving productivity per associate, significantly reducing debt, the ESG efforts that we're delivering now. I just want to really talk about where we are on our integration; talk to shareholders about a 25 to $30 million annual synergy target across four areas: operation, organization, procurement and revenue.

To remind shareholders, we actually used Boston Consulting Group to help us prepare for pre-merger integration. We're obviously now well into a post-merger integration process. We've got Real Fisher, who was the president of Moore Canada Corp. leading our integration management office so a large team executing the integration and the team is off to an incredible start; a combination of Real and his team, as well as all the program managers that are in function are doing an outstanding jo obviously, you know, being well prepared to help, but now it's about execution and the team is doing an outstanding job at execution.

We did announce the closure of two plants, 2 facilities from an operation perspective. Those were announced six weeks ago; lots of work happening on organizational optimization. Some already great work delivered from a procurement perspective and that our teams have come together very quickly from a commercial perspective to drive revenue and there's a lot of great results that we've delivered on both revenue expansion, so expansion within existing clients and several new businesses or new logos that we've brought on, so we're more than comfortable delivering this 25 to $30 million in annual synergies. In fact, we'll likely be to the high end of that range and I can tell you the team is executing with excellence here. So off to a fantastic start.

I'll remind shareholders Wednesday of last week was our hundred days and there's been a lot done in those first 100 days. Again, we were well prepared, but no matter how well prepared you are, you need to be an organization that knows how to execute and certainly our organization knows how to execute. So we're moving with strength across all areas here.

And then maybe just to close on this, before moving to Q&A, we updated our five-year strategic financial objectives. We did present this at our last at our last shareholder meeting, we saw a path to north of 5% organic revenue CAGR. You can see the rate 8.2% through the first half of this year. We see a path to north of 14% from an Adjusted EBITDA perspective over the next five years. So we're well on track there.

You know, James took you through our relentless focus on reducing debt. So you see that glide path is a pretty quick one. We'll easily be in target here within the five-year plan and then martech solutions are starting to ramp and we'll see good progress on our digital expansion over the course of that five-year time horizon as well. So we've got a very detailed 5-year plan that we're executing against. In addition, obviously to all the integration efforts that we're executing against, OK, so pleased with the progress we're making here.

James Lorimer:

Yes, we are, Richard. We'd like to certainly welcome questions from the audience.

If you have a question and you're accessing the call directly through Teams, you can use the raise your hand feature in Teams and we will queue up questions. Alternatively, you can also use the chat feature in Teams and we will respond to chat questions as well. If you have dialed in, you may press *5 to raise or lower your hand and pressing *6 will mute or unmute your microphone. Please introduce yourself once you are welcomed into the session.

And we have a question from, looks like Noel Atkinson. Noel, if you've dialed in, you may press 6 to mute or unmute your microphone.

While we're waiting for Noel, we have a question in the chat. The question is, can you give an estimate of the synergies expected to achieve for the second half of 2023? Richard, do you want to run with that?

Richard Kellam:

Yeah, I think I'll leave that one for you, James.
Just from a, you know, more comfortable from a disclosure perspective if you answer that one.

James Lorimer:

Yeah, OK, sure. You know where the synergies we've talked about, you know kind of 25 to $30 million in aggregate. We're trying to get at those over the next 18 to 24 months. We see probably about almost a third of those being implemented by the end of this year. As we have talked a little bit about you know, costs related to those are probably about a dollar for dollar. We're a little ahead of plan kind of in the second quarter with the restructuring expenses kind of versus the annualized savings. But as we get into some of the bigger kind of plant moves, those costs will maybe kind of switch the other way.

So yeah, I look at kind of roughly about a third of those would be before the end of this year and will really relate mostly to organizational changes. The Edmonton plant that we've talked about that we're closing, that's a, you know, relatively a smaller plant that'll be completed by the end of December. And then the Ferguson, Ontario plant, we've talked about that being kind of an 18- to 24-month project. So pretty complicated to move production. The plan is with Fergus to move that to our Drummondville QC plant, which does very similar type of work.

Richard Kellam:

You know, just add to that. So if you think about the four areas, operation organization, procurement and revenue operation takes longer obviously because we're talking about, you know, moving equipment around, you know to James's point. Organization; a lot of detailed plans that will happen already started to happen. Procurement; we're already well into delivering procurement synergies, so a lot of those will be complete by year end and then revenue, which we've actually modeled quite conservatively from our growth perspective, is a big opportunity for us. And you saw the numbers, we continue to deliver strong kind of revenue growth. So there's opportunities to deliver even more revenue synergies if we continue to accelerate that revenue line.

James Lorimer:

OK thanks. So, Noel, do you want to go ahead?

