



# Q1 2022 Report to Shareholders

DATA Communications Management Corp.

DCM-TSX | DCMDF-OTCQX

May 11, 2022



# Forward-looking Statements Information Disclosure

## Forward-looking Statements

Certain statements in this presentation constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of DCM or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this presentation, words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect DCM’s current views regarding future events and operating performance, are based on information currently available to DCM, and speak only as of the date of this presentation.

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## Non-IFRS Measures

This presentation includes certain non-IFRS measures as supplementary information. In addition to net income (loss), DCM uses non-IFRS measures including Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA (collectively, “Non-IFRS Measures”) to provide investors with supplemental measures of DCM’s operating performance and to highlight trends in its business that may not otherwise be apparent when relying solely on IFRS financial measures. DCM also believes that securities analysts, investors, rating agencies and other interested parties frequently use similar Non-IFRS Measures in the evaluation of issuers. DCM’s management also uses Non-IFRS Measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess its ability to meet future debt service, capital expenditure and working capital requirements. These Non-IFRS Measures are not recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, DCM’s Non-IFRS Measures are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that Non-IFRS Measures should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DCM’s performance. For a reconciliation of DCM’s Non-IFRS Measures to net income (loss), see DCM’s most recent Management’s Discussion & Analysis filed on [www.sedar.com](http://www.sedar.com).



# Better and Bigger Business

# Five-year Financial Objectives

From print first to digital first

Targets:

