



Q2 2022 Report to Shareholders

DATA Communications Management Corp.

DCM-TSX | DCMDF-OTCQX

August 10, 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.

Better and Bigger Business



The background is a dynamic, blue-toned digital environment. It features a perspective view of a tunnel or a path that recedes into the distance. The walls and floor of the tunnel are composed of many thin, parallel lines that create a sense of depth and motion. A bright, glowing light source is visible at the far end of the tunnel, casting a strong beam of light that illuminates the scene. The overall color palette is dominated by various shades of blue, from deep navy to bright cyan, with some white highlights from the light source.

Momentum

Bigger Business

Revenue

+23.4%

vs. Q2 2021

\$68.1M

vs. \$55.2M Q2 2021

+\$12.9M vs. prior year

Gross Profit

+30.0%

vs. Q2 2021

\$20.4M

vs. \$15.8M Q2 2021

30.0%

of Revenue

+\$4.6M vs. prior year

New Business Wins Year to Date

+\$22M

~100% of new business
“tech-enabled”



Financial services



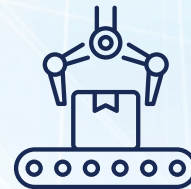
Healthcare



Regulated industries



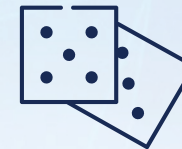
Retail



Manufacturing



Hospitality services



Lottery

Tech-enabled Subscription Services

\$2.4M
in Q2 2022

+112%
vs. Q2 2021

Accelerating monetization of our digital services

Better Business

SG&A

-3.8%

vs. Q2 2021

\$13.8M

vs. \$14.3M Q2 2021

20.2%

of Revenue

+23.4% higher revenues with decreased overhead

Employee Productivity

Headcount at End of Period



Revenue per Employee* (thousands)



Productivity per employee +35% over the last 5 years

* Revenue per Employee is a non-GAAP measure. Calculated as to: Revenue for the fiscal year, or trailing twelve-month (TTM) period, divided by total headcount at the end of such fiscal year (or twelve months ended as at June 30, 2022).

Restructuring Expenses



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

EBITDA

+48.7%

vs. Q2 2021

\$9.5M

vs. \$6.4M Q2 2021

Second quarter in a row with no restructuring / one-time add-backs

Net Income

+490%

vs. Q2 2021

\$3.8M

vs. \$0.6M Q2 2021

Year to date Net Income of \$7.5M

ESG Highlights

16
ESG



Committee members

from across DCM, with support from many others

2 years
of



2-year
engagement with



3 HFH build days
planned for 2022

Monthly DEI
communications
covering
10 key topics

Energy-efficient lighting
installation underway
for DCM's **5 largest**
facilities across Canada



Estimated greenhouse gas
emissions reduction
= **1,510 metric tons**

52 clients onboarded to
PrintReleaf program



332,796

trees reforested
globally via
PrintReleaf partnership



133
policies, plans
& procedures

NEW **investor relations microsite**
launched to support open and consistent communication





James Lorimer
Chief Financial Officer

Year to Date 2022 Financial Results

First half of year ended June 30, in millions

Selected financial information	1H 2022	1H 2021	+/-
Revenues	\$137.4	\$117.6	+\$19.8
Gross profit	\$40.8	\$34.6	+\$6.1
<i>Gross profit % of revenues</i>	29.7%	29.5%	+20 bps
SG&A*	\$27.4	\$29.2	-\$1.7
Restructuring expenses	\$0.0	\$4.3	-\$4.3
EBITDA	\$18.9	\$13.7	+\$5.2
EBITDA % of revenues	13.8%	11.7%	+210 bps
Adjusted EBITDA**	\$18.9	\$16.6	+\$2.3
Adj. EBITDA % of revenues	13.8%	14.1%	-30 bps

