

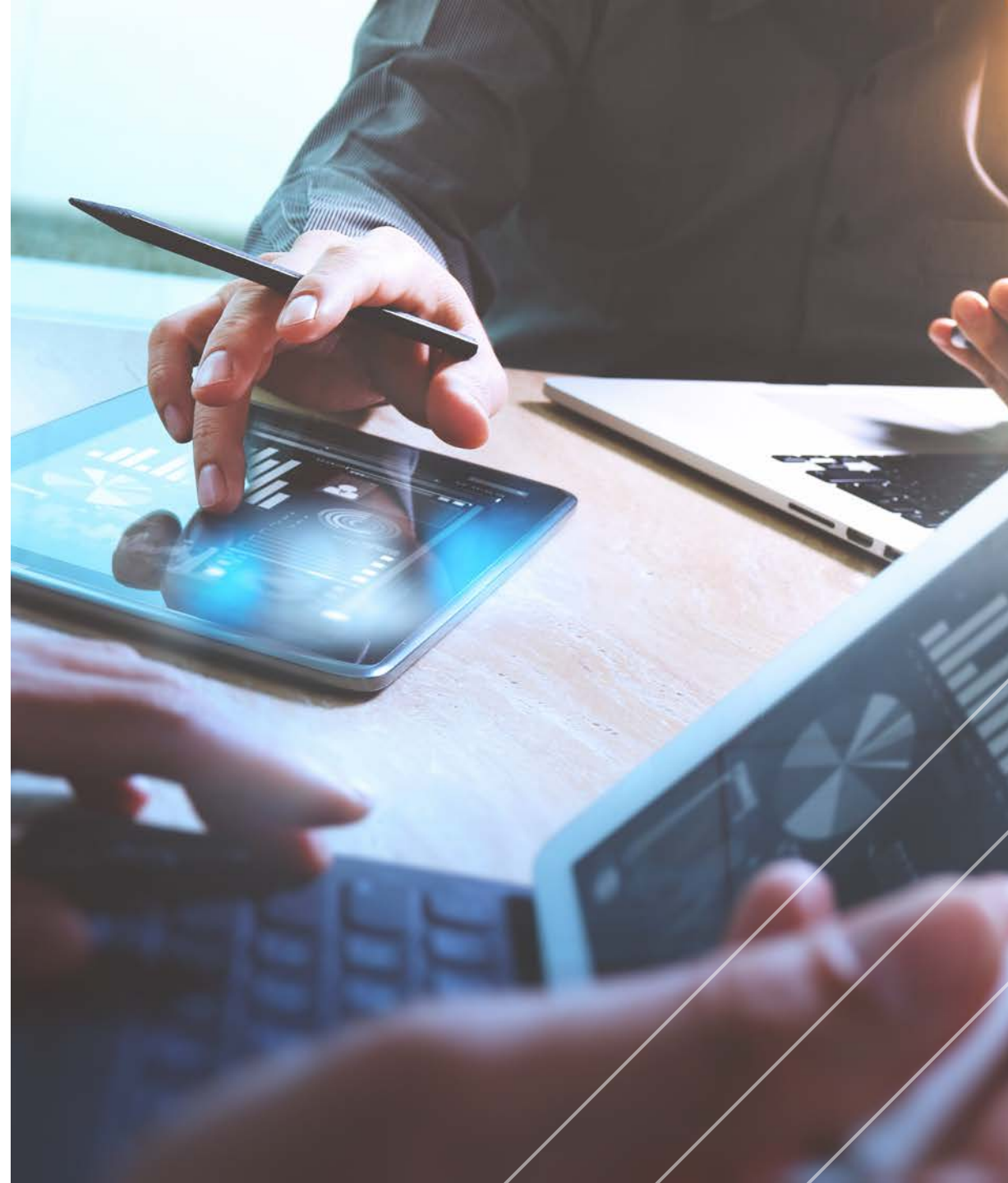


# Q2 2023 Report to Shareholders

DATA Communications Management Corp.

DCM-TSX | DCMDF-OTCQX

August 11, 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.

These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees that future 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. See “Liquidity and capital resources” and “Risks and Uncertainties” in DCM’s management’s discussion and analysis and 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 presentation 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 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).

# Today's Objectives

- Q2 2023 Consolidated Results
- Bigger + Better Business
- Questions and Answers