**5%+**

Revenue CAGR

**35-40%**

Gross Margins

**18-20%**

SG&A

**18-22%**

Adjusted EBITDA



# Momentum

# Bigger Business



# Revenue

**+11.1%**

vs. Q1 2021

**\$69.3M**

vs. \$62.4M Q1 2021

**Best growth rate in 17 quarters!**

# Gross Profit

**+8.1%**

vs. Q1 2021

**\$20.3M**

vs. \$18.8M Q1 2021

**Highest gross profit since Q1 2020**



# Net Income

**+111%**

vs. Q1 2021

**\$3.7M**

vs. \$1.8 M Q1 2021

**First quarter in the last 8 with \$0 government subsidies**

# EBITDA

**+28.9%**

vs. Q1 2021

**\$9.4M**

vs. \$7.3M Q1 2021

**Best “clean/non-adjusted” results in +10 Years**



# New Business Wins

**+\$12M**

100% of new business  
“tech-enabled”  
in Q1 2022



**Financial services**



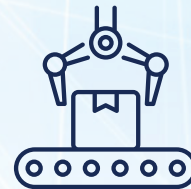
**Healthcare**



**Regulated industries**



**Retail**



**Manufacturing**



**Hospitality services**



**Lottery**

# Digital-First Acceleration

32% revenue



**DCMFLEX**<sup>TM/MD</sup>

**\$10M pipeline opportunities**

**Digital-First  
Acceleration**



# Better Business



# SG&A

**-8.5%**

vs. Q1 2021

**-\$1.3M**

vs. Q1 2021

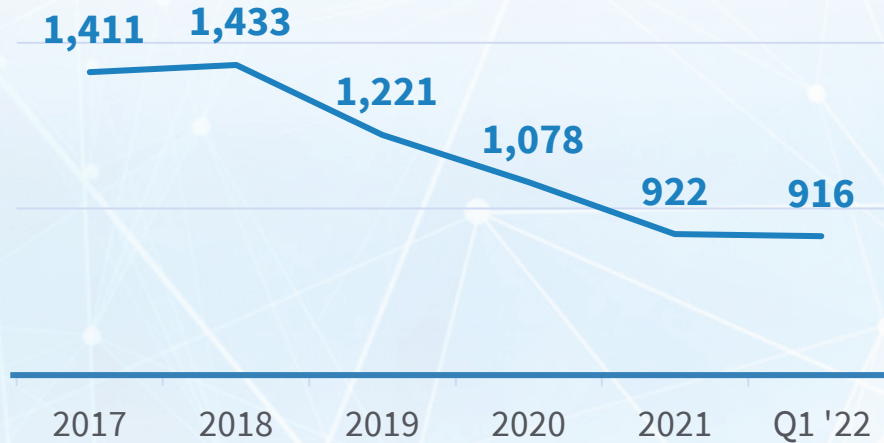
**19.7%**

of Revenue

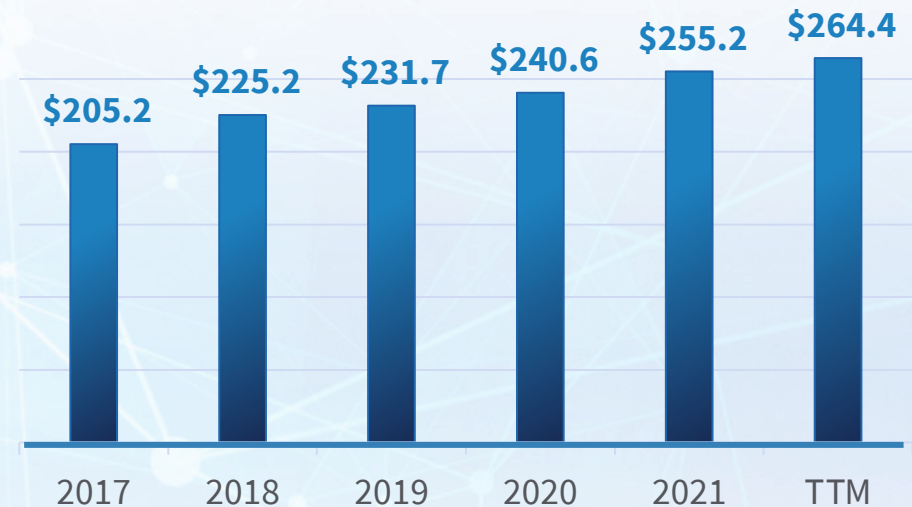
**Continued cost control focus**

# Employee Productivity

Headcount at End of Period



Revenue per Employee\* (thousands)



**Productivity per employee continues to improve**

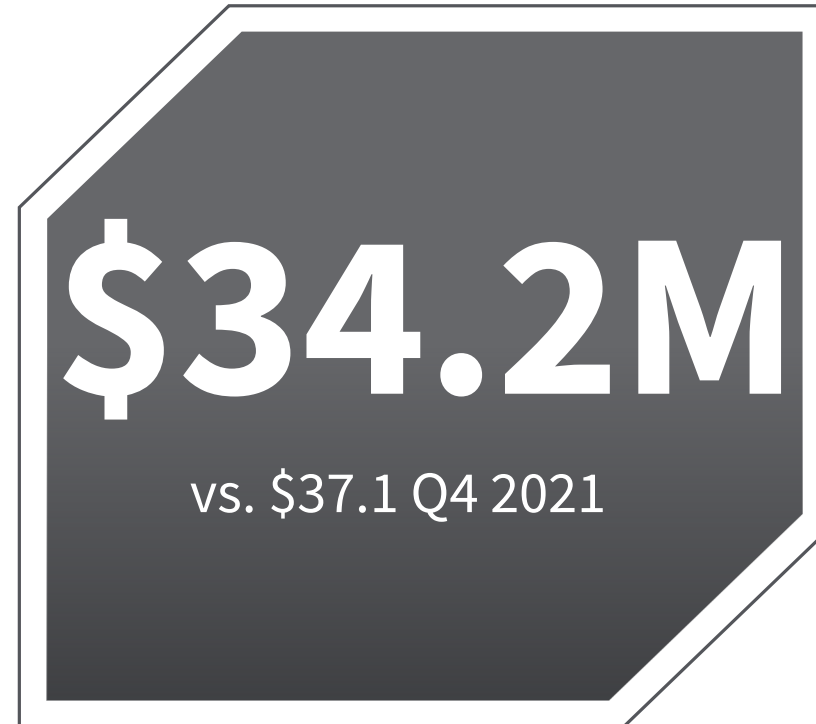
\* Revenue per Employee is a non-GAAP measure. Calculated as to: Revenue for the fiscal year, divided by total associated headcount at the end of such fiscal year (or the trailing twelve-month period at March 31, 2022).

