



For Immediate Release

## DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES FISCAL 2022 AND FOURTH QUARTER 2022 FINANCIAL RESULTS

**Brampton, Ontario – March 21, 2023** – DATA Communications Management Corp. (TSX: DCM; OTCQX: DCMDF) (“DCM” or the “Company”), a provider of marketing and business communication solutions to companies across North America, is pleased to report continued momentum in the fourth quarter of 2022 with revenue up +20.0%, gross profit up +33.0%, and EBITDA<sup>1</sup> up +89.9%, compared to the fourth quarter of 2021, respectively. For the year ended December 31, 2022, revenue is up +16.3%, gross profit is up +21.1%, net income is up +792.4%, and EBITDA is up +45.3%, compared to 2021, respectively. Revenue growth has been driven by a combination of expansion revenue with existing clients, and new business wins. Gross margin growth exceeded revenue growth, reflecting the Company’s commitment to operational success and driving higher levels of net income.

### FISCAL 2022 AND FOURTH QUARTER 2022 HIGHLIGHTS - BUILDING A BIGGER BUSINESS

- Revenue for fiscal 2022 was up +16.3%, or +\$38.5 million, vs. 2021 (YA), for total revenues of \$273.8 million;
  - Gross profit accelerated +21.1%, or +\$14.7 million, vs. YA to \$84.2 million;
  - Gross profit as a percentage of revenues grew +1.3 percentage points to 30.8%, vs. 29.5% YA;
  - Net income was up +792.4%, or +\$12.4 million, vs. YA to \$14.0 million;
  - EBITDA grew +45.3%, or +\$11.3 million, vs. YA to \$36.4 million;
  - No restructuring expenses or any other “adjustments” or one-time costs, other than one-time add backs of \$1.9 million in Q4 for costs related to the planned acquisition of RRD Canada;
  - Total debt lower by 26%, or -\$9.7 million, vs. year end 2021 to \$27.3 million;
  - Basic and diluted EPS of \$0.32 and \$0.30, respectively, compared with \$0.04 and \$0.03, respectively, in fiscal 2021.
- 
- Revenue for the fourth quarter of 2022 was up +20.0%, or +\$12.2 million, vs. Q4 2021, for total revenues of \$73.0 million;
  - Gross profit accelerated +33.0%, or +\$5.8 million, vs. Q4 2021 to \$23.6 million;
  - Gross profit as a percentage of revenues grew +3.1 percentage points to 32.2%, vs. Q4 2021;
  - EBITDA grew +89.9%, or +\$4.5 million, vs. Q4 2021 to \$9.5 million;
  - Basic and diluted EPS of \$0.08 compared with \$(0.04) in Q4 2021.

---

<sup>1</sup> **Note:** EBITDA and Adjusted EBITDA are not earnings measures recognized by International Financial Reporting Standards (IFRS), do not have any standardized meanings prescribed by IFRS and might not be comparable to similar financial measures disclosed by other issuers. EBITDA and Adjusted EBITDA should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DCM’s performance. For a description of the composition of EBITDA and Adjusted EBITDA, why we believe such measures are useful to investors and how we use those measures in our business, together with a quantitative reconciliation of net income (loss) to EBITDA and Adjusted EBITDA, respectively, see the information under the heading “Non-IFRS Measures” and Table 3 of DCM’s management’s discussion and analysis (MD&A) dated **March 21, 2023** for the period ended December 31, 2022.

## 2022 OPERATIONAL HIGHLIGHTS – BUILDING A BETTER BUSINESS

- We are pleased to announce the planned acquisition of the Canadian operations of R.R. Donnelley & Sons (“RRD Canada”);
- Successfully onboarded 35 new enterprise clients in fiscal 2022;
- We completed our second “Voice of the Customer” survey, and our Apex Score measuring overall client engagement was up 14% from a year ago;
- We completed our third employee engagement survey in the past year, and our Gallup scores for “mean engagement levels” are up 8%, while our overall percentile ranking grew 18 points;
- With regards to our sustainability initiatives, we are pleased to report we have reforested almost 700,000 trees in connection with our PrintReleaf initiative, offsetting one hundred percent of our clients’ paper usage;
- Productivity improvements continued, with revenue per associate reaching our year-end target of \$300,000, up a full +18% compared to year end 2021.