# Q2 2023 Results

# Bigger Business

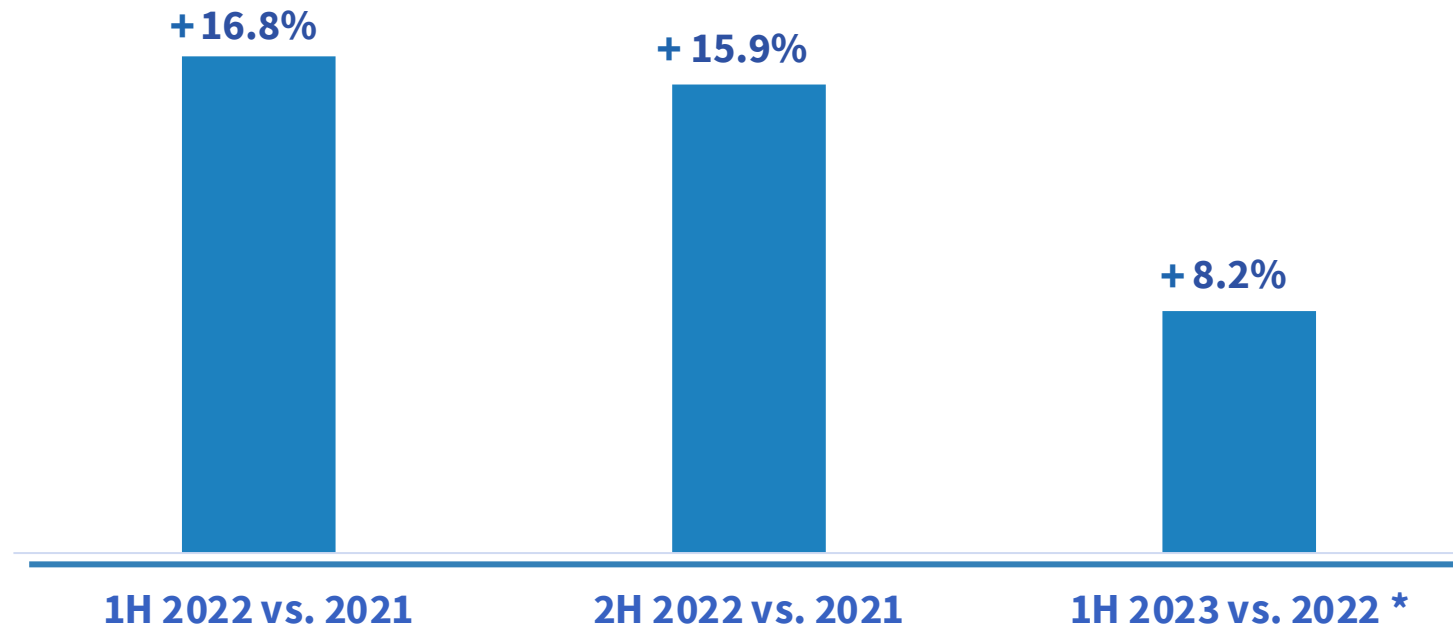
# Q2 Revenue



**+\$50.9M vs. prior year**

# First Half Revenue Growth

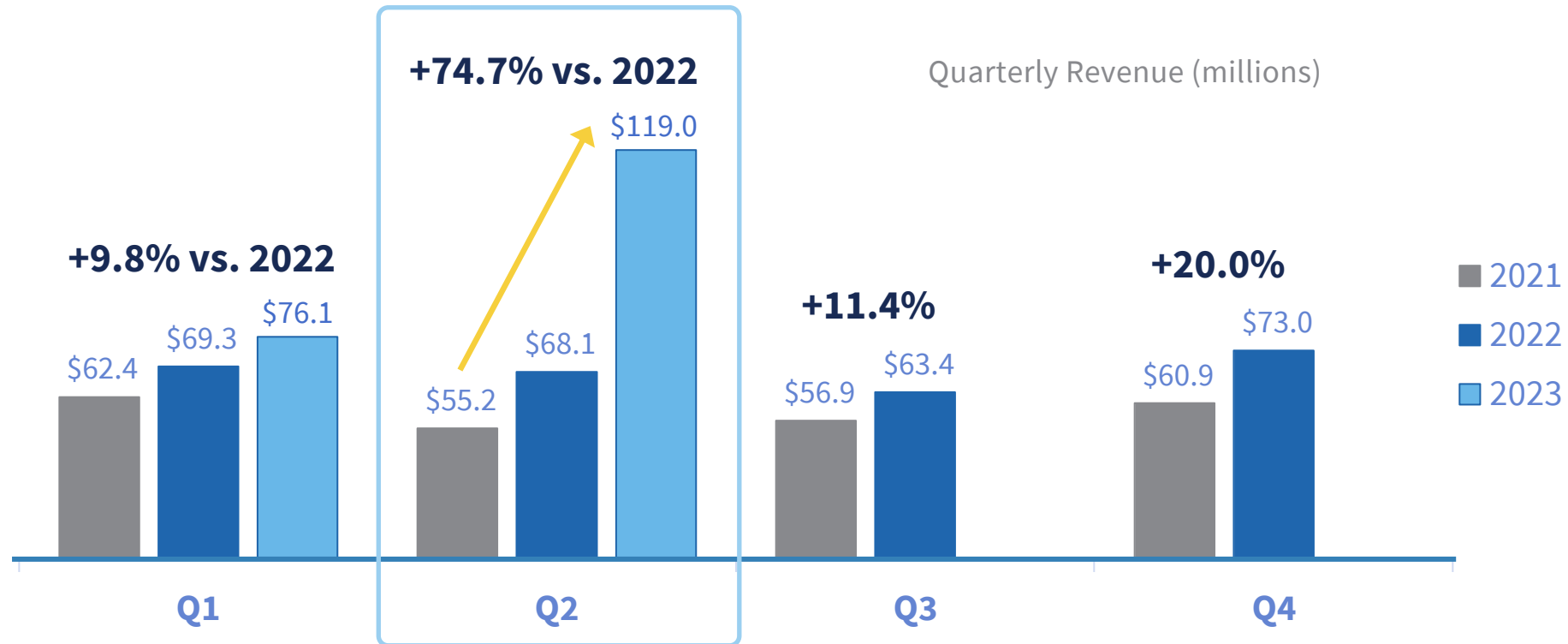
## Comparison to Prior Year Period



**Year / year growth tracking ahead of +5% CAGR objective**

\* First half 2023 vs. First Half 2022 pro forma, as if MCC was 100% owned for entire respective periods.