EBITDA in 1H 2021 included \$4.3M of CEWS/CERS

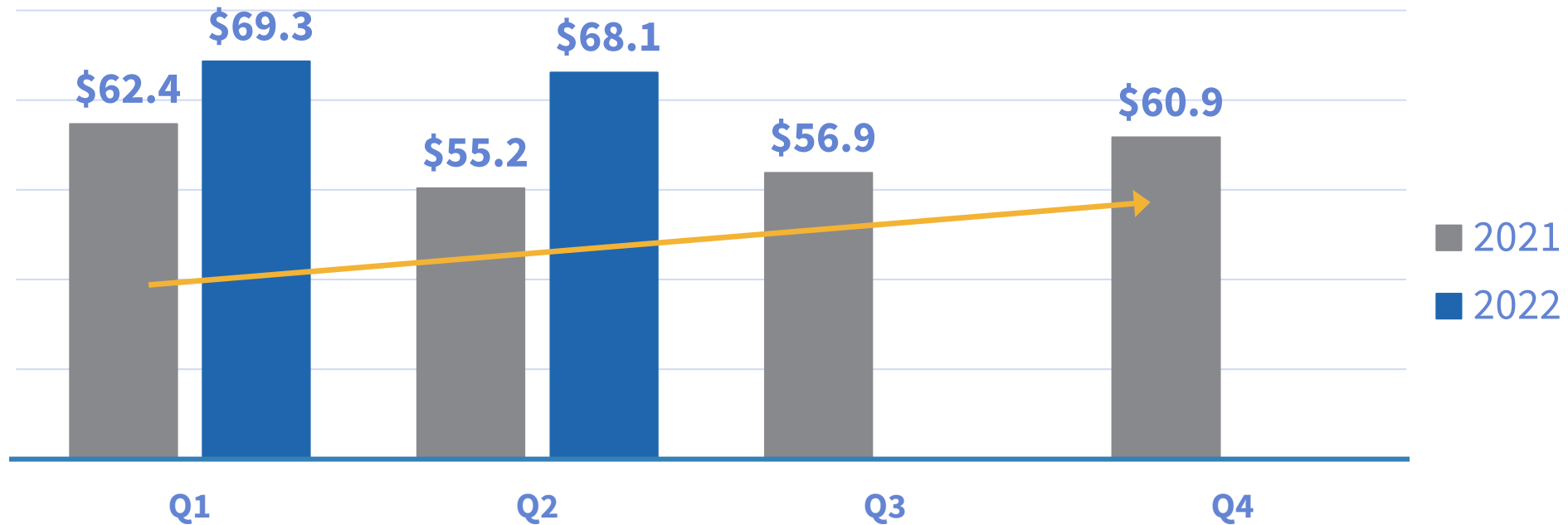
* SG&A in 1H 2021 restated to reflect adoption of IAS 38, relating to amortization of ERP expenses.

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

Continued Revenue Momentum in Q2 2022

First half revenue +17.0% vs. 2021

Quarterly Revenue (millions)

