



Fiscal 2022 Report to Shareholders

DATA Communications Management Corp.

DCM-TSX | DCMDF-OTCQX

March 22, 2023



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.

Today's Objectives

- Q4 2022 Results
- Year End 2022 - Better + Bigger Business
- Acquisition of RRD - Status
- Questions and Answers



Q4 2022 Results

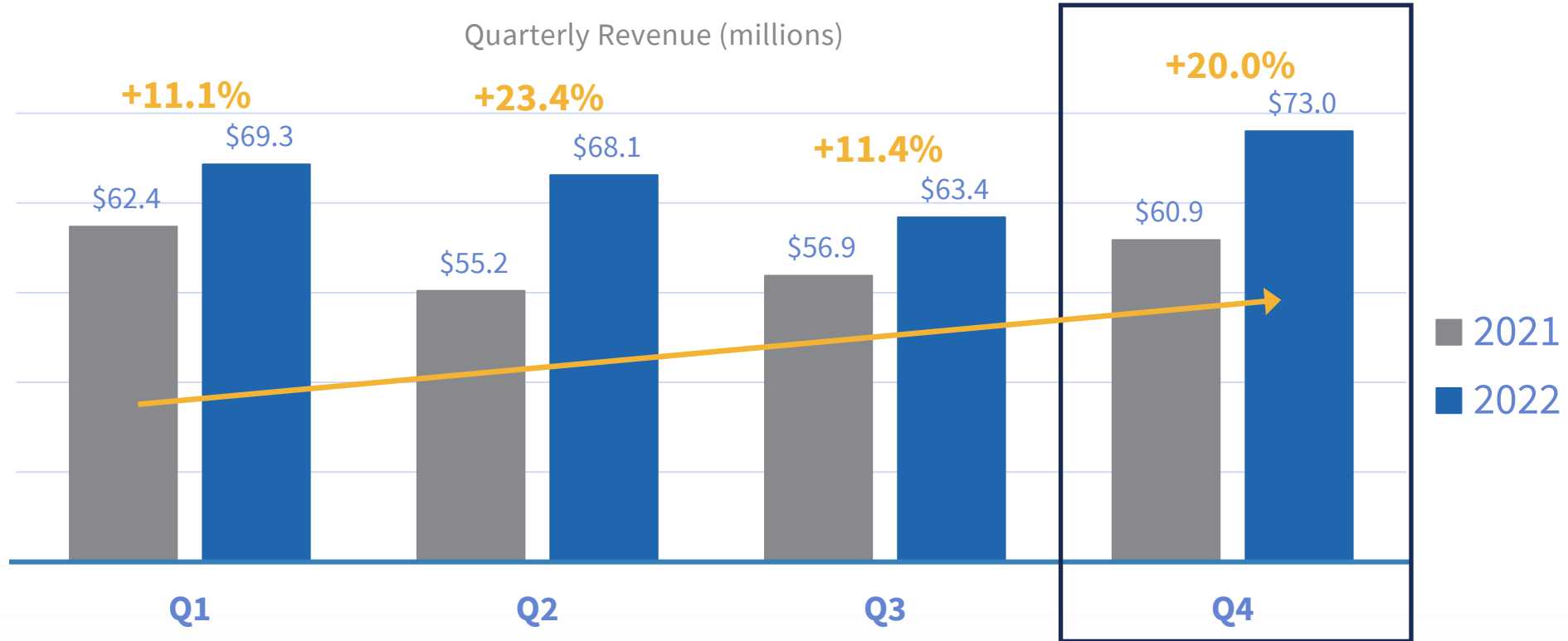
Q4 Revenue



+\$12.2M vs. prior year

Revenue Momentum Continued in Q4 2022

Strong Year over Year Quarterly Growth



Q4 - 2nd highest growth year/year in 2022

Q4 Gross Profit

+33.0%

vs. Q4 2021

\$23.6M

vs. \$17.7M Q4 2021

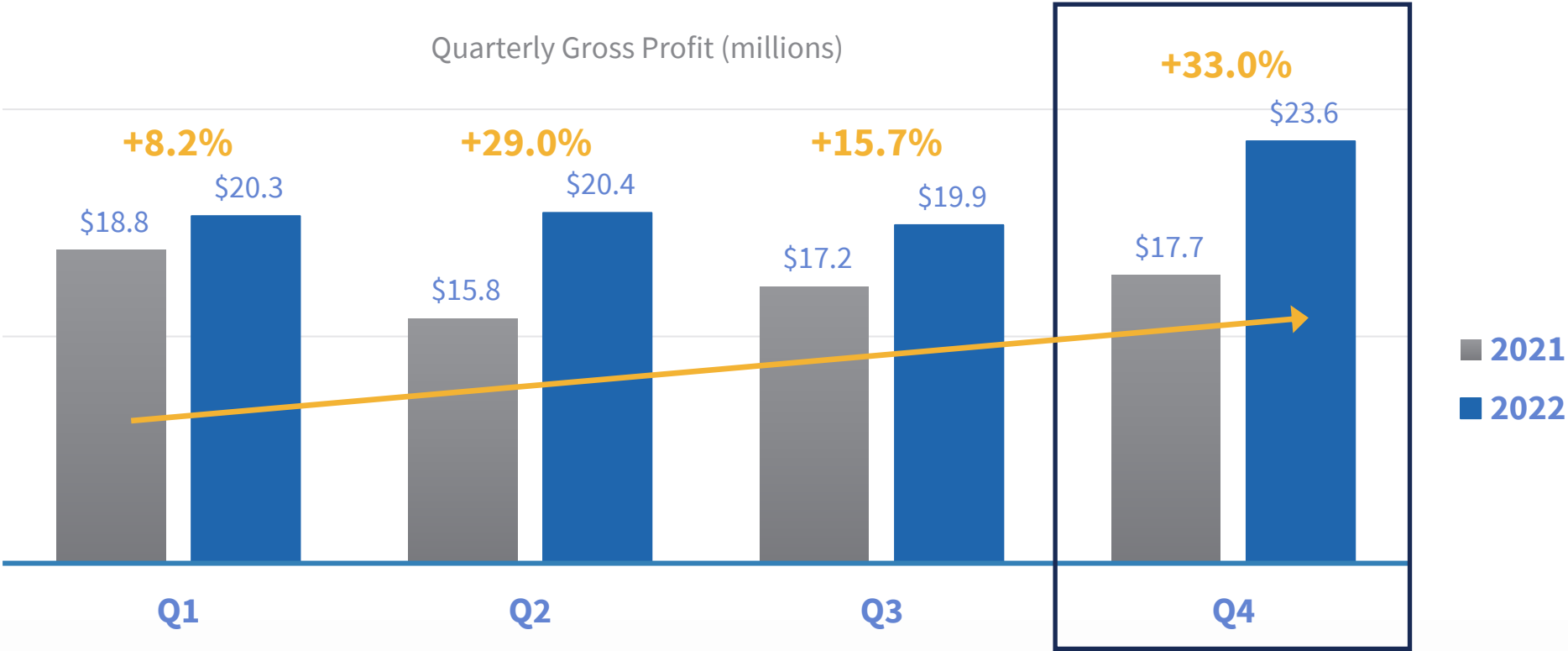