# Revenue Momentum Continued in Q2 2023

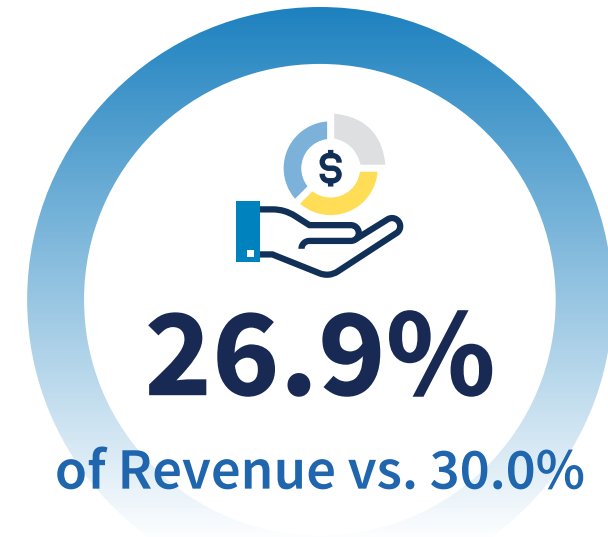


**Q2 2023 = Seventh consecutive quarter of year/year growth**



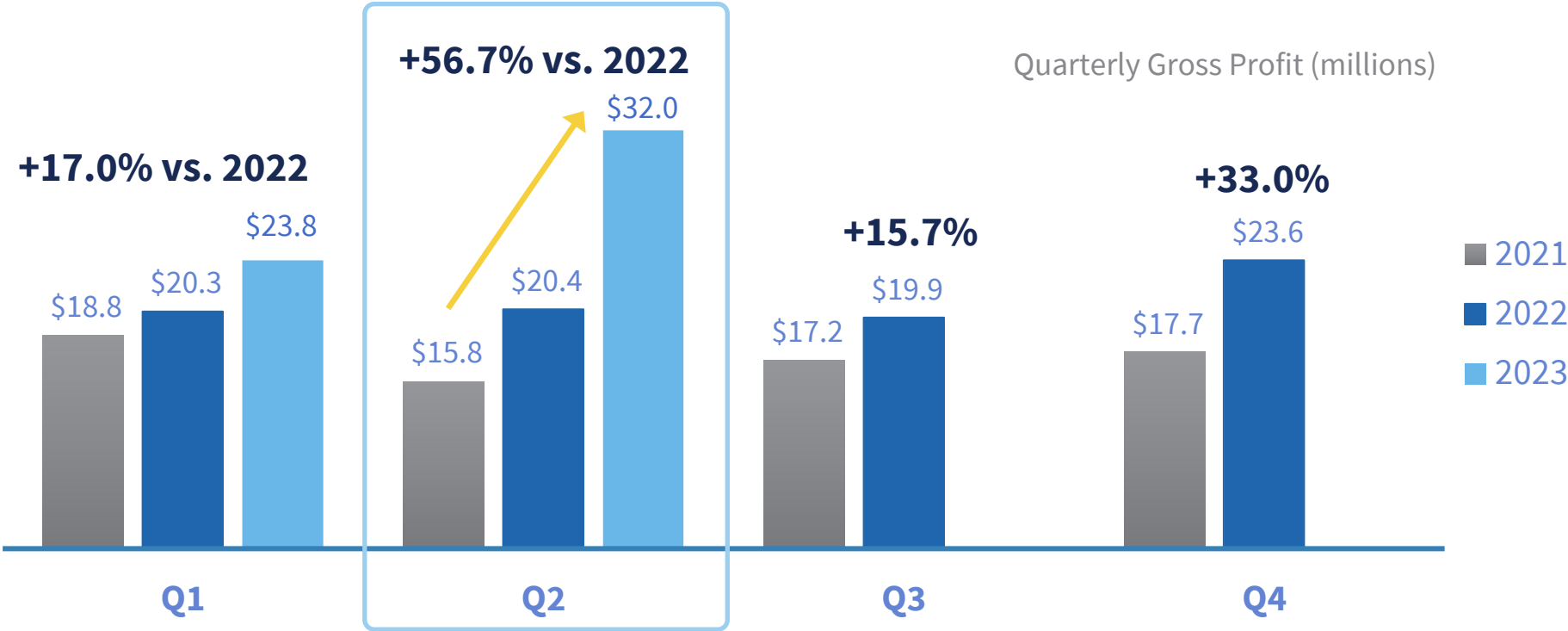
# Q2 Gross Profit

Lower relative MCC margins a key opportunity going forward



As expected, lower MCC gross profit margins vs. recent DCM

# Gross Profit Momentum Continues in Q2 2023



**Q2 2023 = Eight consecutive quarters of year over year growth**

# Share Price Momentum Continues YTD

DCM-TSX Share Price Performance: +133% YTD (3-Aug-23)