## MANAGEMENT COMMENTARY

"We are pleased to report on our success in 2022, which demonstrates our continued progress building both a better and a bigger business. With our recent announcement of the planned acquisition of RRD Canada, we believe we are well-positioned to further accelerate our positive momentum," says Richard Kellam, CEO and President of DCM.

"We are confident that RRD Canada will be an excellent strategic fit with our business and that the acquisition will enable us to better serve our customers by adding new capabilities to our existing offerings and accelerating our speed to market for new innovations. Importantly, we believe that combining DCM and RRD Canada will better position our business for sustainable and long-term success serving customers across North America. We believe the transaction also represents a compelling strategic opportunity for shareholders, as we expect the combined company to benefit from accelerated sales growth, reduced costs, enhanced financial performance, further operational efficiencies, and ultimately value creation."

"I would like to thank the entire DCM team for a strong finish to 2022, and a special thanks to the team’s continued, relentless focus on building both a better and a bigger business. Results like these only come when everyone is moving forward together. We look forward to reporting on continued positive momentum through fiscal 2023."

## FISCAL 2022 AND FOURTH QUARTER 2022 EARNINGS CALL

The Company will host a conference call and webcast on Wednesday, March 22, 2023, at 9.00 a.m. Eastern time. Mr. Kellam, and James Lorimer, CFO, will present the fiscal 2022 and fourth quarter 2022 results followed by a live Q&A period.

Instructions on how to access both the webcast and telephone call are available below. For those unable to join live, a replay of the webcast will be available on the DCM Investor Relations page.

DCM will be using Microsoft Teams to broadcast our earnings call, which will be accessible via the options below:

[Click here to join the meeting](#)

Meeting ID: 262 426 723 179

Passcode: vg8BJ8

**Or call in (audio only)**

[+1 647-749-9154](tel:+16477499154), [998937139#](tel:+1998937139) Canada, Toronto

Phone Conference ID: 998 937 139#

The Company's full results will be posted on its Investor Relations page and on www.sedar.com. A video message from Mr. Kellam will also be posted on the Company's website.

**TABLE 1** The following table sets out selected historical consolidated financial information for the periods noted.

| <b>For the periods ended December 31, 2022 and 2021</b>                                  | <b>October 1 to<br/>December 31,<br/>2022</b> | October 1 to<br>December 31,<br>2021 | <b>January 1 to<br/>December 31,<br/>2022</b> | January 1 to<br>December 31,<br>2021 |
|--|---|--------------------------------------|---|--------------------------------------|
| <i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i> |   |                                      |   |                                      |
| <b>Revenues</b>  | <b>\$ 73,045</b>                              | \$ 60,871                            | <b>\$ 273,804</b>                             | \$ 235,331                           |
| <b>Gross profit</b>  | <b>23,554</b>                                 | 17,713                               | <b>84,224</b>                                 | 69,535                               |
| <b>Gross profit, as a percentage of revenues</b>   | <b>32.2 %</b>                                 | 29.1 %                               | <b>30.8 %</b>                                 | 29.5 %                               |
| <b>Selling, general and administrative expenses</b>                                      | <b>14,861</b>                                 | 15,431                               | <b>57,150</b>                                 | 55,957                               |
| As a percentage of revenues  | <b>20.3 %</b>                                 | 25.4 %                               | <b>20.9 %</b>                                 | 23.8 %                               |
| <b>Adjusted EBITDA</b>   | <b>11,340</b>                                 | 7,270                                | <b>38,254</b>                                 | 33,286                               |
| As a percentage of revenues  | <b>15.5 %</b>                                 | 11.9 %                               | <b>14.0 %</b>                                 | 14.1 %                               |
| <b>Net income for the period</b>   | <b>3,680</b>                                  | (1,857)                              | <b>13,966</b>                                 | 1,565                                |
| <b>Adjusted net income</b>   | <b>5,077</b>                                  | (200)                                | <b>15,363</b>                                 | 7,684                                |
| As a percentage of revenues  | <b>7.0 %</b>                                  | (0.3)%                               | <b>5.6 %</b>                                  | 3.3 %                                |
| <b>Basic earnings per share</b>  | <b>\$ 0.08</b>                                | \$ (0.04)                            | <b>\$ 0.32</b>                                | \$ 0.04                              |
| <b>Diluted earnings per share</b>  | <b>\$ 0.08</b>                                | \$ (0.04)                            | <b>\$ 0.30</b>                                | \$ 0.03                              |
| <b>Weighted average number of common shares outstanding, basic</b>                       | <b>44,062,831</b>                             | 44,062,831                           | <b>44,062,831</b>                             | 43,993,494                           |
| <b>Weighted average number of common shares outstanding, diluted</b>                     | <b>46,796,407</b>                             | 46,439,445                           | <b>46,572,066</b>                             | 46,136,507                           |