# Restructuring Expenses



**Right-sizing is complete and \$0 restructuring forecast in 2022**

# Debt

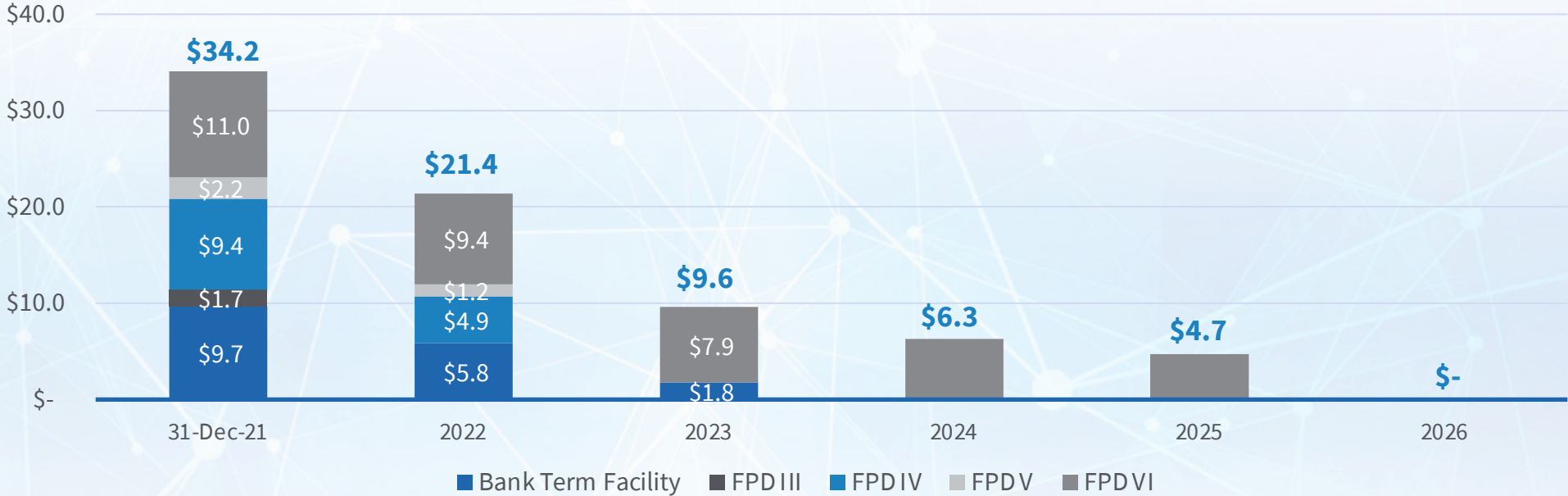


**Continued focus on debt repayment**



# Current Term Debt Maturity Profile

Outstanding term credit facility balances (millions)



**On track to zero debt by 2026**

# Environmental, Social & Governance



**17,232,433**

LB OF PAPER



**207,334**

STANDARD TREES REFORESTED

**Clear ESG strategy with sustainability at its core**

# Productivity Improvements

**\$14M**  
in annualized savings

Mississauga



Brampton

Edmonton



Calgary

Wellington/  
Etobicoke



Adelaide

Old Digital



New Digital

Multi Layer/  
Fewer Spans



Fewer Layers/  
Larger Spans

**Fully optimized footprint for future**



**James Lorimer**  
Chief Financial Officer



# First Quarter 2022 Financial Results

Quarter ended March 31, in millions

Selected financial information	Q1 2022	Q1 2021	Better/(Worse)
Revenues	\$69.3	\$62.4	+\$6.9
Gross profit	\$20.3	\$18.8	+\$1.5
<i>Gross profit % of revenues</i>	<b>29.3%</b>	<b>30.1%</b>	<b>-80 bps</b>
SG&A*	\$13.6	\$14.9	+\$1.3
Restructuring expenses	\$0.0	\$3.4	+\$3.4
EBITDA	<b>\$9.4</b>	<b>\$7.3</b>	<b>+\$2.1</b>
As percent of revenue	<b>13.6%</b>	<b>11.8%</b>	<b>+180 bps</b>
Adjusted EBITDA	<b>\$9.4</b>	<b>\$9.2</b>	<b>+\$0.2</b>
As percent of revenue	<b>11.9%</b>	<b>14.9%</b>	<b>-300 bps</b>