32.2%

of Revenue

+\$5.8M vs. prior year

Gross Profit Momentum Continued in Q4 2022

Strong Year over Year Gross Profit Trends



Q4 - largest increase in Gross Profit in 2022

Q4 Net Income



+\$5.5M vs. Q4 2021

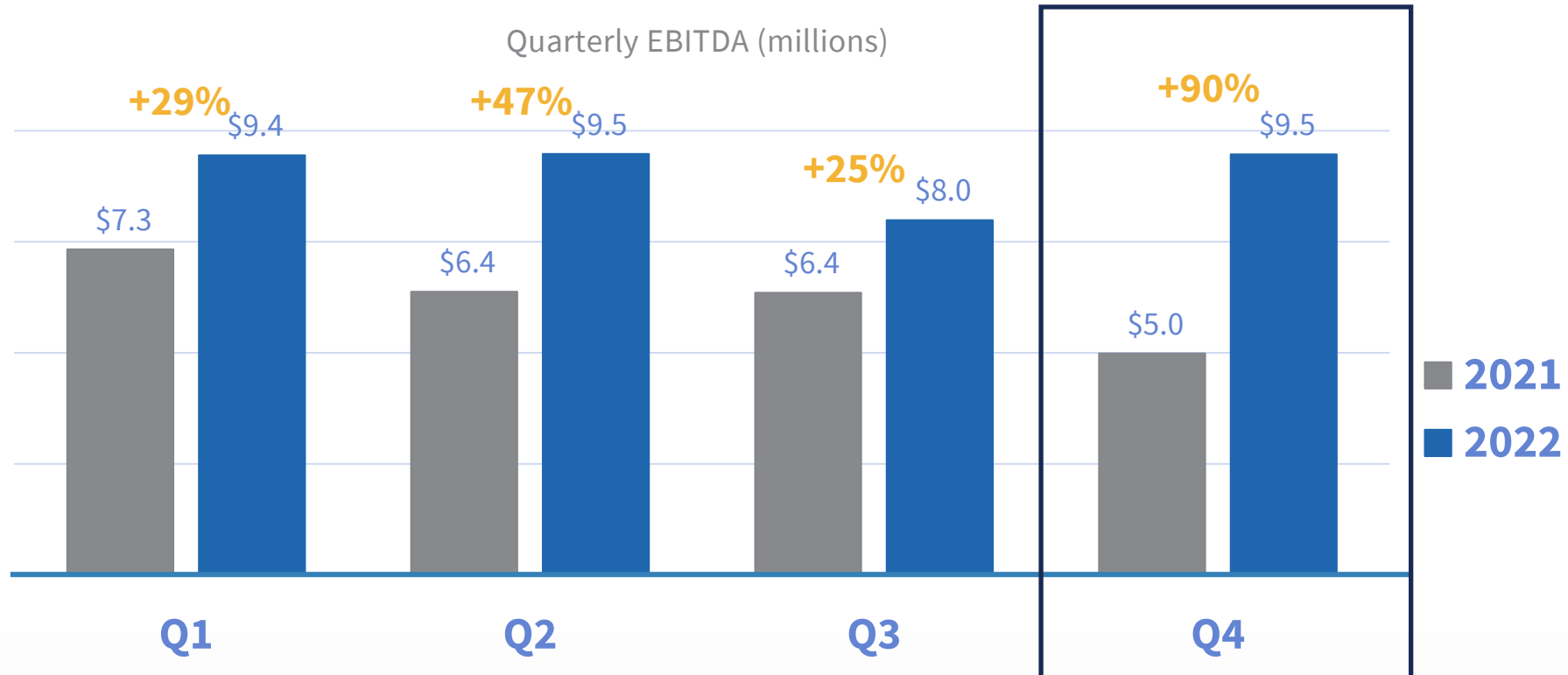
Q4 EBITDA



Fourth quarter in a row with no restructuring

“Clean” EBITDA Momentum Continued in Q4 2022

Acquisition costs of \$1.9M in Q4 re RRD Canada Acquisition Diligence



Q4 – highest EBITDA growth in 2022

Fourth Quarter 2022 Financial Results

Quarter ended December 31, in millions

Selected financial information	Q4 2022	Q4 2021	Better/(Worse)