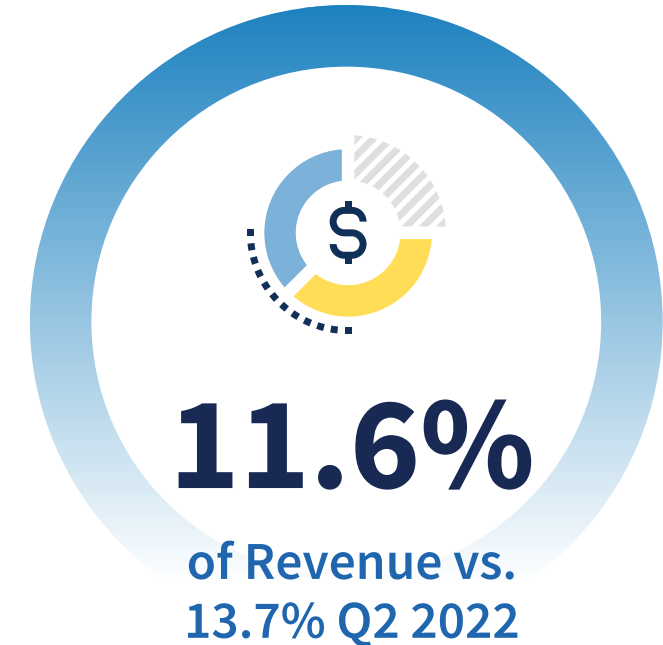


**+\$2.3M**  
Q2 Mark-to-Market Fair Value Adj. + Vesting for RSUs/DSUs

**+\$7.4M M2M Adj. + Vesting Q2 YTD**

## Non-Cash accruals related to Long Term Incentive Compensation

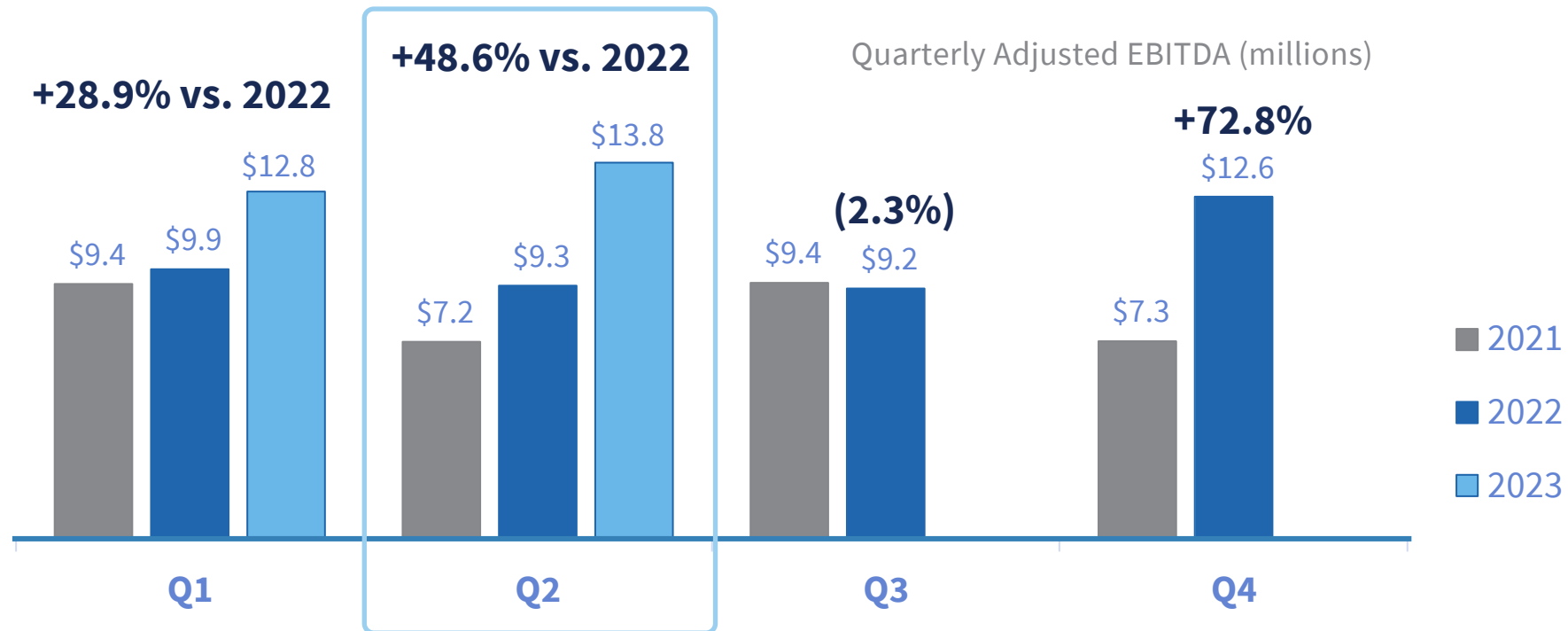
# Q2 Adjusted EBITDA



**+\$4.5M vs. prior year**

# Adjusted EBITDA Growth

Strong performance normalizing for acquisition-related impacts



**Strong first half performance vs. 2022 (partial quarter of MCC results Q2 2023)**

Adjusted EBITDA has been normalized to adjust for adoption of Fair Value of through profit or loss of financial liabilities. See “Non-IFRS Measures.”

# Second Quarter 2023 Financial Results



BIGGER  
BUSINESS

Quarter ended June 30, in millions

Selected financial information	Q2 2023	Q2 2022*	Better/(Worse)
Revenue	\$119.0	\$68.1	+\$50.9
Gross profit	\$32.0	\$20.4	+\$11.6
<i>Gross margin (%)</i>	<b>26.9%</b>	<b>30.0%</b>	<b>(310 bps)</b>
SG&A	\$23.0	\$14.0	(\$9.0)
Restructuring expenses	\$2.7	-	(\$2.7)
Acquisition & Integration Costs	\$3.8	-	(\$3.8)
NFV (gains)/losses on financial liabilities**	\$2.3	\$0.2	(\$2.1)
Net (loss) income for the period	<b>(\$2.9)</b>	<b>\$3.8</b>	<b>(\$6.7)</b>
Adjusted Net (loss) income***	\$3.8	\$3.6	\$0.2
As percent of revenue	3.2%	5.3%	(210 bps)
Adjusted EBITDA***	<b>\$13.8</b>	<b>\$9.3</b>	<b>+\$4.5</b>
As percent of revenue	<b>11.6%</b>	<b>13.7%</b>	<b>(210 bps)</b>

\* Q2 2022 actuals do not include MCC.

\*\* Mark-to Market accounting adjustment (\$0.54 share price increase since March 31, 2023 driving \$2.1M) & vesting of RSU's / DSU's.

\*\*\* For a reconciliation of and Adjusted EBITDA and Adjusted Net (loss) income to net (loss) income, see MD&A Table 3 and Table 4, respectively, for the period ended June 30, 2023.



# First Half 2023 Financial Results



BIGGER  
BUSINESS

Six months ended June 30, in millions

Selected financial information	1H 2023	1H 2022*	Better/(Worse)
Revenue	\$195.0	\$137.4	+\$57.7
Gross profit	\$55.8	\$40.8	+\$15.0
<i>Gross margin (%)</i>	<b>28.6%</b>	29.7%	<b>(110 bps)</b>
SG&A	\$36.9	\$27.1	(\$9.7)
Restructuring expenses	\$2.7	-	(\$2.7)
Acquisition & Integration Costs	\$10.0	-	(\$10.0)
NFV (gains)/losses on financial liabilities**	\$7.4	\$0.3	(\$7.1)
Net (loss) income for the period	<b>(\$5.3)</b>	\$7.5	<b>(\$12.8)</b>
Adjusted Net (loss) income***	\$9.7	\$7.7	+\$2.0
As percent of revenue	5.0%	5.6%	(60 bps)
Adjusted EBITDA***	<b>\$26.6</b>	\$19.2	<b>+\$7.4</b>
As percent of revenue	<b>13.6%</b>	14.0%	<b>(40 bps)</b>

\* YTD 2022 actuals do not include MCC.

\*\* Mark-to Market accounting adjustment & vesting of RSU's / DSU's, see Non-IFRS Measures.

\*\*\* For a reconciliation of and Adjusted EBITDA and Adjusted Net (loss) income to net (loss) income, see MD&A Table 3 and Table 4, respectively, for the period ended June 30, 2023.



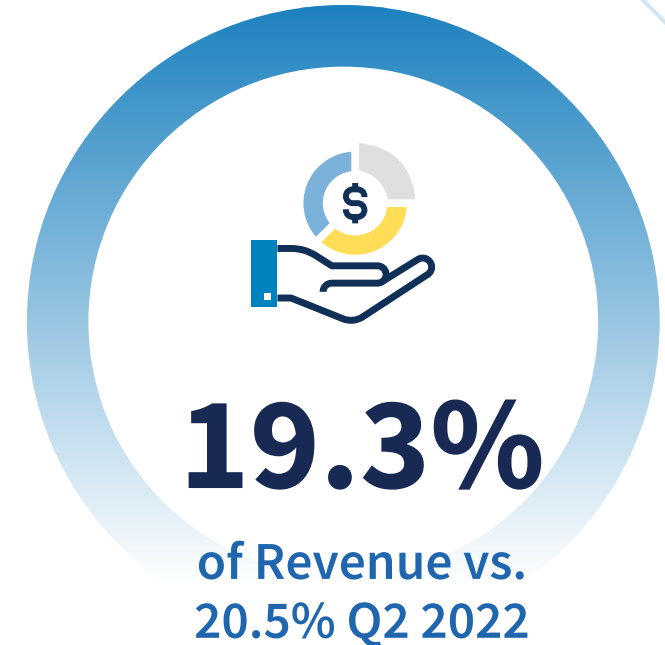
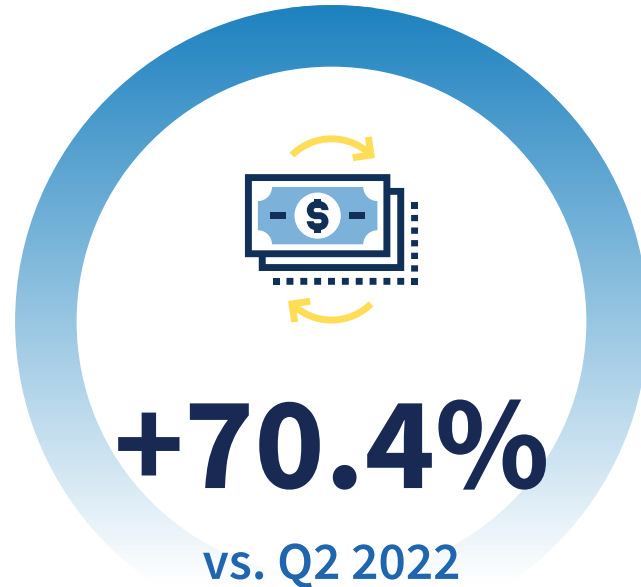
**Better Business**