**TABLE 2** The following table provides reconciliations of net income to EBITDA and of net income to Adjusted EBITDA for the periods noted.

**EBITDA and Adjusted EBITDA reconciliation**

| <b>For the periods ended December 31, 2022 and 2021</b><br><i>(in thousands of Canadian dollars, unaudited)</i> | <b>October 1 to<br/>December 31,<br/>2022</b> | October 1 to<br>December 31,<br>2021 | <b>January 1 to<br/>December 31,<br/>2022</b> | January 1 to<br>December 31,<br>2021 |
|---|---|--------------------------------------|---|--------------------------------------|
| Net income for the period   | \$ 3,680                                      | \$ (1,857)                           | \$ 13,966                                     | \$ 1,565                             |
| Interest expense, net   | 1,134   | 1,124                                | 4,965   | 5,839                                |
| Debt modification losses and prepayment fees  | —   | 473                                  | —   | 473                                  |
| Amortization of transaction costs   | 87  | 503                                  | 344   | 941                                  |
| Current income tax expense  | 1,653   | 183                                  | 5,456   | 2,238                                |
| Deferred income tax expense (recovery)  | 269   | (371)                                | 473   | (1,159)                              |
| Depreciation of property, plant and equipment   | 644   | 731                                  | 2,965   | 3,133                                |
| Amortization of intangible assets   | 393   | 2,282                                | 1,606   | 3,589                                |
| Depreciation of the ROU Asset   | 1,610   | 1,920                                | 6,609   | 8,428                                |
| <b>EBITDA</b>   | <b>\$ 9,470</b>                               | <b>\$ 4,988</b>                      | <b>\$ 36,384</b>                              | <b>\$ 25,047</b>                     |
| Acquisition costs   | 1,870   | —                                    | 1,870   | —                                    |
| Restructuring expenses  | —   | 2,282                                | —   | 9,691                                |
| Other income  | —   | —                                    | —   | (1,452)                              |
| <b>Adjusted EBITDA</b>  | <b>\$ 11,340</b>                              | <b>\$ 7,270</b>                      | <b>\$ 38,254</b>                              | <b>\$ 33,286</b>                     |

**TABLE 3** The following table provides reconciliations of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income per share for the periods noted.

**Adjusted net income reconciliation**

| <b>For the periods ended December 31, 2022 and 2021</b><br><i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i> | <b>October 1 to<br/>December 31,<br/>2022</b> | October 1 to<br>December 31,<br>2021 | <b>January 1 to<br/>December 31,<br/>2022</b> | January 1 to<br>December 31,<br>2021 |
|---|---|--------------------------------------|---|--------------------------------------|
| Net income (loss) for the period  | \$ 3,680                                      | \$ (1,857)                           | \$ 13,966                                     | \$ 1,565                             |
| Acquisition costs   | 1,870   | —                                    | 1,870   | —                                    |
| Restructuring expenses  | —   | 2,282                                | —   | 9,691                                |
| Other income  | —   | —                                    | —   | (1,452)                              |
| Tax effect of the above adjustments   | (473)   | (625)                                | (473)   | (2,120)                              |
| <b>Adjusted net income (loss)</b>   | <b>\$ 5,077</b>                               | <b>\$ (200)</b>                      | <b>\$ 15,363</b>                              | <b>\$ 7,684</b>                      |
| <b>Adjusted net income per share, basic</b>   | <b>\$ 0.12</b>                                | <b>\$ 0.00</b>                       | <b>\$ 0.35</b>                                | <b>\$ 0.17</b>                       |
| <b>Adjusted net income per share, diluted</b>   | <b>\$ 0.11</b>                                | <b>\$ 0.00</b>                       | <b>\$ 0.33</b>                                | <b>\$ 0.17</b>                       |
| <b>Weighted average number of common shares outstanding, basic</b>  | <b>44,062,831</b>                             | 44,062,831                           | <b>44,062,831</b>                             | 43,993,494                           |
| <b>Weighted average number of common shares outstanding, diluted</b>  | <b>46,796,407</b>                             | 46,439,445                           | <b>46,572,066</b>                             | 46,136,507                           |