Revenue	\$73.0	\$60.9	+\$12.2
Gross profit	\$23.6	\$17.7	+\$5.8
<i>Gross margin (%)</i>	32.2%	29.1%	+315 bps
SG&A	\$14.9	\$15.4	+\$0.6
Restructuring expenses	-	\$2.3	\$2.3
Acquisition Costs	\$1.9	-	(\$1.9)
Adjusted EBITDA*	\$11.3	\$7.3	+\$4.0
CEWS Adjusted EBITDA	\$11.3	\$7.2	+\$4.1
As percent of revenue	15.5%	11.9%	+365 bps

* For a reconciliation of Adjusted EBITDA to see MDA for the year ended December 31, 2022.

Year End 2022 – Better + Bigger Business

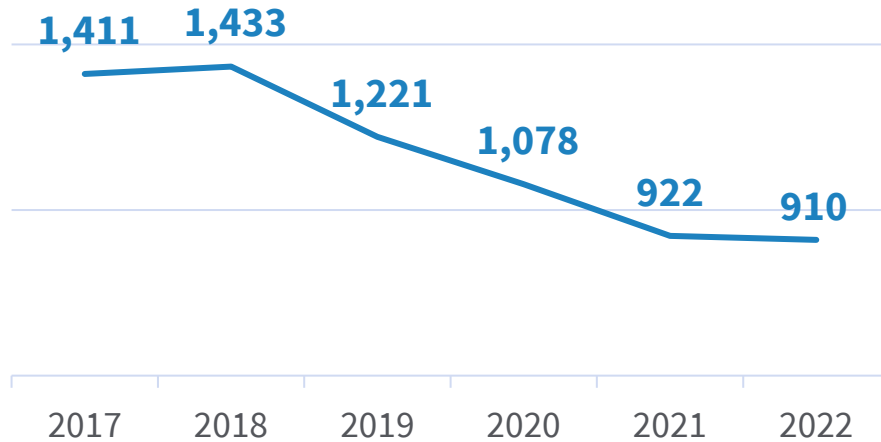


FY 2022 – Better Business



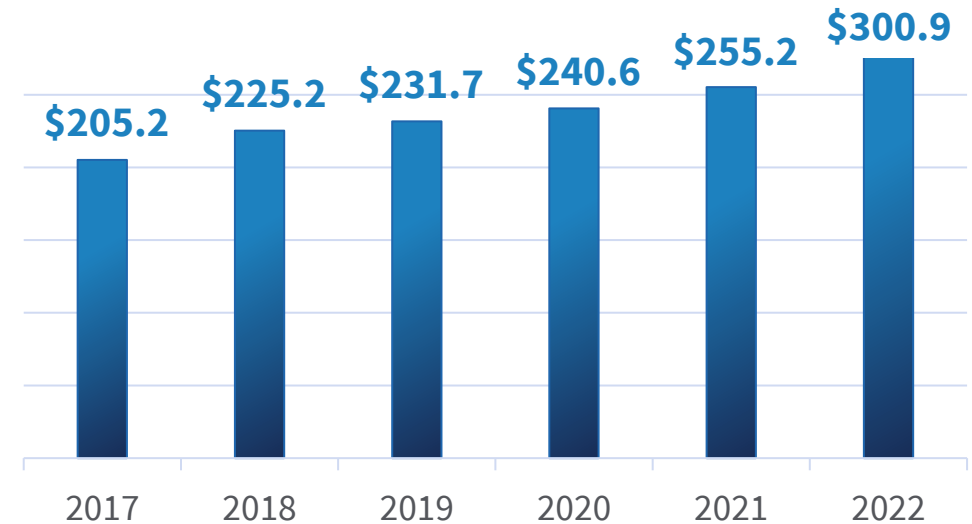
Headcount Reduction & Productivity Improvements