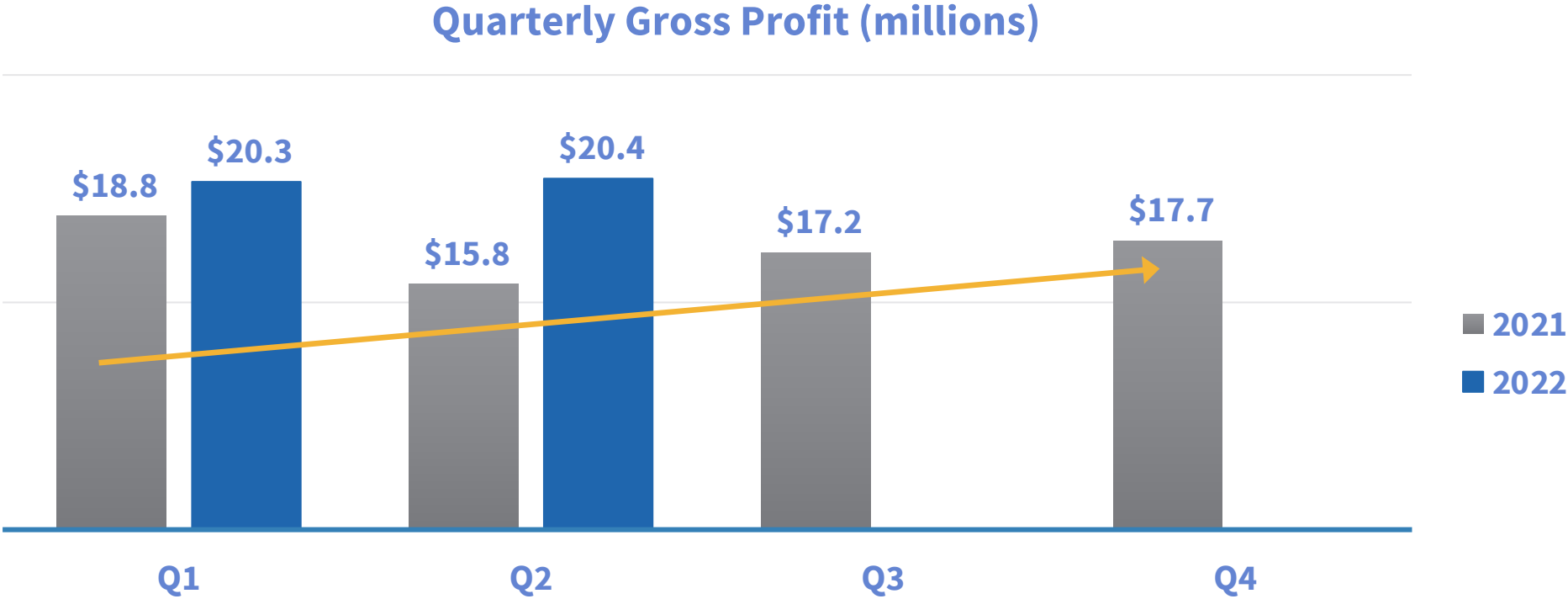


\$255.1M of TTM Revenue through Q2 2022 (vs. \$235.3M in fiscal 2021)

