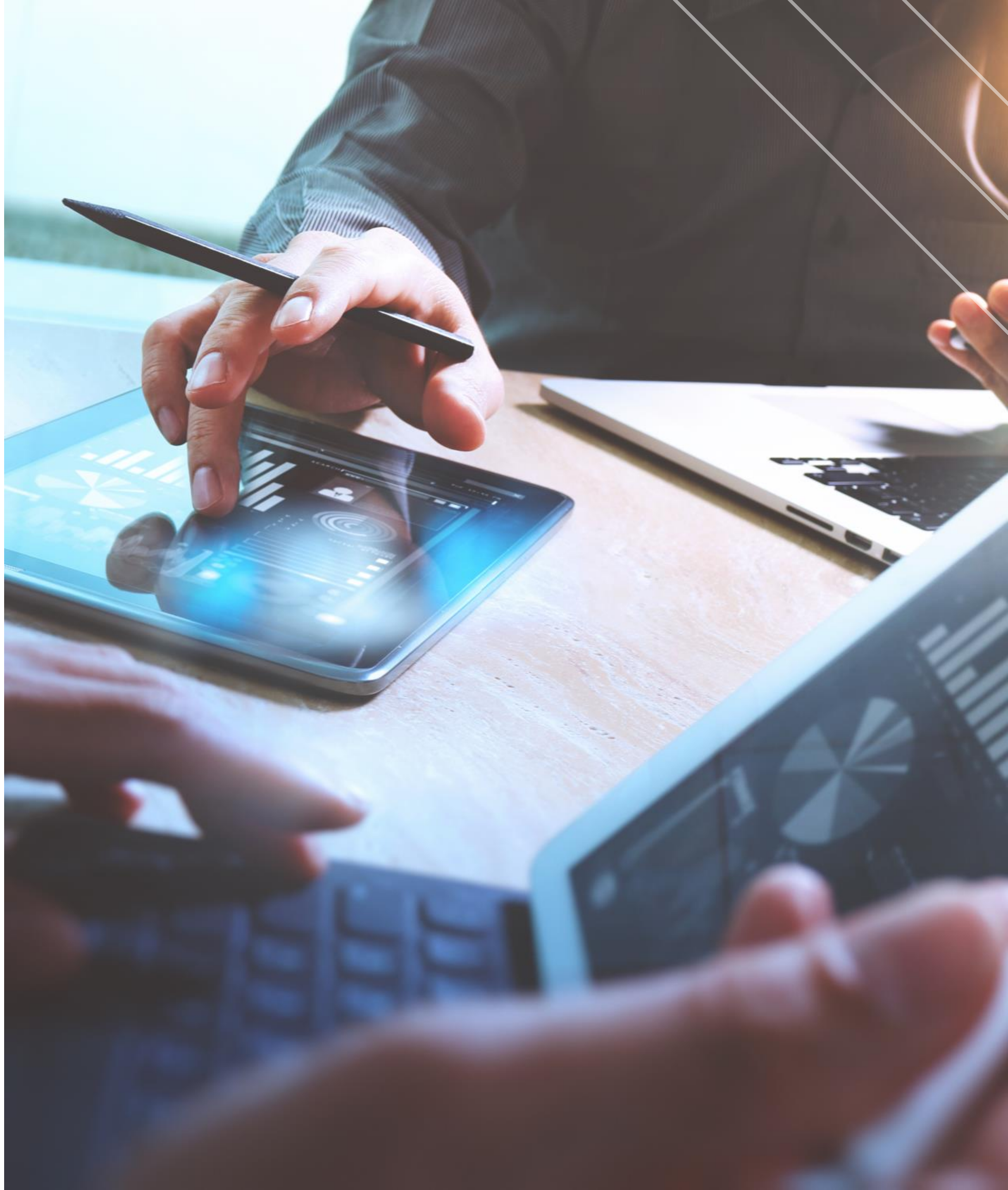
DCM

Fiscal Q1 2024 Report to Shareholders

DATA Communications Management Corp.