Noel Atkinson:

Hi, it's Noel Atkinson from Clarus. Congrats on a really strong Q2 there overall. And so very well done. You've mentioned a few of the questions I was already going to ask, but I guess just so far with the MCC integration, how's that been proceeding? Are you seeing any client churn out of that unit or out of the other DCM units that we would commonly see after a big acquisition?

Richard Kellam:

Yeah, I can take that on James. So one thing we did Noel is we were very well prepared on day one of the acquisition day, one of the integration. So we closed the deal on the 24th and the 25th morning we had 120 sales people together in six locations across Canada with a theme we called "Moving from Competitors to Collaborators" and it was a two-day session, well planned, to talk about how we work together and how we protect and build our enterprise clients especially, as you know enterprise clients represent 94-95% of revenue and there certainly was some crossover in clients. So as a result of that, our teams are working extremely well together. We're off to an incredible start as true collaborators and we have not lost any clients on this turn in fact, if anything we've secured and picked up some new business as a result of our start

So as a result of just being well prepared for day one, I think if you talked to any of our commercial teams, they will tell you the same story that we're working very, very well together and have had very good success as we as we kind of align our commercial teams right or integrate our commercial teams. So a really good start from that perspective. So no client losses at all.

Noel Atkinson:

OK. And then you know you mentioned, I think it was like 8% year over year revenue growth for the combined business on a pro forma basis in the first half of 2023; do you see the environment out there for commercial print activity, do you still see such a robust environment you still seeing kind of passing through price increases that sort of things, how are you looking about the second half of the year?

Richard Kellam:

Yeah. You know, as you know, Noel, we sort of mapped all the proper pools in the industry, you know not all of them are equal of course. So we understand you know where to focus and how to focus and you know where to win and how to win. We still see, you know, positive momentum in the marketplace. James, I don't know if you want to comment on outlook for the second half or not, but certainly you know experience we're seeing right now from a client standpoint, we're seeing, you know, certainly positive momentum. You know, as we look at the balance of the year, but James I don't know if you want to get any more specific.

James Lorimer:

Yeah, you know, Richard talked about our kind of five-year objectives and we think we can certainly exceed you know kind of 5% year over year growth and you know year to date our combined kind of pro forma businesses are certainly tracking ahead of that. From an inflationary perspective I'd say we have certainly seen that moderate and we haven't seen any significant price increases on raw materials for the last couple of months. We are continuing to kind of pass price increases a little bit of a kind of a lag on some of our contracts still but the kind of the inflationary benefits will moderate I think a lot of the benefit is going to be from the collaboration across our kind of combined business and the capabilities that MCC brings to us and vice versa that we bring to their sales team.

Richard Kellam:

Yeah. The thing I'd add as well anything; we're a very growth obsessed organization and you know, we kind of look at the industry as north of a $10 billion industry, even if it's flat or modest growth or modest decline, we're 540 on 10 billion, 540,000,000 on 10 billion. So lots of opportunities for us to go after and that's how we look at the market every day. We sort of wake up, we dream about opportunities and we wake up, we go and secure and source those opportunities.

Noel Atkinson:

OK, great. And then just lastly, maybe just if you could talk a bit about the ASMBL. I know you mentioned that you're excited about talking about this and in coming quarters, but where are you in the development process and the rollout process for ASMBL specifically?

Richard Kellam:

Yeah, great question. So as you know, we've been in market with a white labelled solution over the last year and a half and we've got a few clients that are using that white label solution. At the same time, we've been building our own platform to compete against some of the other DAMs out there in the marketplace. We actually have the beta product in market right now and by end of year, we will release our final version, our final product once we get through the beta testing, so we’ve got some active, you know, beta clients using it right now.

And that'll be a pure, kind of SAAS offering if you will and all that will have high tech, low touch, marketing automation route to market. I think there's lots of opportunities even outside Canada with that platform in addition obviously to our own kind of enterprise route to market.

Noel Atkinson:

Great. That's it for me. Thanks very much.

James Lorimer:

We've got a question from phone caller ending as 0469.

Chris Thompson:

Hi, it’s Chris Thompson from eResearch. Can you just quickly just go back and talk about the organic growth in the quarter? It was fairly quick and as a percentage was that for the DCM organic growth or was that organic growth at both DCM and MCC?

James Lorimer:

Yeah, the organic growth was at both businesses. Chris, the MCC business has certainly been solid. You know, even before we bought it, they had a strong first quarter. Yeah, I'd say our product mix has shifted a little bit. We had some very strong orders for technology, hardware equipment last year and some other resales products.

Those were off a little bit this quarter, really nothing unexpected, but our production revenue more than made up for those declines and production revenue for us certainly is beneficial because more throughput through the factories helps our overall gross margins. So you know, gross margins on both sides were both sides of the House were, you know nicely above plan.

Chris Thompson:

OK, great. And can, when you're talking about the acquisition costs versus the restructuring costs, I'm assuming that restructuring will be similar moving forward for at least a couple more quarters, but the acquisition costs, are they going to come down then next quarter because you sort of closed everything off or how do you see that going forward for Q2 to Q3?