* TTM = Trailing twelve months through June 30, 2022

Continued Gross Profit Momentum in Q2 2022

First half gross profit +17.7% vs. 2021

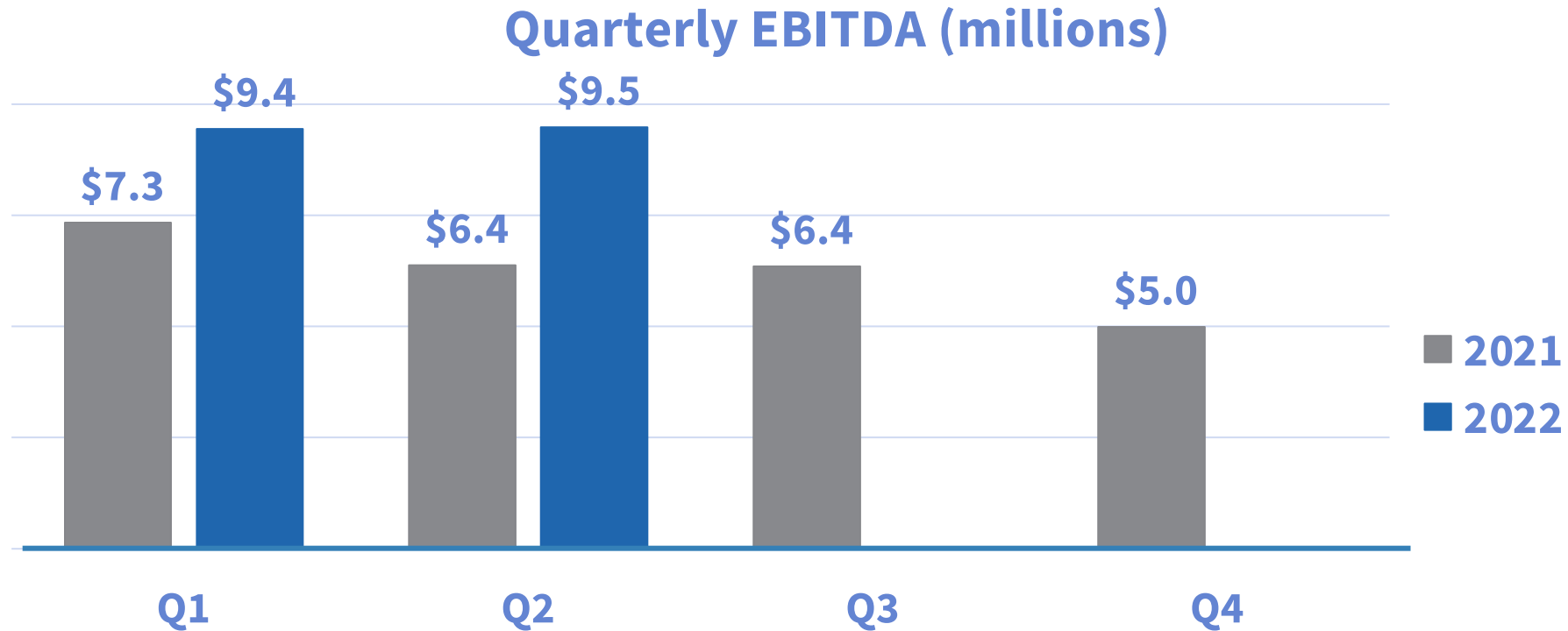


\$75.6M of TTM gross profit through Q2 2022 (vs. \$69.5M in fiscal 2021)