DCM-TSX | DCMDF-OTCQX

May 14, 2024



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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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.sedarplus.ca.

Today’s Agenda

- Q1 2024 Highlights and Results
- 2024 Balance of Year Priorities
- Questions and Answers

Q1 2024 Highlights and Results

Q1 2024 Highlights

- Third full quarter of DCM + MCC results
- Great overall integration progress
- Net debt down -46.1% since acquisition close
- Positive outlook for 2024 based on:
  - Order trends / timing
  - New logo wins
  - Operating performance improvements
  - Strategic revenue management
- Completed sale and leaseback of third MCC facility, Trenton, Ontario for gross proceeds of $9 million
- Advanced plant consolidation planning / system migration
- Accelerated capital investment

Revenue

+69.9%

vs. Q1 2023

$129.3M

+$53.2M vs. Q1 2023

Q1 revenue slightly lower than expected due to shifting of large client projects into future quarters

Strong New Business Momentum

Dynamics 365

+$1.9M revenue secured from 10 new client wins that will flow into future quarters

+$12M in “wallet share/expansion revenue” won from current clients

Revenue by Reported Segment

Product Sales	Technology Services	Freight
$113.1M	**$7.7M**	**$3.6M**
+69.6% vs. Q1 2023	+427.5% vs. Q1 2023	+80.2% vs. Q1 2023
Warehousing	**Tech-enabled Hardware**	**Marketing & Other**
$2.6M	**$1.6M**	**$0.6M**
+31.5% vs. Q1 2023	-51.3% vs. Q1 2023	+8.0% vs. Q1 2023

Solid year over year increases across all reported segments, other than Tech Hardware – attributed to timing of orders from a large healthcare provider in 2023