## About DATA Communications Management Corp.

DCM is a marketing and business communications partner that helps companies simplify the complex ways they communicate and operate, so they can accomplish more with fewer steps and less effort. For over 60 years, DCM has been serving major brands in vertical markets including financial services, retail, healthcare, energy, other regulated industries, and the public sector. We integrate seamlessly into our clients' businesses thanks to our deep understanding of their needs, transformative tech-enabled solutions, and end-to-end service offering. Whether we're running technology platforms, sending marketing messages, or managing print workflows, our goal is to make everything surprisingly simple.

Additional information relating to DATA Communications Management Corp. is available on [www.datacm.com](http://www.datacm.com), and in the disclosure documents filed by DATA Communications Management Corp. on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

-- 30 --

### For further information, contact

Mr. Richard Kellam  
President and Chief Executive Officer

DATA Communications Management Corp.  
Tel: (905) 791-3151

Mr. James E. Lorimer  
Chief Financial Officer

DATA Communications Management Corp.  
Tel: (905) 791-3151  
[ir@datacm.com](mailto:ir@datacm.com)

## FORWARD-LOOKING STATEMENTS

Certain statements in this press release 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 press release, 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 press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance, objectives or achievements of DCM to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that DCM made or took into account in the preparation of these forward-looking statements include: there is limited growth in the traditional printing business, which may impact our ability to grow our sales or even maintain historical levels of sales of printed business communications documents; increases in the cost of, and supply constraints related to, paper, ink and other raw material inputs used by DCM, as well as increases in freight costs, may adversely impact the availability of raw materials and our production, revenues and profitability; our ability to continue as a going concern is dependent upon management's ability to meet forecast revenue and profitability targets for at least the next twelve months in order to comply with our financial covenants under its credit facilities or to obtain financial covenant waivers from our lenders if necessary; we may not be successful in obtaining capital to fund our business plans on satisfactory terms (or at all), including, without, limitation, with respect to investments in digital innovation (such as the

development and successful marketing and sale of new digital capabilities), capital expenditures, and potential acquisitions; all of our outstanding indebtedness under our bank credit facility is subject to floating interest rates, and therefore is subject to fluctuations in interest rates; our credit agreements governing our senior indebtedness contain numerous restrictive covenants that limit us with respect to certain business matters, including, without limitation, our ability to incur additional indebtedness, re-pay certain indebtedness, pay dividends, make investments, sell or otherwise dispose of assets and merge or consolidate with another entity; we may not be able to successfully implement our digital growth strategy on a timely basis or at all; competition from competitors supplying similar products and services, some of whom have greater economic resources than us and are well-established suppliers; and our operating results are sensitive to economic conditions, which can have a significant impact on us, and uncertain economic conditions may have a material adverse effect on our business, results of operations and financial condition, including, without limitation, our ability to realize the benefits expected from restructuring and business reorganization initiatives, reducing costs, and reducing and paying our long-term debt; the ability of DCM to obtain the applicable regulatory approvals of the acquisition; the ability of the combined company to realize anticipated benefits from the combination of DCM and RRD Canada; the ability of DCM to complete the proposed sales and leasebacks of certain properties'; and our success in integrating RRD Canada. Additional factors are discussed elsewhere in this press release and under the headings "Liquidity and capital resources" and "Risks and Uncertainties" in DCM's management's discussion and analysis and in DCM's other publicly available disclosure documents, as filed by DCM on SEDAR ([www.sedar.com](http://www.sedar.com)). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, DCM does not intend and does not assume any obligation to update these forward-looking statements.