* TTM = Trailing twelve months through June 30, 2022

“Clean” EBITDA Momentum in Q2 2022

First half EBITDA +38.1% vs. 2021

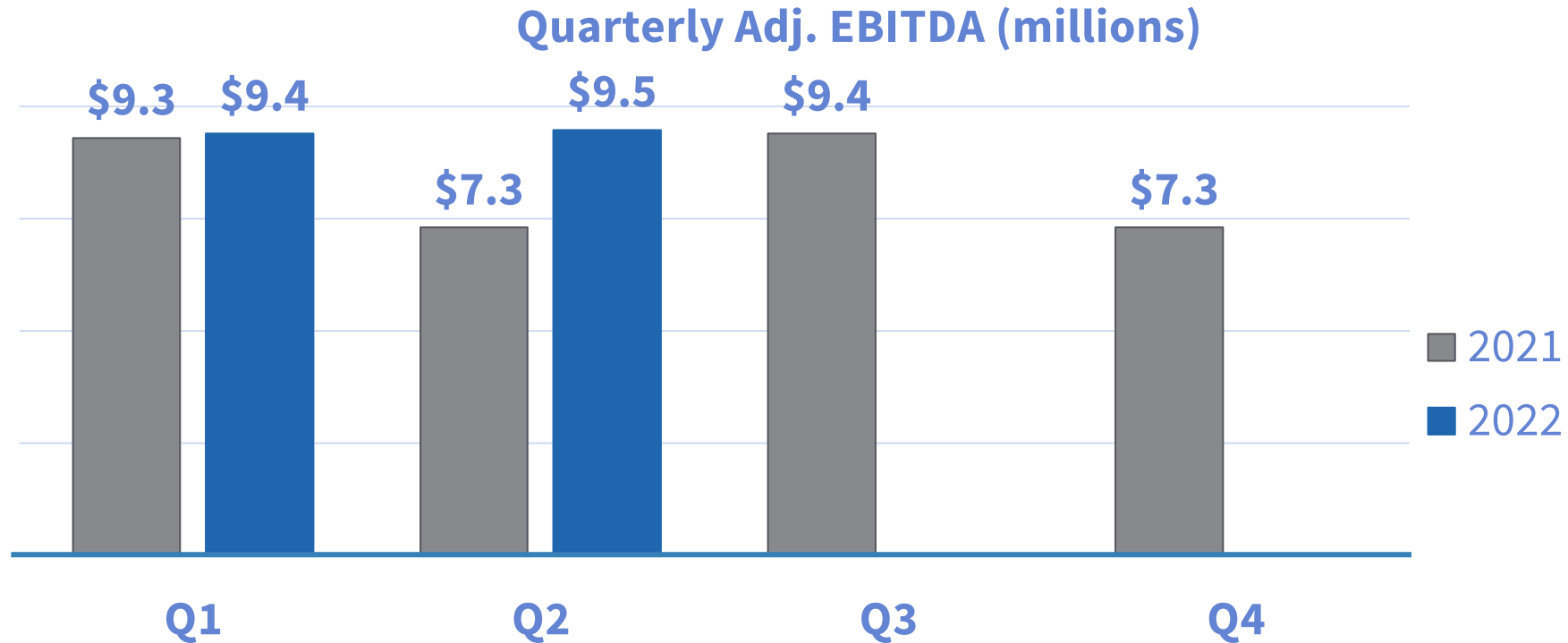


\$30.3M of TTM EBITDA through Q2 2022 (vs. \$25.0M in fiscal 2021)

* TTM = Trailing twelve months through June 30, 2022

Adjusted EBITDA Momentum through Q2 2022

First half Adj. EBITDA +14.2% vs. 2021

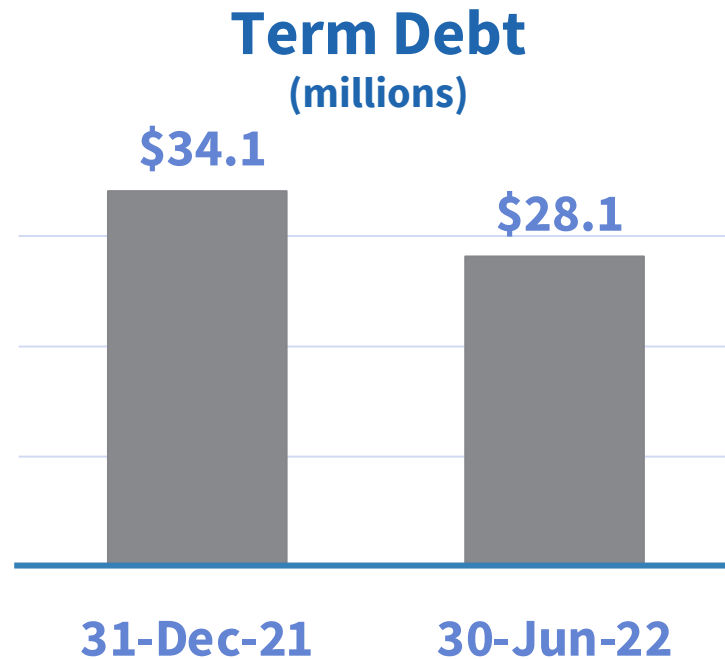


\$35.6M of Adjusted EBITDA on a TTM basis (vs. \$33.3M in fiscal 2021)

* TTM = Trailing twelve months through June 30, 2022

Continuing to Pay Down Fixed Term Debt

\$5.9M of Term Debt repaid in first half of 2022



-17.4% YTD reduction in fixed term, higher cost debt

Strong Momentum in 2022

Revenue

Gross Profit

Net Income

EBITDA

Q2 2022
vs. 2021

+23.4%

+29.0%

+490%

+48.7%

YTD 2022
vs. 2021

+16.8%

+17.4%

+212%

+38.1%

TTM 2022 run-rate
vs. fiscal 2021

+8.4%

+8.7%

+324%

+20.8%

A futuristic, blue-toned tunnel with light trails and a bright light source at the end. The tunnel walls are curved and feature glowing light trails that create a sense of motion and depth. A bright, elongated light source is visible at the far end of the tunnel, casting a strong glow. The overall atmosphere is high-tech and dynamic.