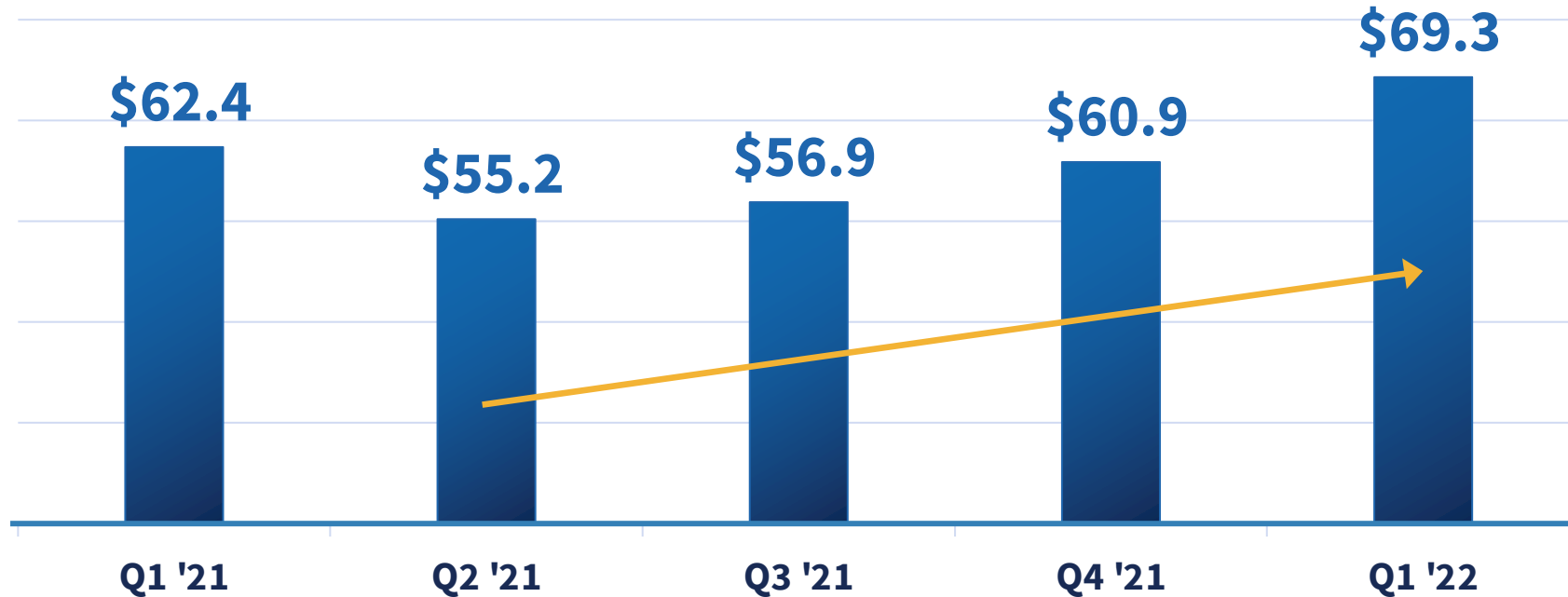
**EBITDA in Q1 2021 included \$1.9M of CEWS/CERS**

\* SG&A in Q1 2021 restated to reflect adoption of IAS 38, relating to amortization of ERP expenses.

\*\* Adjusted EBITDA is a non-GAAP measure. For a reconciliation of Adjusted EBITDA to net income see Appendix A.