## **NON-IFRS MEASURES**

This press release includes certain non-IFRS measures as supplementary information. Except as otherwise noted, when used in this press release, EBITDA means earnings before interest and finance costs, taxes, depreciation and amortization and Adjusted EBITDA means EBITDA adjusted for restructuring expenses, and one-time business reorganization costs. Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, onetime business reorganization costs, and the tax effects of those items. Adjusted net income (loss) per share (basic and diluted) is calculated by dividing Adjusted net income (loss) for the period by the weighted average number of common shares of DCM (basic and diluted) outstanding during the period. Adjusted EBITDA as a percentage of revenues means Adjusted EBITDA divided by revenues and Adjusted net income (loss) as a percentage of revenues means adjusted net income (loss) divided by revenue, in each case for the same period. In addition to net income (loss), DCM uses non-IFRS measures and ratios, including Adjusted net income (loss), Adjusted net income (loss) per share, Adjusted net income (loss) as a percentage of revenues, EBITDA, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues to provide investors with supplemental measures of DCM's operating performance and thus highlight trends in its core 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 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. Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA 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 net income (loss) to EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA, see Table 3 in the most recent Management's Discussion & Analysis filed on [www.sedar.com](http://www.sedar.com). For a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 4 in the Company's most recent Management's Discussion & Analysis filed on [www.sedar.com](http://www.sedar.com).

## Consolidated statements of financial position

(in thousands of Canadian dollars, unaudited)

|   | December 31, 2022 |           | December 31, 2021 |
|---|-------------------|-----------|-------------------|
|   | \$                |           | \$                |
| <b>Assets</b>                             |                   |           |                   |
| Current assets                            |                   |           |                   |
| Cash and cash equivalents                 | \$ 4,208          | \$        | 901               |
| Trade receivables                         | 54,630            |           | 51,567            |
| Inventories                               | 20,220            |           | 12,133            |
| Prepaid expenses and other current assets | 2,984             |           | 2,580             |
| Income taxes receivable                   | 15                |           | 860               |
|   | <u>82,057</u>     |           | <u>68,041</u>     |
| Non-current assets                        |                   |           |                   |
| Other non-current assets                  | 466               |           | 625               |
| Deferred income tax assets                | 4,830             |           | 5,465             |
| Restricted cash                           | —                 |           | 515               |
| Property, plant and equipment             | 6,779             |           | 8,416             |
| Right-of-use assets                       | 33,505            |           | 33,476            |
| Pension assets                            | 2,364             |           | 2,531             |
| Intangible assets                         | 2,507             |           | 4,042             |
| Goodwill                                  | 16,973            |           | 16,973            |
|   | <u>\$ 149,481</u> | <u>\$</u> | <u>140,084</u>    |
| <b>Liabilities</b>                        |                   |           |                   |
| Current liabilities                       |                   |           |                   |
| Trade payables and accrued liabilities    | \$ 44,133         | \$        | 37,589            |
| Current portion of credit facilities      | 11,667            |           | 11,743            |
| Current portion of lease liabilities      | 6,791             |           | 6,123             |
| Provisions                                | 1,316             |           | 3,280             |
| Income taxes payable                      | 1,630             |           | 841               |
| Deferred revenue                          | 3,942             |           | 3,269             |
|   | <u>69,479</u>     |           | <u>62,845</u>     |
| Non-current liabilities                   |                   |           |                   |
| Provisions                                | —                 |           | 1,196             |
| Credit facilities                         | 15,380            |           | 24,556            |
| Lease liabilities                         | 33,011            |           | 32,976            |
| Pension obligations                       | 6,069             |           | 7,499             |
| Other post-employment benefit plans       | 2,695             |           | 2,971             |
|   | <u>\$ 126,634</u> | <u>\$</u> | <u>132,043</u>    |
| <b>Equity</b>                             |                   |           |                   |
| Shareholders' equity                      |                   |           |                   |
| Shares                                    | \$ 256,478        | \$        | 256,478           |
| Warrants                                  | 869               |           | 881               |
| Contributed surplus                       | 3,131             |           | 2,791             |
| Translation Reserve                       | 207               |           | 173               |
| Deficit                                   | (237,838)         |           | (252,282)         |
|   | <u>\$ 22,847</u>  | <u>\$</u> | <u>8,041</u>      |
|   | <u>\$ 149,481</u> | <u>\$</u> | <u>140,084</u>    |