Gross Profit

+57.9%
vs. Q1 2023

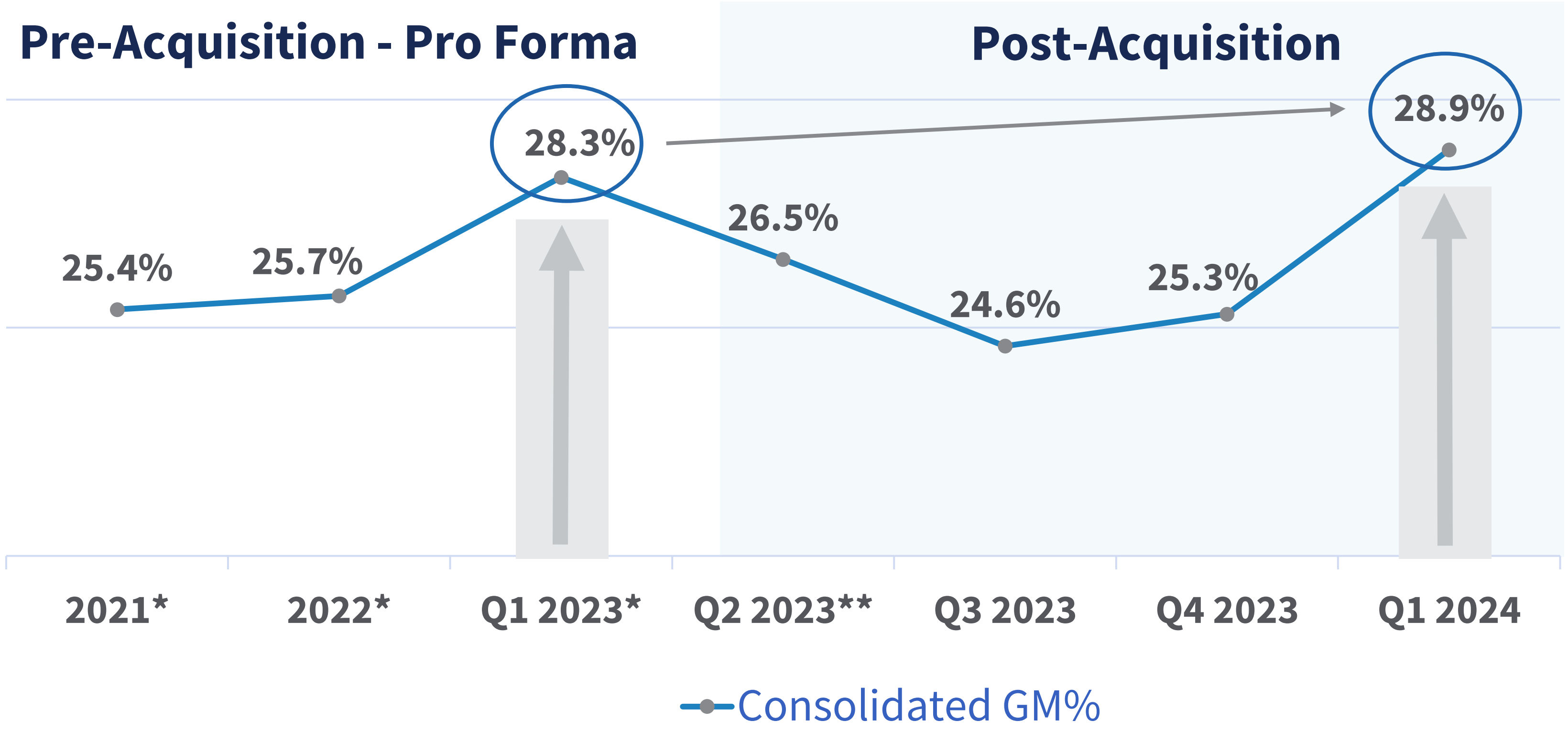
$37.3M
+$13.7M vs. Q1 2023

28.9%
vs. 31.1% in Q1 2023

Actively focused on returning our combined business to pre-acquisition margins

On path to return to +30% Gross Margins

Operating efficiency initiatives drove 60 basis point gross margin improvement in Q1



* Unaudited. Information for fiscal 2021 and 2022 and Q1 / Q2 2023 has been derived from DCM's Business Acquisition Report dated June 29, 2023 and filed on SEDAR+ and management internal reporting and records. The MCC acquisition closed April 24, 2023, and our reported financial information includes MCC results since that date.

Adjusted EBITDA*

$18.7M

+46.2% vs. Q1 2023

14.4%

of Revenue vs.
16.8% in Q1 2023

Synergy benefits continue in Q1 2024, expected to contribute to improved overall profitability balance of year

* Adjusted EBITDA is a non-IFRS measure, for a reconciliation to its most comparable IFRS Accounting Standards measure, net income, see "Non-IFRS Measures."

Q1 Restructuring and One-Time Costs

$1.1M

Restructuring Expenses

$0.3M

Acquisition & Integration Expenses (one-time, deal related)

Majority of planned organizational, operational and procurement restructuring expenses recognized in 2023