Headcount at End of Period



-1.3% vs. prior year
-35.5% vs. 2017

Revenue per Employee (thousands)



+17.9% vs. prior year
+46.6% vs. 2017

Voice of the Customer 2022 Survey



BETTER
BUSINESS

Apex
Scoring System

73 Apex Score
87 Apex Potential

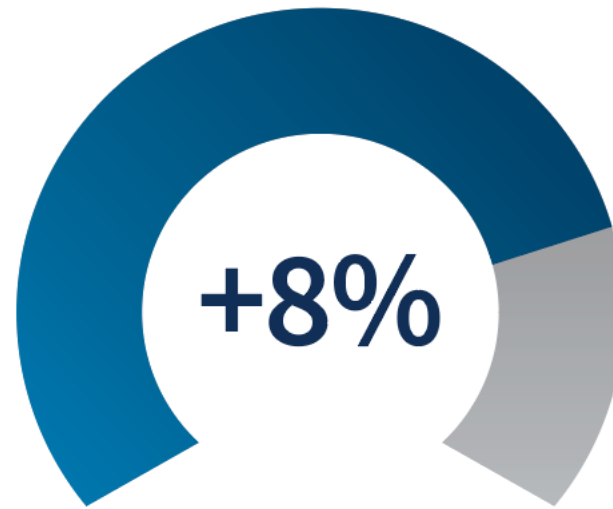


Engagement Experts... on our way to becoming engagement Master!

Associate Engagement

Engagement Mean

GALLUP[®]



**Overall
Percentile
Ranking
+18% pts**

Database: Gallup Overall

Solid Improvement in Associate Engagement

New Business Wins in 2022

35 new logos won across a wide variety of vertical markets

~\$35M

~100% of new business
“tech-enabled”