Momentum

Thank you

Contact Information

For more information, please visit www.datacm.com or reach out to:

Investor, media and corporate development inquiries

Richard Kellam

President & CEO

rkellam@datacm.com

+1 (416) 451-1117

James Lorimer

Chief Financial Officer

jlorimer@datacm.com

+1 (905) 494-4101

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Non-IFRS Measures

EBITDA and Adjusted EBITDA Reconciliation

For the periods ended June 30, 2022 and 2021				
<i>(in thousands of Canadian dollars, unaudited)</i>	April 1 to June 30, 2022	April 1 to June 30, 2021	January 1 to June 30, 2022	January 1 to June 30, 2021
		<i>(Restated)</i>		<i>(Restated)</i>
Net income for the period ⁽¹⁾	\$ 3,757	\$ 636	\$ 7,470	\$ 2,396
Interest expense, net	1,343	1,716	2,598	3,128
Amortization of transaction costs	86	176	173	321
Current income tax expense	1,522	1,126	2,660	1,672
Deferred income tax expense (recovery) ⁽¹⁾	(47)	(642)	440	(663)
Depreciation of property, plant and equipment	781	776	1,561	1,582
Amortization of intangible assets ⁽¹⁾	403	418	811	863
Depreciation of the ROU Asset	1,633	2,168	3,213	4,407
EBITDA	\$ 9,478	\$ 6,374	\$ 18,926	\$ 13,706
Restructuring expenses	—	918	—	4,325
Other income	—	—	—	(1,452)
Adjusted EBITDA	\$ 9,478	\$ 7,292	\$ 18,926	\$ 16,579

(1) SG&A and deferred income tax expense include the impact of the IFRS Interpretations Committee's agenda decision regarding configuration or customization costs in a cloud computing arrangement. Prior periods have been retrospectively restated to derecognize previously capitalized costs in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to note 3 of the condensed interim consolidated financial statements for the period ended June 30, 2022 for further details on the impact of the amended accounting standard.

Adjusted Net Income Reconciliation

For the periods ended June 30, 2022 and 2021 <i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>	April 1 to June 30, 2022	April 1 to June 30, 2021	January 1 to June 30, 2022	January 1 to June 30, 2021
		<i>(Restated)</i>		<i>(Restated)</i>
Net income for the period ⁽¹⁾	3,757	636	7,470	2,396
Restructuring expenses	—	918	—	4,325
Other income	—	—	—	(1,452)
Tax effect of the above adjustments	—	(235)	—	(735)
Adjusted net income	3,757	1,319	7,470	4,534
Adjusted net income per share, basic	0.09	0.03	0.17	0.10
Adjusted net income per share, diluted	0.08	0.03	0.16	0.10
Weighted average number of common shares outstanding, basic	44,062,831	43,926,019	44,062,831	43,926,019
Weighted average number of common shares outstanding, diluted	46,501,606	46,174,209	46,529,426	45,750,869
Number of common shares outstanding, basic	44,062,831	43,953,831	44,062,831	43,953,831
Number of common shares outstanding, diluted	46,501,606	45,768,784	46,529,426	46,186,871

(1) SG&A and deferred income tax expense include the impact of the IFRS Interpretations Committee's agenda decision regarding configuration or customization costs in a cloud computing arrangement. Prior periods have been retrospectively restated to derecognize previously capitalized costs in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Refer to note 3 of the condensed interim consolidated financial statements for the period ended June 30, 2022 for further details on the impact of the amended accounting standard.