Synergies*

Operational

Organizational

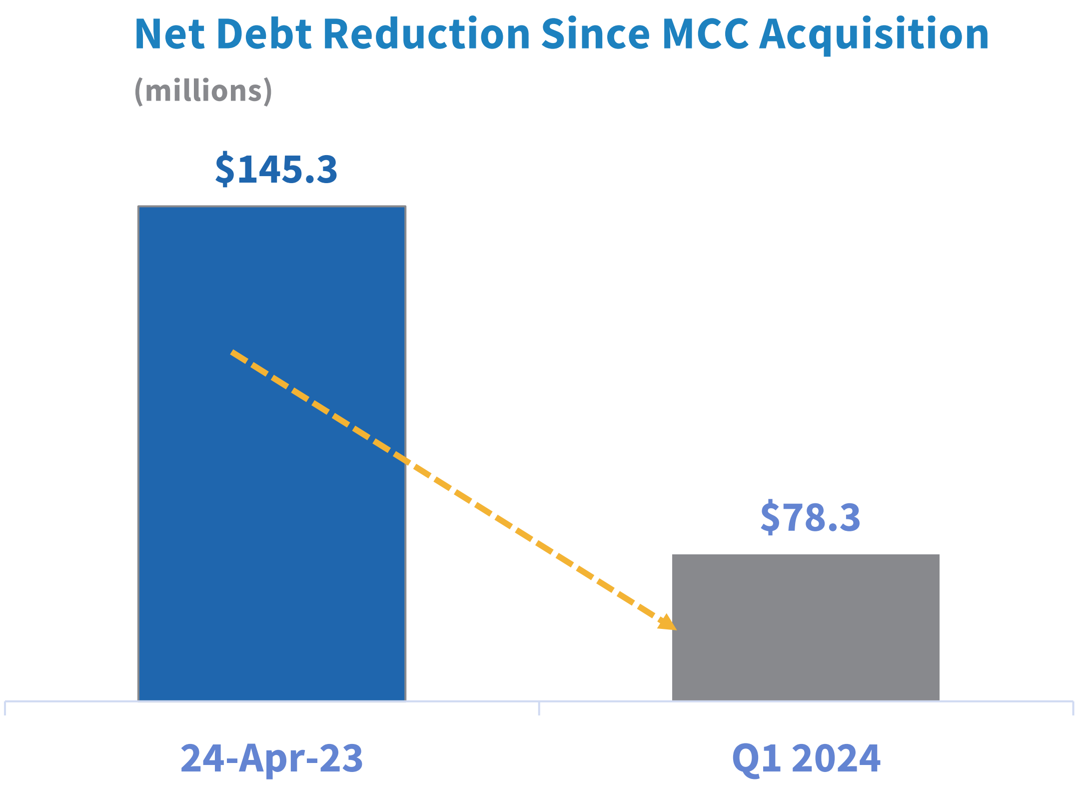
Procurement

Revenue

Maintaining objective of $30M–$35M in annualized synergies, focused on achieving full run-rate savings over the next 12 months

* "Annualized synergies" have not been prepared in accordance with IFRS Accounting Standards, nor has a reconciliation to IFRS Accounting Standards been provided. For a description of how we evaluate synergies, why we see these as a useful metrics for investors, and related risks, see "Forward-looking statements" and "Supplementary Financial Measures" in our annual MD&A for the year ended December 31, 2023 and filed on SEDAR+.

Net Debt*



-$67.0M

net debt reduction

-46.1%

since MCC Acquisition

* Net debt is a non-IFRS measure, for a reconciliation to its most comparable IFRS Accounting Standards measure, credit facilities, see "Definition of Non-IFRS Accounting Standards, Financial Measures and Ratios" and "Additional Reconciliations of Non-IFRS Accounting Standards Financial Measures" in our annual MD&A for the three months ended March 31, 2024 and filed on SEDAR+.

** Net Debt Pro Forma MCC Acquisition includes pre-acquisition debt plus acquisition-related debt, net of cash on hand.

SG&A

$25.4M

-9.9% vs. Q1 2023
(pro forma)