Financial services



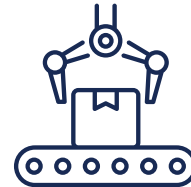
Healthcare



Regulated industries



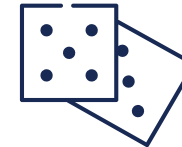
Retail



Manufacturing



Hospitality services

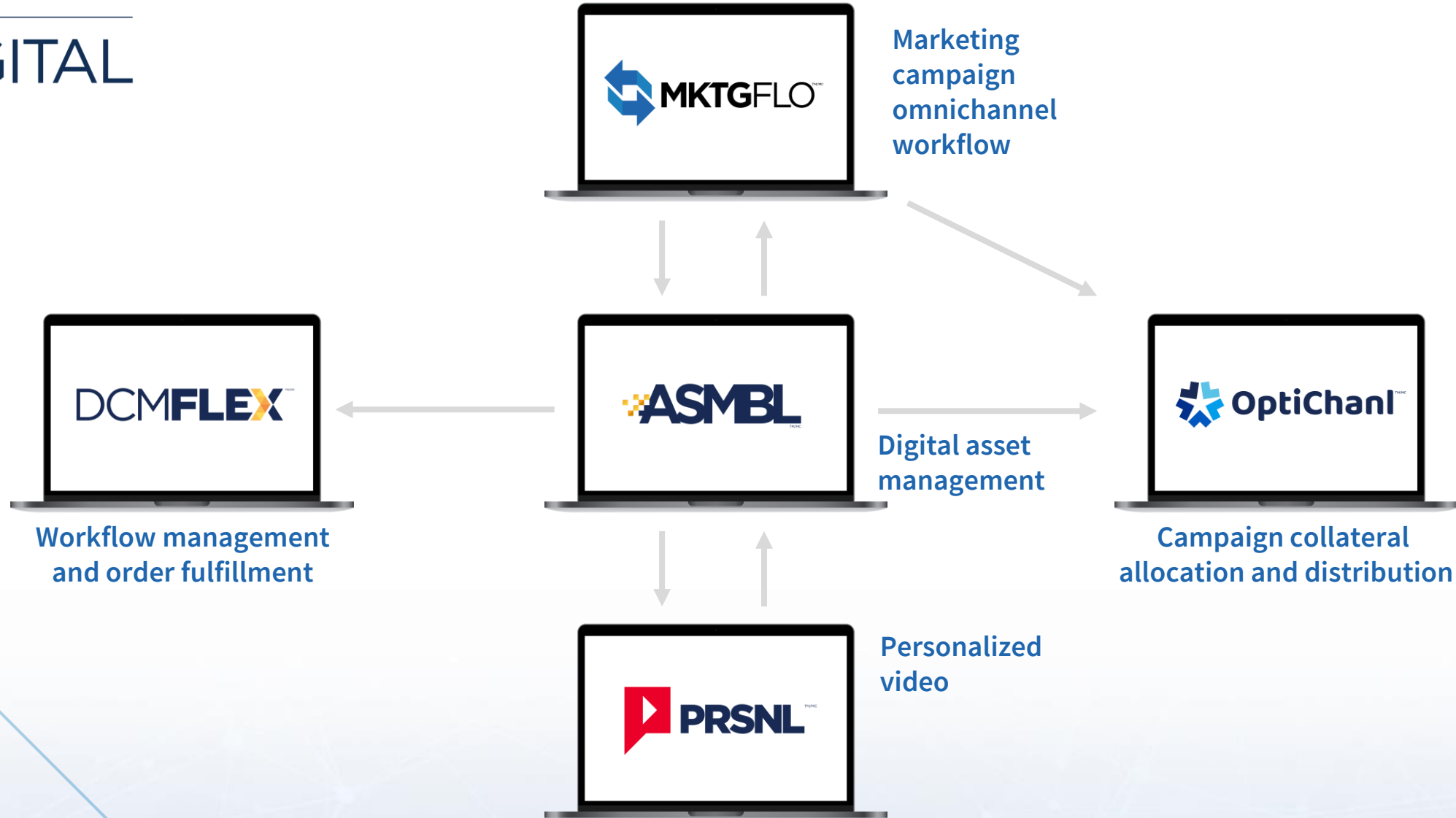


Lottery