## Consolidated statements of operations

(in thousands of Canadian dollars, except per share amounts, unaudited)

|   | For the three months<br>ended December 31,<br>2022 | For the three months<br>ended December 31,<br>2021 |
|---|--|--|
|   | \$   | \$   |
| <b>Revenues</b>   | <b>\$ 73,045</b>                                   | <b>\$ 60,871</b>                                   |
| <b>Cost of revenues</b>   | <b>49,491</b>                                      | <b>43,158</b>                                      |
| <b>Gross profit</b>   | <b>23,554</b>                                      | <b>17,713</b>                                      |
| <b>Expenses</b>   |  |  |
| Selling, commissions and expenses                                 | 7,731  | 6,569  |
| General and administration expenses                               | 7,130  | 8,862  |
| Restructuring expenses  | —  | 2,282  |
| Acquisition costs   | 1,870  | —  |
|   | <b>16,731</b>                                      | <b>17,713</b>                                      |
| <b>Income before finance costs, other income and income taxes</b> | <b>6,823</b>                                       | <b>—</b>   |
| <b>Finance costs</b>  |  |  |
| Interest expense on long term debt and pensions, net              | 596  | 1,124  |
| Interest expense on lease liabilities                             | 538  | 473  |
| Amortization of transaction costs                                 | 87   | 503  |
|   | <b>1,221</b>                                       | <b>2,100</b>                                       |
| <b>Other income</b>   |  |  |
| Government grant income   | —  | 55   |
| <b>Income (loss) before income taxes</b>                          | <b>5,602</b>                                       | <b>(2,045)</b>                                     |
| <b>Income tax expense</b>   |  |  |
| Current   | 1,653  | 183  |
| Deferred  | 269  | (371)  |
|   | <b>1,922</b>                                       | <b>(188)</b>                                       |
| <b>Net Income (loss) for the period</b>                           | <b>\$ 3,680</b>                                    | <b>\$ (1,857)</b>                                  |



## Consolidated statements of operations

(in thousands of Canadian dollars, except per share amounts, unaudited)

For the year ended  
December 31, 2022

For the year ended  
December 31, 2021

|   | \$                | \$         |
|---|-------------------|------------|
| <b>Revenues</b>   | <b>\$ 273,804</b> | \$ 235,331 |
| <b>Cost of revenues</b>   | <b>189,580</b>    | 165,796    |
| <b>Gross profit</b>   | <b>84,224</b>     | 69,535     |
| <b>Expenses</b>   |                   |            |
| Selling, commissions and expenses   | 29,198            | 24,888     |
| General and administration expenses   | 27,952            | 31,069     |
| Restructuring expenses  | —                 | 9,691      |
| Acquisition costs   | 1,870             | —          |
|   | <b>59,020</b>     | 65,648     |
| <b>Income before finance costs, other income and income taxes</b>           | <b>25,204</b>     | 3,887      |
| <b>Finance costs</b>  |                   |            |
| Interest expense on long term debt and pensions, net                        | 2,742             | 3,318      |
| Interest expense on lease liabilities                                       | 2,223             | 2,521      |
| Debt modification losses and prepayment fees                                | —                 | 473        |
| Amortization of transaction costs   | 344               | 941        |
|   | <b>5,309</b>      | 7,253      |
| <b>Other income</b>   |                   |            |
| Government grant income   | —                 | 4,558      |
| Other income  | —                 | 1,452      |
| <b>Income before income taxes</b>   | <b>19,895</b>     | 2,644      |
| <b>Income tax expense</b>   |                   |            |
| Current   | 5,456             | 2,238      |
| Deferred  | 473               | (1,159)    |
|   | <b>5,929</b>      | 1,079      |
| <b>Net income for the period</b>  | <b>\$ 13,966</b>  | \$ 1,565   |
| <b>Other comprehensive income:</b>  |                   |            |
| <b>Items that may be reclassified subsequently to net income</b>            |                   |            |
| Foreign currency translation  | 34                | (19)       |
|   | <b>34</b>         | (19)       |
| <b>Items that will not be reclassified to net income</b>                    |                   |            |
| Re-measurements of pension and other post-employment benefit obligations    | 640               | 2,643      |
| Taxes related to pension and other post-employment benefit adjustment above | (162)             | (648)      |
|   | <b>478</b>        | 1,995      |
| <b>Other comprehensive income for the period, net of tax</b>                | <b>\$ 512</b>     | \$ 1,976   |
| <b>Comprehensive income for the period</b>                                  | <b>\$ 14,478</b>  | \$ 3,541   |
| <b>Basic earnings per share</b>   | <b>\$ 0.32</b>    | \$ 0.04    |
| <b>Diluted earnings per share</b>   | <b>\$ 0.30</b>    | \$ 0.03    |