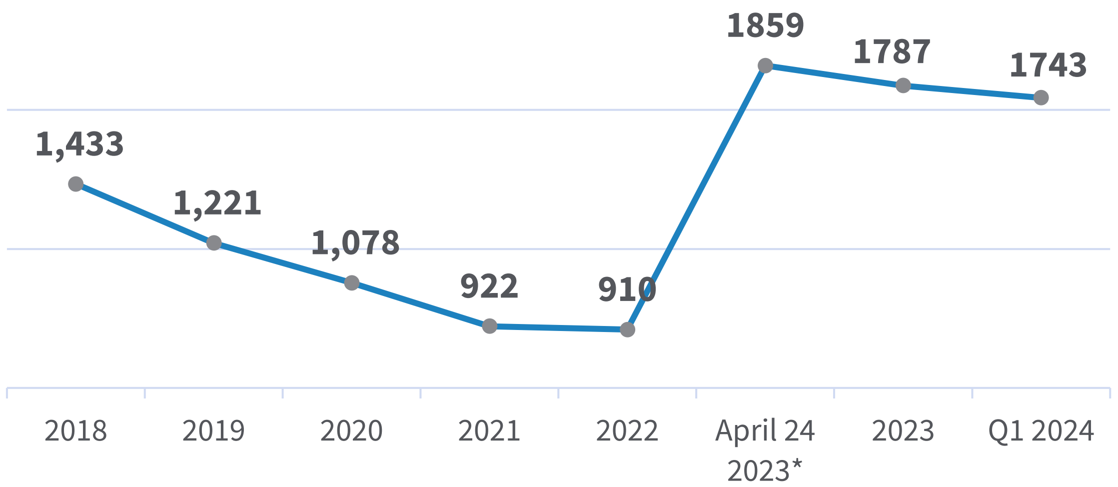
-$2.5M

vs. Q1 2023
(pro forma)

Organizational improvements commenced immediately post-acquisition

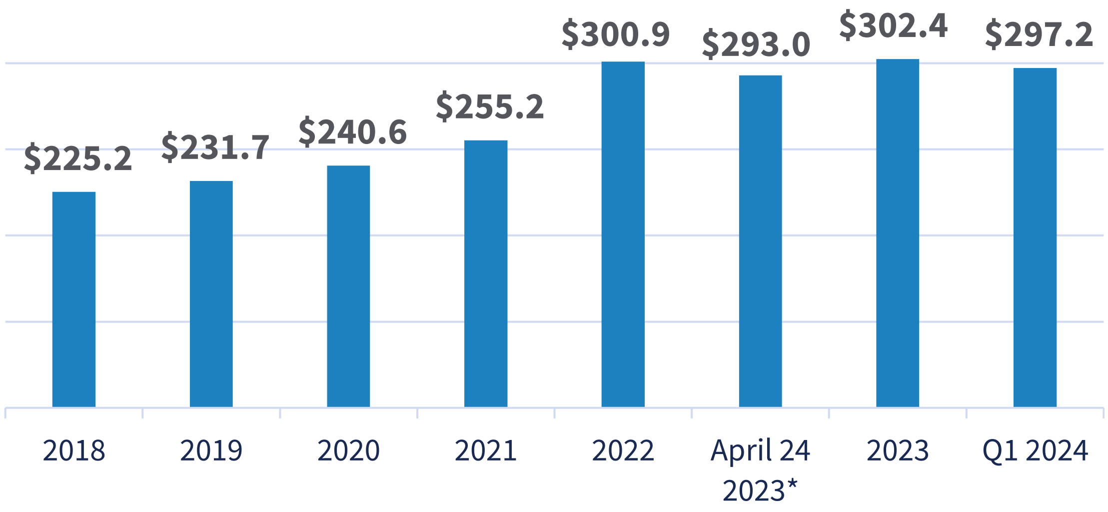
Revenue per Associate*

Headcount at End of Period



* Total Active employees on Date of Acquisition

Revenue per Associate (thousands)



* TTM Revenue used for April 24, 2023 (date of acquisition) and Q1 2024 calculations

-2.5% vs. FY2023
-6.2% vs. April 24, 2023

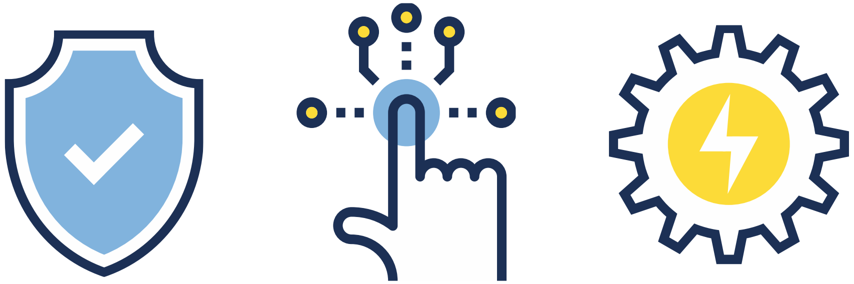
-1.7% vs. FY2023
+1.4% vs. April 24, 2023

Revenue per associate improved by 1.4% since acquisition

* Revenue per associate is a supplementary, non-IFRS measure. For a definition of revenue per associate, see "Supplementary Financial Measures" in our annual MD&A for the year ended March 31, 2024 and filed on SEDAR+.