# Continued Revenue Momentum in Q1 2022

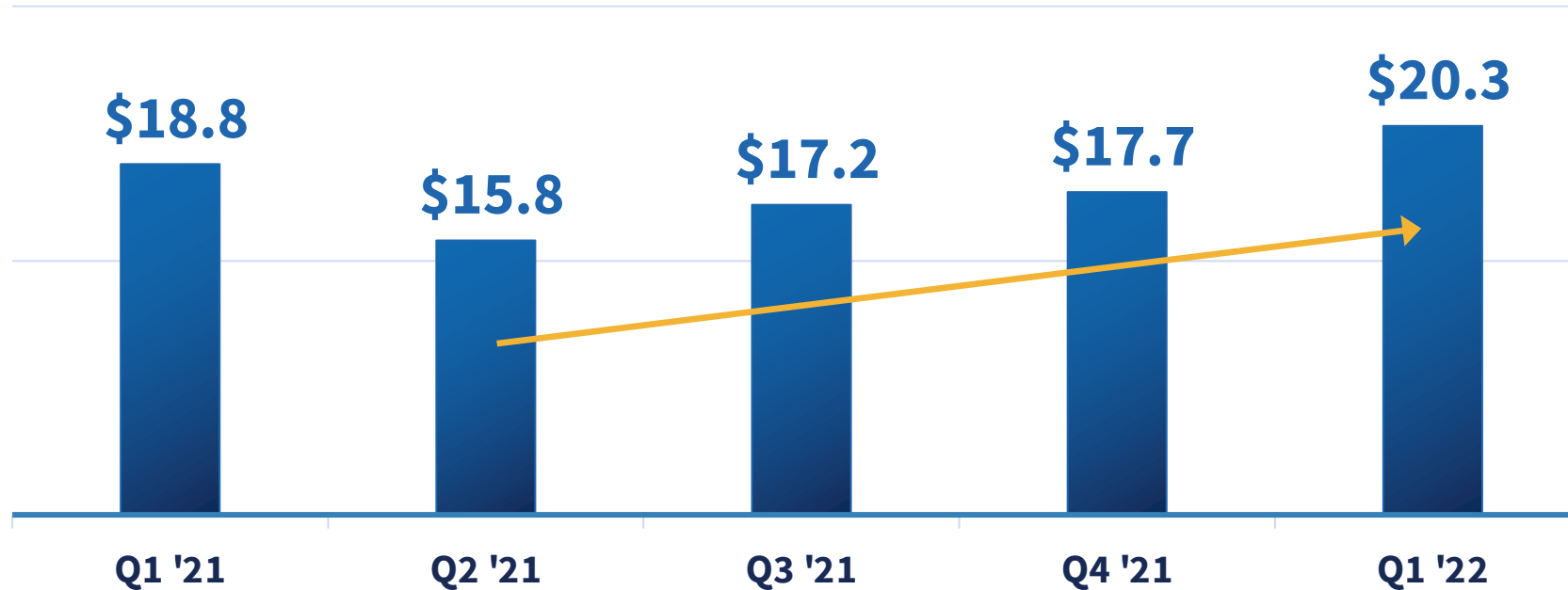
Quarterly Revenue (millions)



**Q1 2022 +11% y/y represents best comparative quarter since 2018**

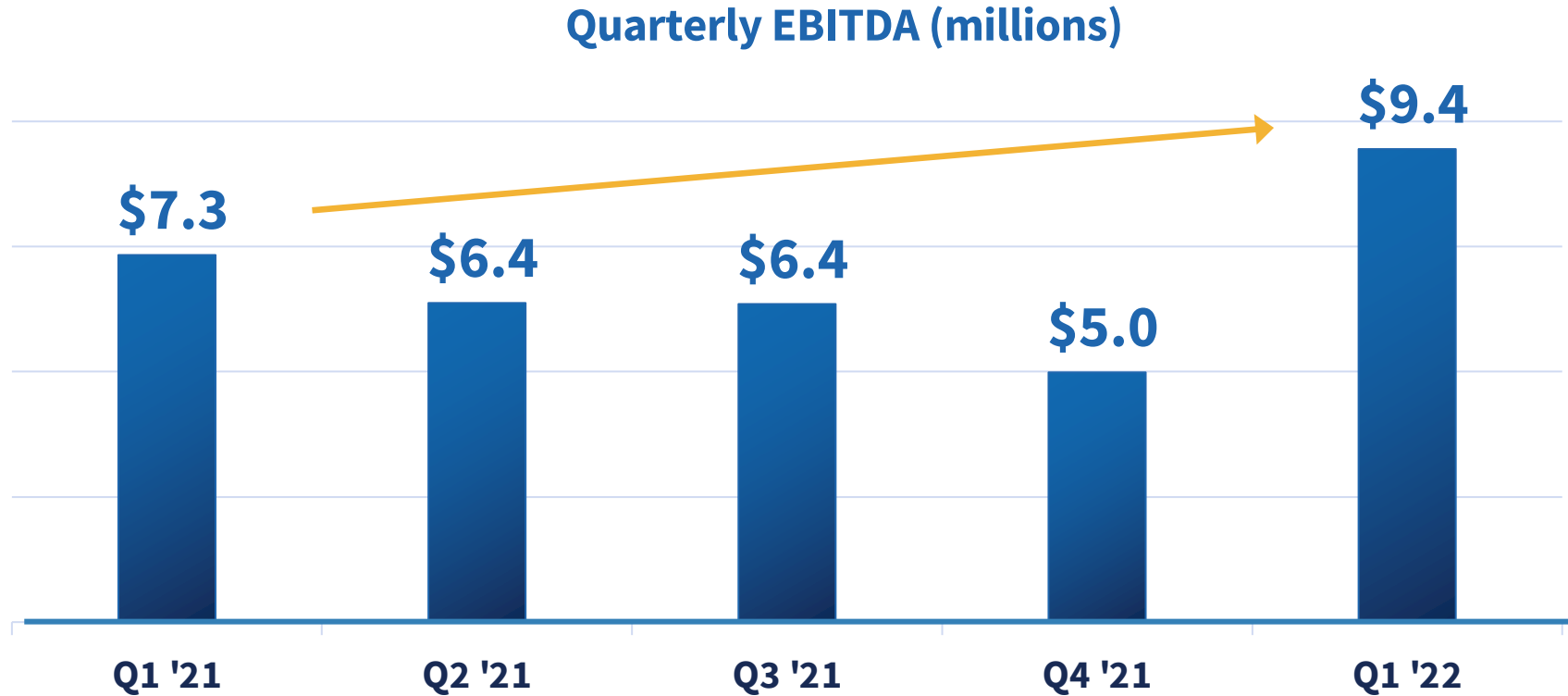
# Continued Gross Profit Momentum in Q1 2022