## Consolidated statements of cash flows

(in thousands of Canadian dollars, unaudited)

|  | For the year ended<br>December 31, 2022 |                 | For the year ended<br>December 31, 2021 |                 |
|--|---|-----------------|---|-----------------|
|  | \$                                      |                 | \$                                      |                 |
| <b>Cash provided by (used in)</b>  |   |                 |   |                 |
| <b>Operating activities</b>  |   |                 |   |                 |
| Net income for the year  | \$                                      | 13,966          | \$                                      | 1,565           |
| Items not affecting cash   |   |                 |   |                 |
| Depreciation of property, plant and equipment  |   | 2,965           |   | 3,133           |
| Amortization of intangible assets  |   | 1,606           |   | 3,589           |
| Depreciation of right-of-use-assets  |   | 6,609           |   | 8,428           |
| Interest expense on lease liabilities  |   | 2,223           |   | 2,521           |
| Share-based compensation expense   |   | 328             |   | 488             |
| Shares issued as payment for services  |   | —               |   | 40              |
| Pension expense  |   | 351             |   | 480             |
| Loss on disposal of property, plant and equipment  |   | 98              |   | 66              |
| (Gain) on disposal of leases   |   | —               |   | (196)           |
| Provisions   |   | —               |   | 9,691           |
| Amortization of transaction costs  |   | 344             |   | 1,201           |
| Accretion of non-current liabilities, capitalized interest expense and accretion of debt modification losses |   | 120             |   | (441)           |
| Other post-employment benefit plans expense  |   | (16)            |   | (118)           |
| Income tax expense (note 14)   |   | 5,929           |   | 1,079           |
| Changes in working capital   |   | (3,632)         |   | 7,135           |
| Contributions made to pension plans  |   | (869)           |   | (970)           |
| Contributions made to other post-employment benefit plans  |   | (365)           |   | (390)           |
| Provisions paid  |   | (3,160)         |   | (6,491)         |
| Income taxes paid (note 14)  |   | (3,822)         |   | (3,865)         |
|  |   | <u>22,675</u>   |   | <u>26,945</u>   |
| <b>Investing activities</b>  |   |                 |   |                 |
| Purchase of property, plant and equipment  |   | (1,475)         |   | (1,832)         |
| Purchase of intangible assets  |   | (71)            |   | (1,390)         |
| Proceeds on disposal of property, plant and equipment  |   | 70              |   | —               |
|  |   | <u>(1,476)</u>  |   | <u>(3,222)</u>  |
| <b>Financing activities</b>  |   |                 |   |                 |
| Decrease in restricted cash  |   | 515             |   | —               |
| Proceeds from credit facilities  |   | 2,900           |   | 21,000          |
| Repayment of credit facilities   |   | (12,616)        |   | (30,696)        |
| Exercise of warrants   |   | —               |   | 118             |
| Repayment of promissory notes  |   | —               |   | (2,144)         |
| Transaction costs  |   | —               |   | (489)           |
| Lease payments   |   | (8,730)         |   | (11,202)        |
|  |   | <u>(17,931)</u> |   | <u>(23,413)</u> |
| <b>Change in cash and cash equivalents during the period</b>   |   | <b>3,268</b>    |   | <b>310</b>      |
| <b>Cash and cash equivalents – beginning of period</b>   | <b>\$</b>                               | <b>901</b>      | <b>\$</b>                               | <b>578</b>      |
| <b>Effects of foreign exchange on cash balances</b>  |   | <b>39</b>       |   | <b>13</b>       |
| <b>Cash and cash equivalents – end of period</b>   | <b>\$</b>                               | <b>4,208</b>    | <b>\$</b>                               | <b>901</b>      |