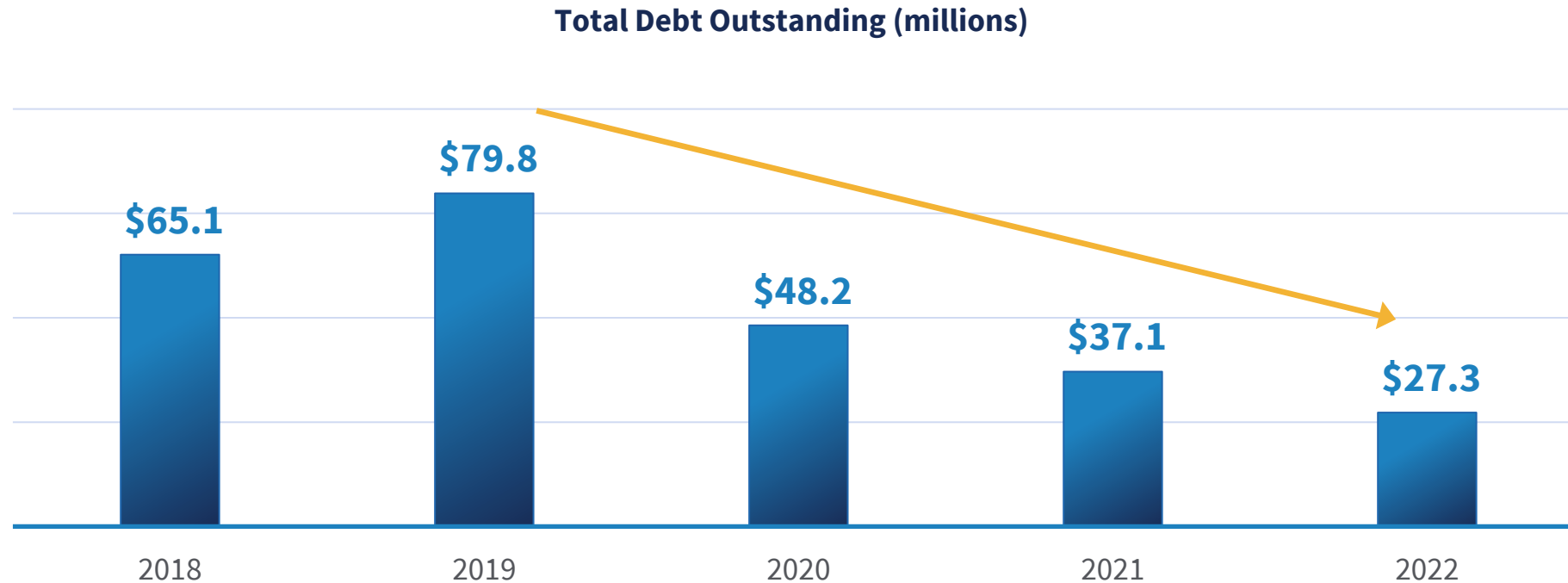
ESG Structure



Solution Portfolio



Debt Reduction



-26.4% vs. 2021

-65.8% vs. 2019

Lowest debt since before our IPO in 2004

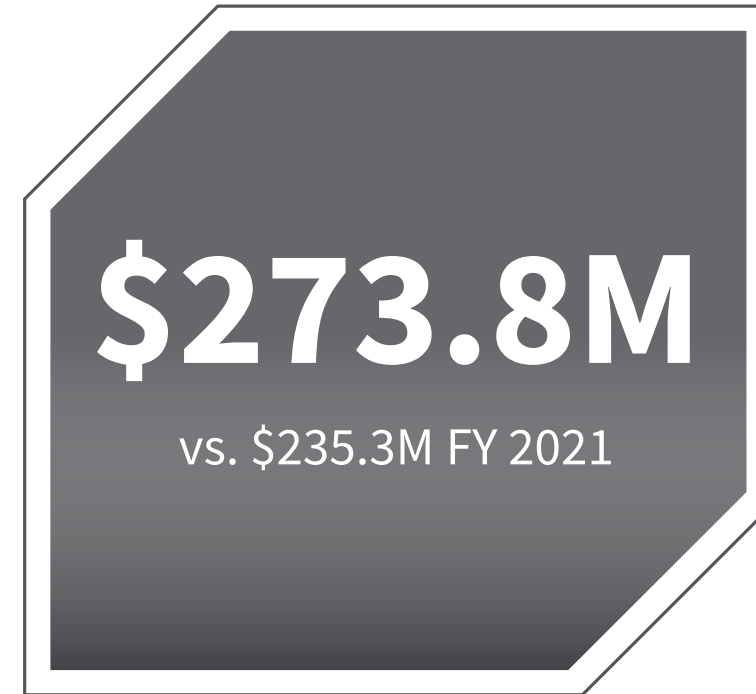
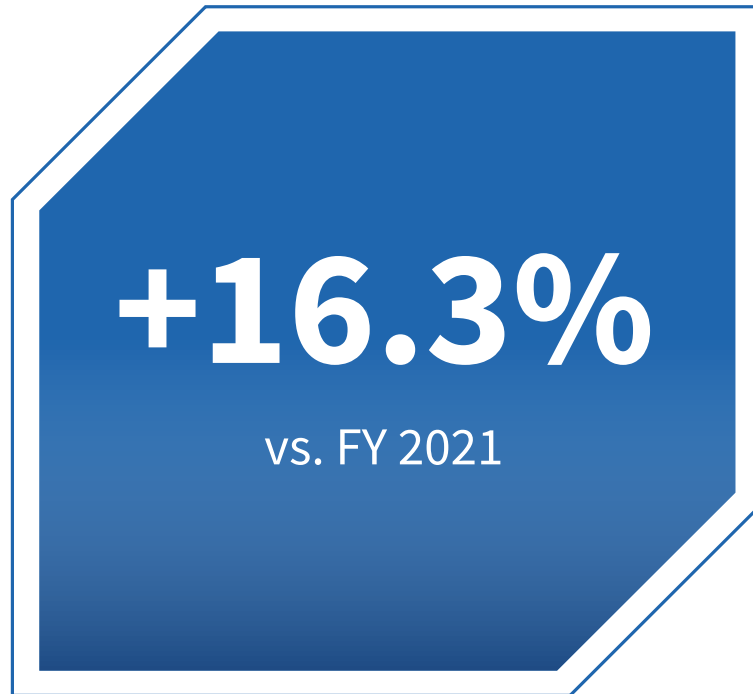
Restructuring Expenses