# Q2 SG&A

Lower relative MCC SG&A expenses a key deal feature



SG&A as percentage of revenues improved post-acquisition

# Q2 Restructuring and One-Time Costs

Commenced planned organizational and operational synergies



Restructuring  
Expenses



Acquisition & Integration  
Expenses

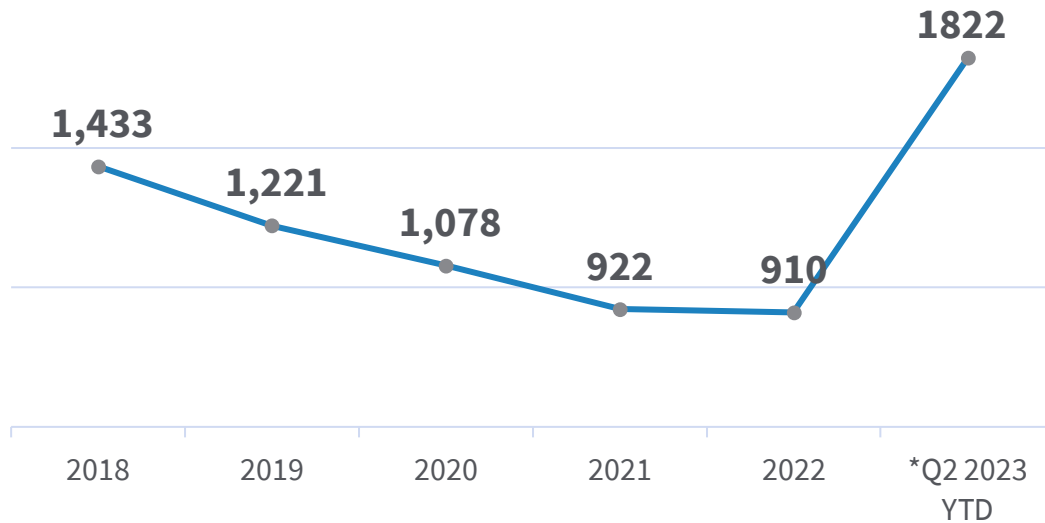


Annualized Savings  
to date from  
Organizational Changes

Implemented ~15% of expected \$25 to \$30 million in annualized synergies

# Headcount Reduction & Productivity Improvements

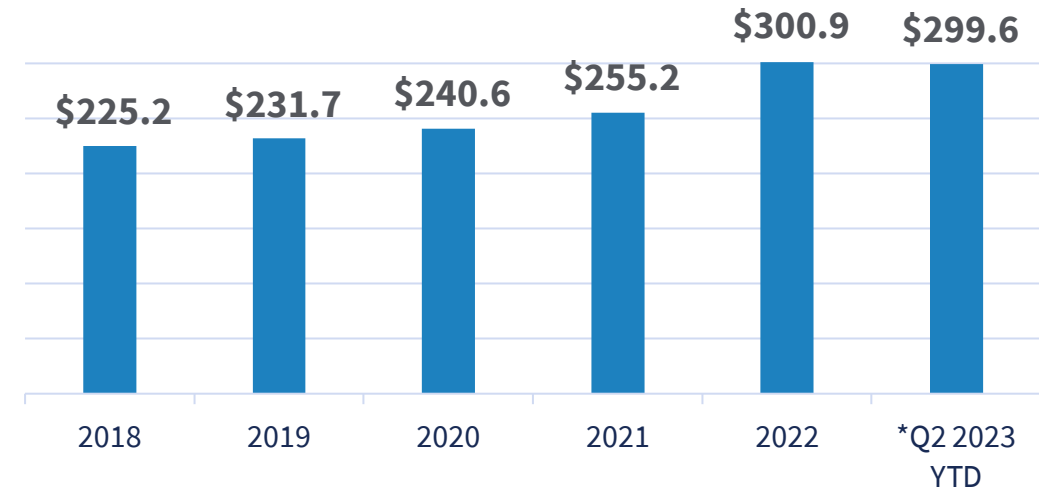
Headcount at End of Period



\* Q2 2023 YTD Active employees: DCM= 918; MCC = 904

**+100.2% vs. 2022**  
**+27.1% vs. 2018**

Revenue per Employee (thousands)



\* Q2 2023 YTD calculation based on TTM Revenue

**-0.4% vs. 2022**  
**+33.0% vs. 2018**

## ESG at DCM: Creating a Better World for Tomorrow

DCM's ESG efforts focus on three key pillars:

**Environmental:**  
Reducing the impact our facilities have on our planet

**Social:**  
Improving quality of life for our people and society at large

**Governance:**  
Holding ourselves to rigorous—and transparent—standards

We're committed to changing the way we do business to become better stewards of the environment, our associates, and the industries we serve. It's a constant work in progress, and we're all in.

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## Key Targets

**Waste reduction**

10% annual reduction of solid waste

**Sustainable forestry**

500,000 trees planted annually

**Carbon footprint reduction**

30% carbon footprint reduction by 2030  
Net zero by 2050

**Renewable energy transition**

100% renewable energy by 2050

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printreleaf

DCM

76,508,469

kg of waste

920,521

CO2e (kg) avoided

2021 numbers were calculated using 50,000 kg of paper consumption by printing 500,000 copies of a 100-page document. © printreleaf.com



## Social Commitments & Initiatives

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## Habitat for Humanity Partnership

Habitat for Humanity Canada helps families build strength, stability, and independence through affordable homeownership.

DCM is proud to be their strategic partner and digital agency of record, offering pro-bono brand strategy, marketing services, digital asset management, and commercial print.