James Lorimer:

Yeah, I think that's a good way to look at it. Chris. You know, restructuring expenses, probably similar to maybe a little bit higher over the next couple of quarters and acquisition integration costs will go down significantly in Q3 and Q4.

Chris Thompson:

OK. And then finally, you break down your product sales by categories. I did a quick scan answer. I couldn't really see a breakdown by MCC versus DCM or you. Is it going to be merged together then, going from this point forward, so there'll be no separation of the two companies?

James Lorimer:

Yeah, we didn't break their results out quite the same as ours. They don't quite have technology, hardware, equipment sales like we do. They do have freight and warehousing fees, so those have been broken out with our results. They do have what they refer to as sourcing, but in our kind of jargon would be resales revenue, and that would be products that they outsourced either things like envelopes or other commercial print applications that they didn't have capabilities in house for. Those are all kind of in, or at least those would be in their product sales. So that would be in the kind of combined product sales bucket going forward.

And then historically, their kind of what we call program management fees and subscription services fees, they have some professional services fees at least for the time being. Those are kind of included in their product sales. Those are typically attached to some of their, you know, programming management where they're doing transactional print work, which is pretty good margins in that business for them, particularly in the first quarter, which is you know year end statements and tax statements. But you know, going forward we'll be carving out some of their technology fees like us, they have a platform called Custom Point which was kind of a legacy RRD platform that would be you know kind of the equivalent of our DCMFlex. We actually have a couple of customers that we're transitioning from that platform to our platform. You know, kind of starting the work plans on that already. So we, you know, we expect to see positive contributions to our technology services and subscription fees going forward.

Richard Kellam:

I'd also add, you know, as we as we continue to fully integrate it's going to be tougher and tougher to report separate line items or separate growth between two businesses because we're already moving product around between facilities and we're already moving product around between clients. So we think it's better to, you know, run a Lotto client through an MCC facility and invoice it through an MCC facility versus DCM facility or vice versa. So we're doing it for, you know, the best interest of obviously margin, the best interest of client and client service. So we definitely are down the path we've already started to move a lot of volume between facilities to deliver that client experience and maximize revenue and maximize gross margin. It'll be tougher and tougher to report independent businesses.

Chris Thompson:

OK. Then one final question, you mentioned that you had digital growth of about 18% to 2.9 million. I think if I'm correct in one of those slides, but when I try to correlate that with your sort of your breakout, it looks like your technology sort of you know when you break out your revenue at the technology, really solutions haven't really increased and there's not sort of a one-to-one correlation. So how do you know when looking at those technologies sales, how do you sort of try to figure out what the actual growth is?

James Lorimer:

Yeah, Chris, that was a little bit of a subset of the tech-enabled subscription services and fees and you see that is about $3.6 million year to date. There's some other fees that are kind of lumped in there, program management fees and other things. And we had a couple of things that kind of wound off, but the actual kind of tech services fees we're growing as we showed in the deck.

Chris Thompson:

OK. So I'll just keep on using that as the growth metric then as opposed to the numbers in the financial statements, OK, that's it for me. Thanks, great quarter!

James Lorimer:
Thanks Chris. So we have a question in the chat. Is the current level of cash lease payments in the quarter a good run rate or do you expect it to increase over the next 12 to 24 months

considering the partial quarter with MCC?

Yeah, in terms of lease payments, cash lease payments, I would look at, you know, historically last year our business was about I think about $9 million. The MCC business is about three to three and a half million, that will increase a little bit. Included in that not only equipment leases but also are facility leases. Three of the sites that we acquired – Oshawa, Ferguson, Trenton – were owned facilities and so there wasn't any rent on those with the Oshawa site. We will see lease expenses increase a little bit on an annual basis and then we still hold the Ferguson and Trenton sites.

We do have a strategy to move forward with those and you know, we hope to be able to report back in the next quarter on some progress there. So there will be some incremental lease rates, but really not significant, I'd say good number to use kind of for the annual years probably you know 14 to $15 million on a combined basis on a kind of an annual basis.

It looks like we don't have any further questions.

Richard Kellam:

Thanks for joining us on this call today. But certainly, you know, we're very focused on continuing to build both a bigger and a Better Business and drive successes, integration. We're off to a great start. As I said, we celebrated 100 days last week. I'm very proud of our new DCM team and all the hard work and hard efforts and results the team is delivering. So, well, congratulations to the team for, for great kind of first 100 days into our into our bigger and better company and look forward to reporting on Q3 results. And three months from now, I guess, right, James?

James Lorimer:

That’s right, yes.

Richard Kellam:

Alright, thank you everybody. Enjoy the rest of the summer.

James Lorimer:

All right, that concludes our call. Hope everyone enjoys the rest of their summer and you may now disconnect your lines.