Right-sizing is complete

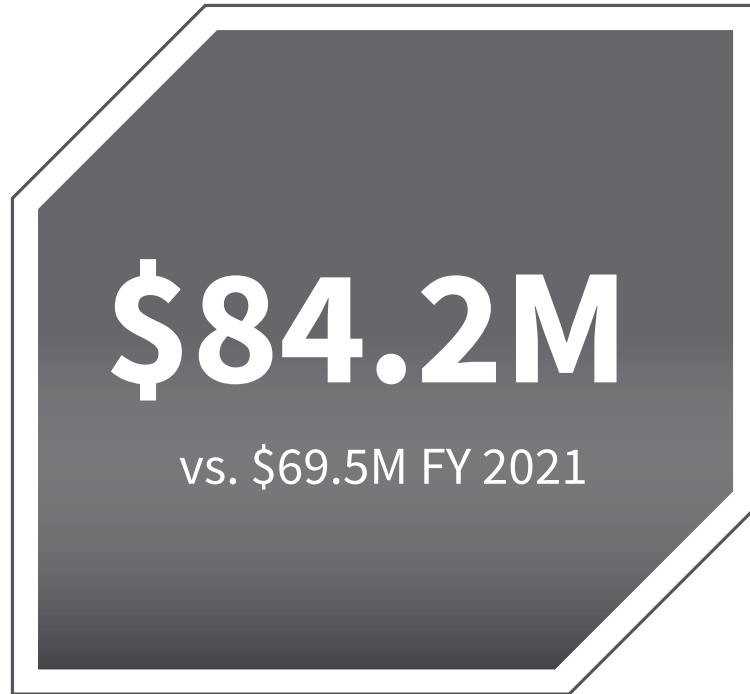
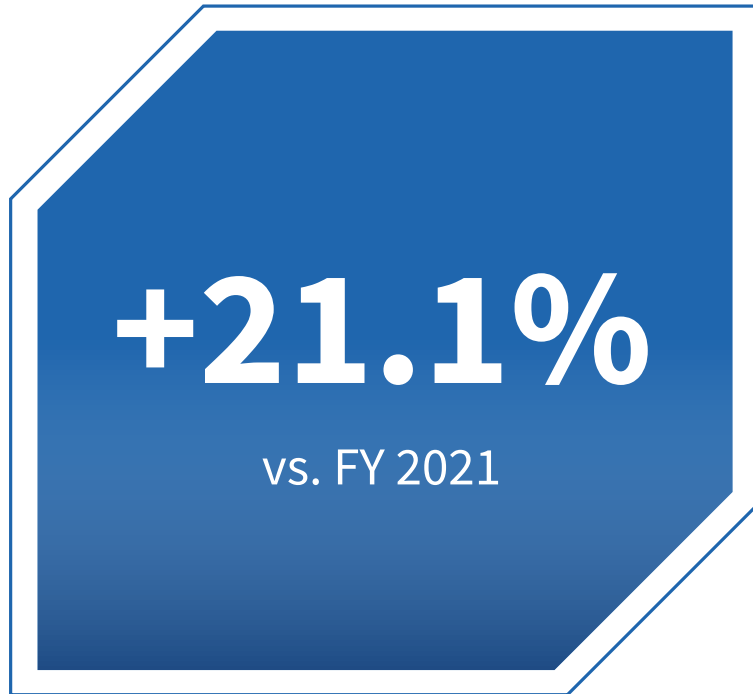
FY 2022 – Bigger Business

FY 2022 Revenue



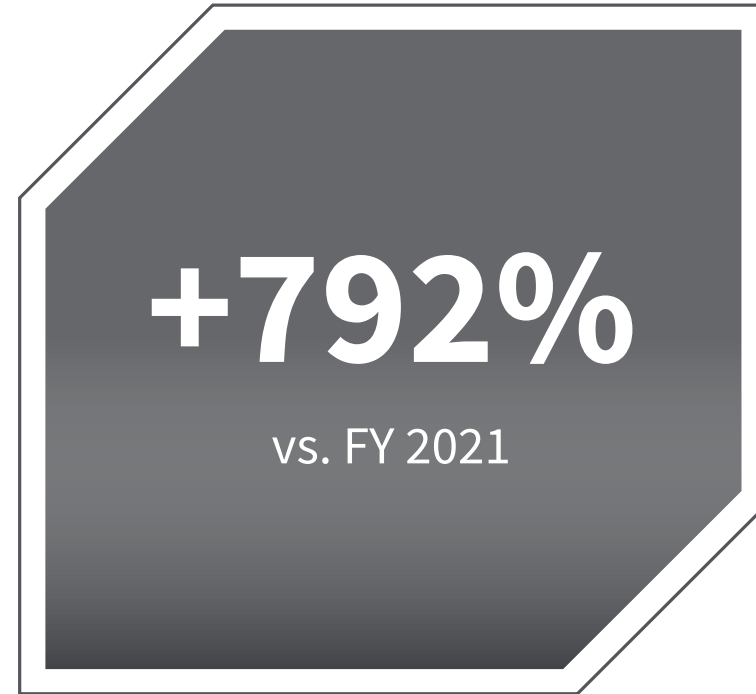
+\$38.5M vs prior year

FY 2022 Gross Profit



+\$14.7M vs prior year

FY 2022 Net Income



+\$12.4M vs. prior year

FY 2022 EBITDA

+45.3%

vs. FY 2021

\$36.4M

vs. \$25.0M FY 2021

13.3%

of Revenue
+2.7% vs. FY 2021

+\$11.4M vs prior year

2022 Financial Results

Fiscal year ended December 31, in millions



BIGGER
BUSINESS

Selected financial information	2022	2021	Better/(Worse)
Revenue	\$273.8	\$235.3	\$38.5
Gross profit	\$84.2	\$69.5	\$14.7
<i>Gross margin (%)</i>	30.8%	29.5%	+120 bps
SG&A	\$57.2	\$56.0	(\$1.2)
Restructuring expenses	-	\$9.7	\$9.7
Acquisition costs	\$1.9	-	(\$1.9)
Adjusted income from operations*	\$25.2	\$13.6	\$11.6
Adjusted net income**	\$15.4	\$7.7	\$7.7

* Income before finance costs, other income and income taxes, adjusted for restructuring expenses.