Capital Investment

$2.8M
in PP&E
vs. $0.6M in Q1 2023



2024 Outlook
Strategic Investments

Accelerated capital investments support our gross margin improvement goal

printreleaf

Quarterly Impact Statement

DCM

During the first quarter of 2024, DCM customers collectively offset 22,014,490 lb of paper consumption by reforesting 264,869 standard trees on the PrintReleaf Exchange.

CHANNEL ID ACT_8B676187C99C
STATEMENT PERIOD 2024-01-01 - 2024-03-31

22,014,490
LB OF PAPER OFFSET

264,870
STANDARD TREES REFORESTED

2024-Q1 GLOBAL IMPACT

Reforestation Project	Trees
France (Torcé)	97,894
Canada	87,592
California (Mendocino)	79,384
Total Trees	264,870

You print one. We’ll plant one.

In **Q1 2024** we reforested **265k trees.**

+1.7M trees reforested since commencement of program in mid-2022

2024 Balance of Year Priorities

2024 Strategic Priorities

MCC Integration

- Plant consolidation
- Harmonize back-office systems

Gross Profit Improvement

- Strategic revenue management
- Lower overheads, operating costs
- Investment in new capital
- Operating efficiencies

Growing our Business

- Expanding product / services offerings
- Leverage combined capabilities
- Cross-sell / up-sell
- Vertical market focus
- Digital acceleration

Generate Higher Levels of FCF

- Focus on margin improvement & overhead controls
- Prudent capital allocation

Technology Services

Q1 2024

$7.7M
Revenue

+428%
Growth

DCMFLEX
A centralized marketing resource hub for procuring and allocating personalized customer communications content

OptiChanl
A smart allocation and kitting platform program that ensures each location gets exactly the right collateral

ASMBL
A digital library that allows organizations to easily store, manage and find their digital assets, ensuring they can create assets once, and use many times

DCM DIGITAL

DCM DIGITAL SIGNAGE
Offering of digital signage and related content management to help engage and enhance customer experience

PRSNL
An end-to-end managed service for creating and deploying personalized videos on a secure platform

MKTGFLO
A multi-channel workflow management platform for building and executing marketing campaigns and integrating cross-functional enterprise teams

Attractive growth opportunities in our tech-enabled services

Questions and Answers

Contact Information

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Q1 2024 Summary P&L

First Quarter 2024 Key Financial Results

Quarter ended March 31, in millions

Selected financial information	Q1 2024	Q1 2023*	Better/(Worse)
Revenue	$129.3	$76.1	+$53.2
Gross profit	$37.3	$23.6	+$13.7
Gross margin (%)	***28.9%***	***31.1%***	***(220 bps)***
SG&A	$25.4	$13.7	($11.6)
Restructuring expenses	$1.1	-	($1.1)
Acquisition & Integration Costs	$0.3	$6.1	+$5.8
NFV (gains)/losses on financial liabilities**	$3.2	$5.0	+$1.8
Net (loss) income for the period	**$1.5**	**($2.4)**	**$3.9**
Adjusted Net (loss) income***	$4.9	$5.9	($1.0)
As percent of revenue	3.8%	7.7%	*(390 bps)*
Adjusted EBITDA***	**$18.7**	**$12.8**	**+$5.9**
As percent of revenue	***14.4%***	***16.8%***	***(240 bps)***

1. * Q1 2023 actuals do not include MCC.
2. ** Mark-to Market accounting adjustment ($0.60 share price increase since Dec 29, 2023 driving +$2.8M) & vesting of RSU’s / DSU’s.
3. *** For a reconciliation of Adjusted EBITDA and Adjusted Net (loss) income to net (loss) income to their most comparable IFRS Accounting Standards measure, net income, see “Non-IFRS Measures.”