Quarterly Gross Profit (millions)



**Q1 2022 gross profit +8% vs. Q1 2021**

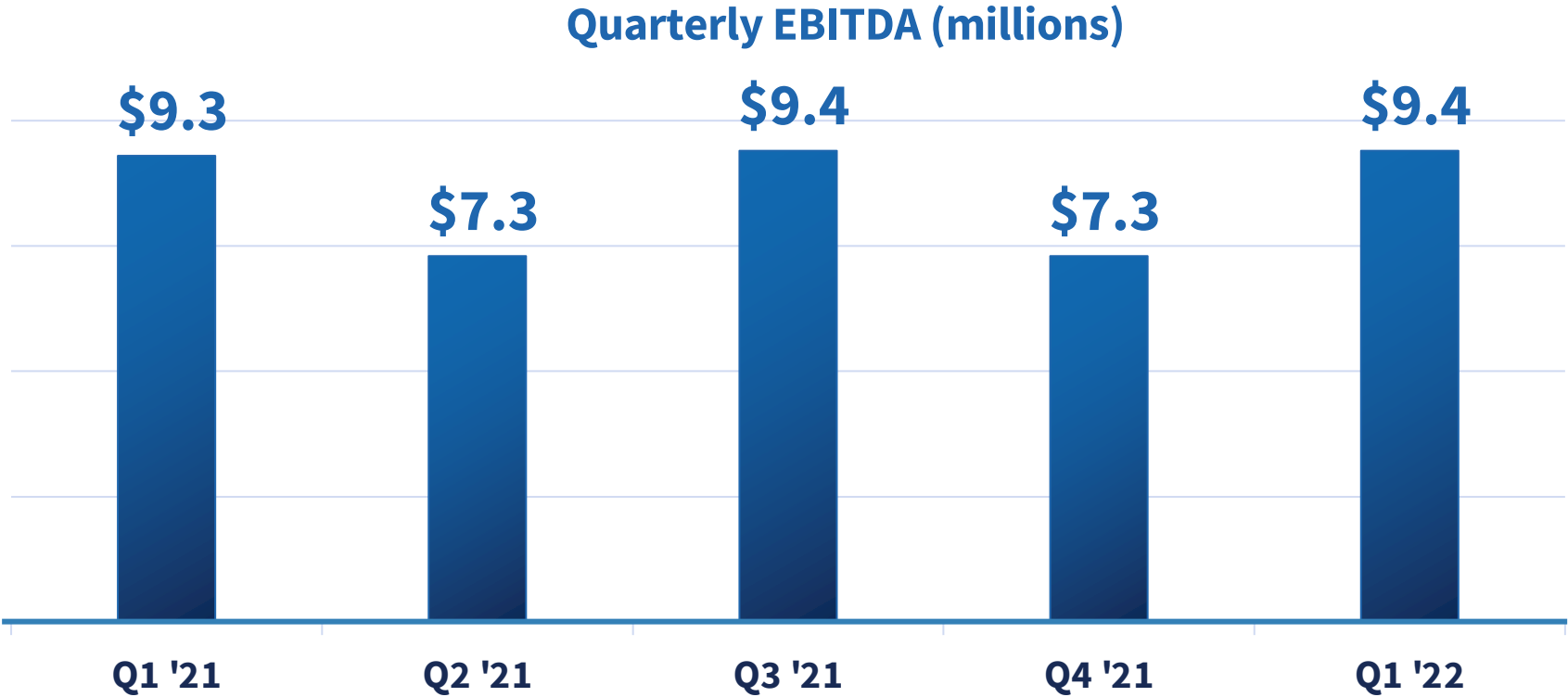
# Committed to “Clean” EBITDA Growth



**Q1 2022 EBITDA up ~30% vs. Q1 2021**



# Strong EBITDA in 2021 and on a Trailing Basis



**\$33.3M of Adjusted EBITDA in 2021 ~ \$33.4M on TTM basis**

# Momentum

# Digital Start-up With:



## Clients

- 250 enterprise clients
- +2,000 SME clients
- Penetration across 8 key verticals
- +60 commercial sales reps