## Supplier Diversity Program: Recent Updates

**Certifications:**

- Envelope Concept (#2 envelope supplier in Canada) is now certified as a Diverse Vendor with WBE
- MPI (web printer) is actively seeking certification through CAMSC

**DCM @ Industry Events:**

- CGLCC Quarterly Procurement Advisory Council meetings – Feb, April & July 2022
- WBE Gala – Oct 2022

## Diversity, Equity & Inclusion (DEI)

Promoting and implementing DEI principles across our organization

**Core DEI Program**

**Supplier Diversity Program**

**Federal Contractors Program**

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## Governance

**Business ethics**

- Code of conduct
- Pay equity policy
- Whistleblower policy

**Safety & security**

- Health & safety policy
- Privacy policy
- Violence & harassment policy

**Regulatory compliance**

- ADA compliance
- Accessibility for Ontarians with Disabilities Act
- Supplier diversity policy

**Board management**

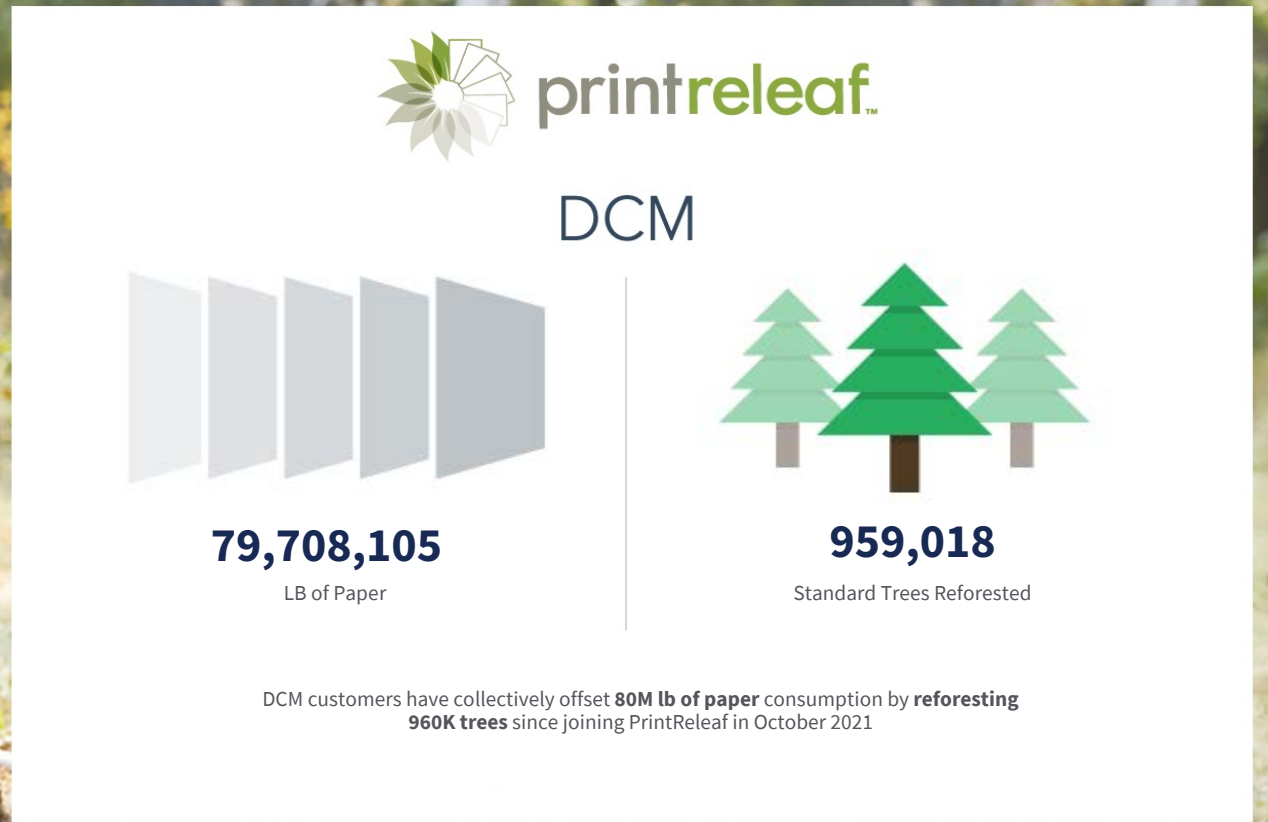
- Board diversity commitment

133 policies, plans & procedures

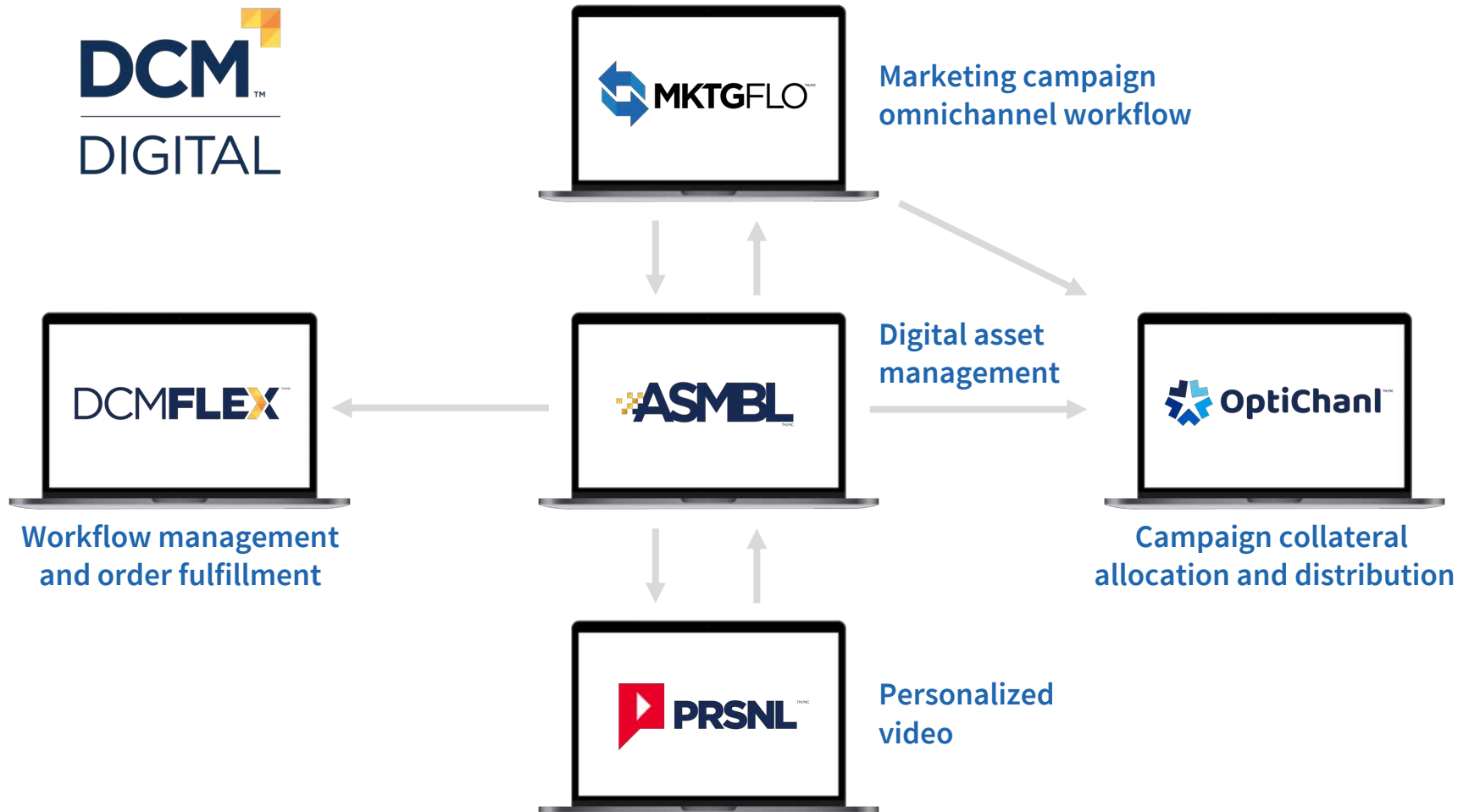
## Governance

Investor Relations microsite launched March 2022

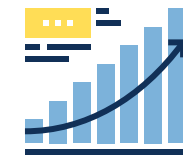
ir.datacm.com



# Solution Portfolio



## 1<sup>st</sup> Half 2023



**+18%**  
Growth



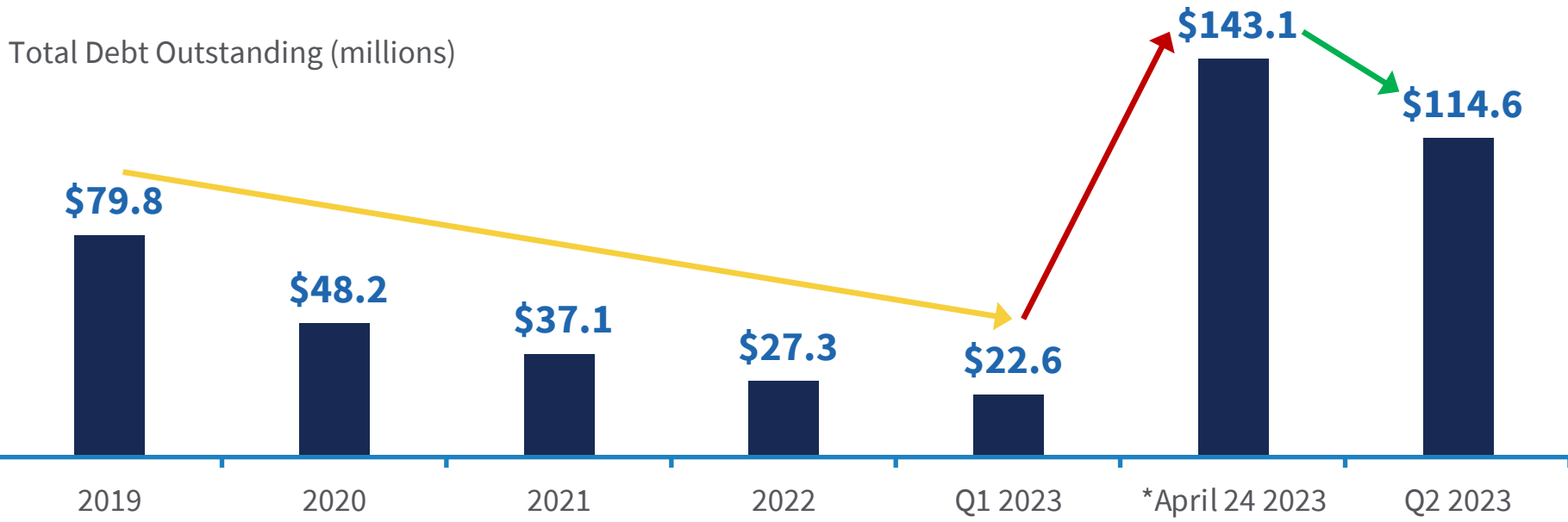
**\$2.9M**  
Revenue

# Total Debt Reduction



BETTER BUSINESS

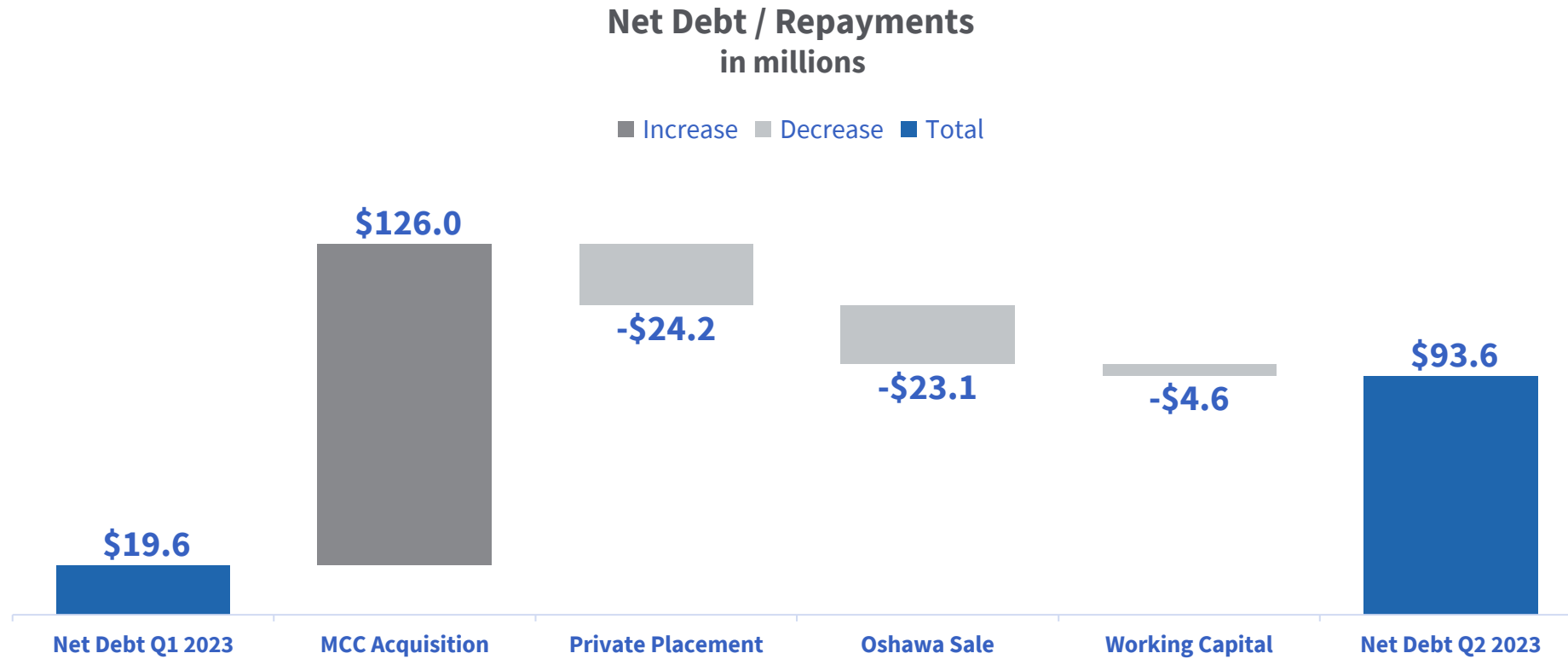
Committed to Paying Down Debt: -20% reduction since MCC Closing