Non-IFRS Accounting Standards Measures

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

For the periods ended March 31, 2024 and 2023 *(in thousands of Canadian dollars, unaudited)*		**January 1 to March 31, 2024**		January 1 to March 31, 2023
Net (loss) income for the period	**$**	**1,475**	$	(2,431)
Interest expense, net		**5,553**		1,083
Amortization of transaction costs net of debt extinguishment gain		**140**		72
Current income tax expense		**1,342**		1,647
Deferred income tax (recovery) expense		**(1,163)**		(1,608)
Depreciation of property, plant and equipment		**1,523**		691
Amortization of intangible assets		**728**		463
Depreciation of the ROU Asset		**4,485**		1,713
EBITDA	**$**	**14,083**	$	1,630
Acquisition and integration costs		**283**		6,118
Restructuring expenses		**1,085**		—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss		**3,214**		5,018
Adjusted EBITDA	**$**	**18,665**	$	12,766

EBITDA and Adjusted EBITDA Reconciliation

For the years ended December 31, 2023, 2022 and 2021 *(in thousands of Canadian dollars, unaudited)*	**January 1 to December 31, 2023**	January 1 to December 31, 2022	January 1 to December 31, 2021
Net income for the year	**$ (15,854)**	$ 13,966	$ 1,565
Interest expense, net	**15,321**	4,965	5,839
Debt modification losses and prepayment fees	**—**	—	473
Amortization of transaction costs	**457**	344	941
Current income tax expense	**1,209**	5,456	2,238
Deferred income tax expense (recovery)	**(7,799)**	473	(1,159)
Depreciation of property, plant and equipment	**6,165**	2,965	3,133
Amortization of intangible assets	**2,881**	1,606	3,589
Depreciation of the ROU Asset	**12,677**	6,609	8,428
EBITDA	**$ 15,057**	$ 36,384	$ 25,047
Acquisition and integration costs	**10,903**	1,870	—
Restructuring expenses	**20,308**	—	9,691
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	**7,122**	2,711	2,302
Other income	—	—	(1,452)
Adjusted EBITDA	**$ 53,390**	$ 40,965	$ 35,588

Adjusted Net Income Reconciliation

Adjusted net income reconciliation

For the periods ended March 31, 2024 and 2023 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*		January 1 to March 31, 2024		January 1 to March 31, 2023
Net income (loss) for the period	$	1,475	$	(2,431)
Acquisition and integration costs		283		6,118
Restructuring expenses		1,085		—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss		3,214		5,018
Tax effect of the above adjustments		(1,154)		(2,815)
Adjusted net income	$	4,903	$	5,890
Adjusted net income per share, basic		0.09		0.13
Adjusted net income per share, diluted		0.08		0.12
Weighted average number of common shares outstanding, basic		55,022,883		44,062,831
Weighted average number of common shares outstanding, diluted		59,051,883		47,650,204
Number of common shares outstanding, basic		55,022,883		44,062,831
Number of common shares outstanding, diluted		59,051,883		47,650,204

Adjusted Net Income Reconciliation

For the years ended December 31, 2023, 2022 and 2021 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*		January 1 to December 31, 2023		January 1 to December 31, 2022		January 1 to December 31, 2021
Net income for the year	**$**	**(15,854)**	$	13,966	$	1,565
Acquisition and integration costs		**10,903**		1,870		—
Restructuring expenses		**20,308**		—		9,691
Net fair value (gains) losses on financial liabilities at fair value through profit or loss		**7,122**		2,711		2,302
Other Income		**—**		—		(1,452)
Tax effect of the above adjustments		**(9,652)**		(1,159)		(2,120)
Adjusted net income for the year	**$**	**12,827**	$	17,388	$	9,986
Adjusted net income per share, basic	**$**	**0.25**	$	0.39	$	0.23
Adjusted net income per share, diluted	**$**	**0.25**	$	0.37	$	0.22
Weighted average number of common shares outstanding, basic		**50,832,543**		44,062,831		43,993,494
Weighted average number of common shares outstanding, diluted		**50,832,543**		46,572,066		46,136,507
Number of common shares outstanding, basic		**55,022,883**		44,062,831		44,062,831
Number of common shares outstanding, diluted		**50,832,543**		46,572,066		46,205,844

Thank you