** For a reconciliation of Adjusted income from operations, Adjusted net income and Adjusted EBITDA to net income see Appendix A.

2022 Financial Results

Fiscal year ended December 31, in millions



BIGGER
BUSINESS

Selected financial information	2022	2021	Better/(Worse)
Revenue	\$273.8	\$235.3	\$38.5
Adjusted EBITDA*	\$38.3	\$33.3	\$5.0
Less: Income from CEWS/CERS	\$0.0	\$4.6	(\$4.6)
CEWS adjusted EBITDA	\$38.3	\$28.7	\$9.5
<i>As percent of revenue</i>	14.0%	12.2%	+180bps
Cash from operations**	\$22.7	\$26.9	(\$4.3)
Free cash flow conversion***	93.5%	88.0%	+545bps

* Adjusted EBITDA is a non-GAAP measure. For a reconciliation of Adjusted EBITDA see MD&A for the year ended December 31, 2022

** Cash provided by operating activities (CFO) after changes in working capital, contributions to pension plans, provisions and income taxes paid.

*** CFO less capital expenditures, as % of CFO.

Better 
Together

DCM  + rrd CANADA 

Transaction Highlights

Key Metrics

- DATA Communications Management Corp. (“DCM”) has entered into a definitive share purchase agreement to acquire the Canadian operations (“RRD Canada”) of R.R. Donnelley & Sons Company (“RRD”)
- C\$123M total purchase price (subject to working capital and other customary post-closing adjustments)
- RRD Canada has total revenues of ~C\$250M (unaudited) in 2022

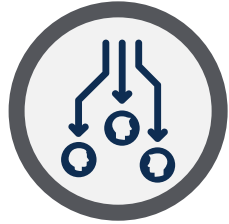
Closing

- Expected Q2 2023
- Subject to customary closing conditions and regulatory approvals, including under Canada’s *Competition Act*

Financing

- 100% cash consideration, through fully committed facilities from a Canadian Chartered Bank and Fiera Private Debt
- Includes \$30M bridge facility related to three owned properties being acquired
- Expected net leverage at close of ~3.25x, deleveraging to ~2.65x following intended sale/leaseback of owned properties (2022 pro forma estimates)

Benefits of the Transaction



Combines two companies with complementary operating models, best-in class products, and strong customer relationships



Objective to leverage DCM's digital-first technology capabilities



Creates meaningful benefits for customers



Attractive financial benefits and value creation opportunities

The background is a dark blue gradient with abstract, glowing particle trails in shades of light blue and white. These trails are composed of small dots connected by thin lines, creating a sense of motion and depth. They are primarily located in the upper and lower portions of the frame, framing the central text.

Summary

Our Year 2 Journey

BETTER & **BIGGER
BUSINESS** >>> **MOMENTUM**

Our Year 2 Journey

BETTER & **BIGGER BUSINESS** >>> **MOMENTUM**



Productivity
Efficiency
Engagement
ESG

Debt



Revenue
Gross Margin
Profitability
New Business
Digital

Our Year 2 Journey

BETTER & BIGGER BUSINESS >>> MOMENTUM

Better
Together 

DCMTM + rrd_{CANADA}TM

The background is a dark blue gradient with abstract, glowing blue particle trails or wave patterns that flow across the top and bottom of the frame. The central text is white and bold.

Questions & Answers

Thank you

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



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DCM⁷
SURPRISINGLY SIMPLE

Non-IFRS Measures

EBITDA and Adjusted EBITDA Reconciliation

EBITDA and Adjusted EBITDA reconciliation

For the periods ended December 31, 2022 and 2021 <i>(in thousands of Canadian dollars, unaudited)</i>	October 1 to December 31, 2022	October 1 to December 31, 2021	January 1 to December 31, 2022	January 1 to December 31, 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
EBITDA	\$ 9,470	\$ 4,988	\$ 36,384	\$ 25,047
Acquisition costs	1,870	—	1,870	—
Restructuring expenses	—	2,282	—	9,691
Other income	—	—	—	(1,452)
Adjusted EBITDA	\$ 11,340	\$ 7,270	\$ 38,254	\$ 33,286

Adjusted Net Income Reconciliation

Adjusted net income reconciliation

For the periods ended December 31, 2022 and 2021 <i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>	October 1 to December 31, 2022	October 1 to December 31, 2021	January 1 to December 31, 2022	January 1 to December 31, 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)
Adjusted net income (loss)	\$ 5,077	\$ (200)	\$ 15,363	\$ 7,684
Adjusted net income per share, basic	\$ 0.12	\$ 0.00	\$ 0.35	\$ 0.17
Adjusted net income per share, diluted	\$ 0.11	\$ 0.00	\$ 0.33	\$ 0.17
Weighted average number of common shares outstanding, basic	44,062,831	44,062,831	44,062,831	43,993,494
Weighted average number of common shares outstanding, diluted	46,796,407	46,439,445	46,572,066	46,136,507