## Capabilities

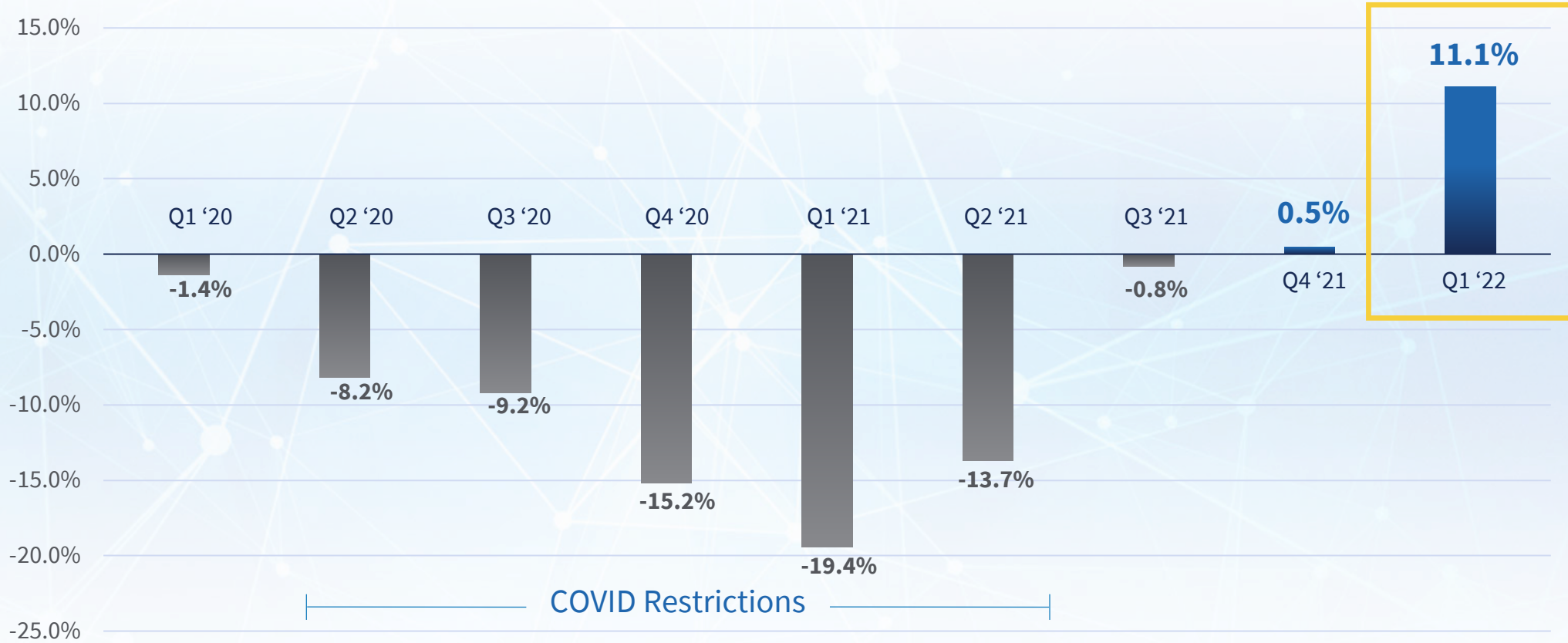
- +40 years managing digital assets
- Advanced tech-enabled workflow
- API architecture
- Significant install base of FLEX-enabled applications

## Cash flow

- \$235.3M revenue base in 2021
- \$26.5M of cash flow from operations in 2021, high cash flow conversion rate
- Strong and improving balance sheet

# Momentum Builds Momentum

## Revenue vs. Prior Year





# Better and Bigger Business



**Thank you**

# Contact Information

For more information, please visit [www.datacm.com](http://www.datacm.com) or reach out to:

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