20% reduction in Total Debt since April 24, 2023 MCC closing ...

# Net Debt Reduction

Key initiatives in “First 100 Days”



.... and a Net Debt reduction of +33.4% to \$93.6M since MCC Acquisition

Net Debt represents total debt, less cash. MCC Acquisition purchase price of \$130.8M less \$4.8M of net cash acquired.  
Repayments represent net proceeds from Oshawa Sale/Leaseback, Private Placement, and working capital reduction in the quarter.



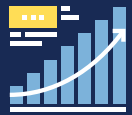
# Well Prepared For Integration



**Objective: Achieve \$25M - \$30M in Annualized Synergies**

# Updated Five-Year Strategic Financial Objectives

“From Print first to Digital first”



**+5%**

Organic  
Revenue CAGR



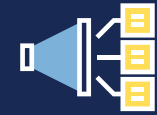
**+14%**

Adjusted EBITDA



**<1.0x**

Debt / EBITDA



**+60%**

Martech Growth,  
+80% Gross Margin



The New DCM:  
Better & Bigger

**Q&A**

# Thank you

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

**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

## EBITDA and Adjusted EBITDA reconciliation

For the periods ended June 30, 2023 and 2022 <i>(in thousands of Canadian dollars, unaudited)</i>	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Net (loss) income for the period	\$ (4,659)	\$ 3,757	\$ (7,091)	\$ 7,470
Interest expense, net	3,499	1,343	4,582	2,598
Amortization of transaction costs and debt extinguishment gain, net	107	86	179	173
Current income tax expense	1,381	1,522	3,028	2,660
Deferred income tax (recovery) expense	(204)	(47)	(1,812)	440
Depreciation of property, plant and equipment	1,365	781	2,056	1,561
Amortization of intangible assets	701	403	1,164	811
Depreciation of the ROU Asset	2,724	1,633	4,437	3,213
<b>EBITDA</b>	<b>\$ 4,914</b>	<b>\$ 9,478</b>	<b>\$ 6,543</b>	<b>\$ 18,926</b>
Acquisition and integration costs	3,837	—	9,955	—
Restructuring expenses	2,729	—	2,729	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	2,343	278	7,361	278
<b>Adjusted EBITDA</b>	<b>\$ 13,823</b>	<b>\$ 9,756</b>	<b>\$ 26,588</b>	<b>\$ 19,204</b>

# EBITDA and Adjusted EBITDA Reconciliation

The following table provides reconciliations of net (loss) income to EBITDA and of net (loss) income to Adjusted EBITDA for the periods noted, following adoption of “net fair value (gains) losses on financial liabilities at fair value through profit or loss”.

## EBITDA and Adjusted EBITDA reconciliation

<i>(in thousands of Canadian dollars, unaudited)</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net income (loss) for the period	\$ 3,713	\$ 3,757	\$ 2,816	\$ 3,680	\$ (2,431)
Interest expense, net	1,255	1,343	1,233	1,134	1,083
Amortization of transaction costs net of debt extinguishment gain	87	86	84	87	72
Current income tax expense	1,138	1,522	1,143	1,653	1,647
Deferred income tax expense (recovery)	487	(47)	(236)	269	(1,608)
Depreciation of property, plant and equipment	780	781	760	644	691
Amortization of intangible assets	408	403	402	393	463
Depreciation of the ROU Asset	1,580	1,633	1,786	1,610	1,713
<b>EBITDA</b>	<b>\$ 9,448</b>	<b>\$ 9,478</b>	<b>\$ 7,988</b>	<b>\$ 9,470</b>	<b>\$ 1,630</b>
Acquisition and integration costs	—	—	—	1,870	6,118
Restructuring expenses	—	—	—	—	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	455	(177)	1,208	1,225	5,018
<b>Adjusted EBITDA</b>	<b>\$ 9,903</b>	<b>\$ 9,301</b>	<b>\$ 9,196</b>	<b>\$ 12,565</b>	<b>\$ 12,766</b>



# Adjusted Net Income Reconciliation

## Adjusted net income reconciliation

<b>For the periods ended June 30, 2023 and 2022</b> <i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>	<b>April 1 to June 30, 2023</b>	April 1 to June 30, 2022	<b>January 1 to June 30, 2023</b>	January 1 to June 30, 2022
Net (loss) income for the period	\$ (4,659)	\$ 3,757	\$ (7,091)	\$ 7,470
Acquisition and integration costs	3,837	—	9,955	—
Restructuring expenses	2,729	—	2,729	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	2,343	278	7,361	278
Tax effect of the above adjustments	(2,252)	(70)	(5,067)	(70)
<b>Adjusted net income</b>	<b>\$ 1,998</b>	<b>\$ 3,965</b>	<b>\$ 7,887</b>	<b>\$ 7,678</b>
<b>Adjusted net income per share, basic</b>	<b>0.04</b>	0.09	<b>0.17</b>	0.17
<b>Adjusted net income per share, diluted</b>	<b>0.04</b>	0.09	<b>0.17</b>	0.17
<b>Weighted average number of common shares outstanding, basic</b>	<b>49,055,088</b>	44,062,831	<b>46,572,750</b>	44,062,831
<b>Weighted average number of common shares outstanding, diluted</b>	<b>49,055,088</b>	46,501,606	<b>46,572,750</b>	46,529,426
<b>Number of common shares outstanding, basic</b>	<b>55,022,883</b>	44,062,831	<b>55,022,883</b>	44,062,831
<b>Number of common shares outstanding, diluted</b>	<b>55,022,883</b>	46,501,606	<b>55,022,883</b>	46,529,426



The New DCM:  
Better & Bigger