



DATA COMMUNICATIONS MANAGEMENT CORP. INVESTOR PRESENTATION

DCM - TSX | DCMDF – OTCQX

May 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.

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.sedarplus.ca).

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.sedarplus.ca.



ABOUT US.

**DATA COMMUNICATIONS
MANAGEMENT CORP.**

DCM - TSX | DCMDF – OTCQX



ABOUT US.

**WE HELP CLIENTS SIMPLIFY
COMPLEX MARKETING
COMMUNICATIONS AND
OPERATIONS WORKFLOW.**

HEAD OFFICE:

Brampton, Ontario

FOUNDED:

1959

MARKETING CAPITALIZATION:

~\$180MM (basic)

~\$195MM (f.d.)

PRESIDENT & CEO:

Richard Kellam

LISTING:

DCM - TSX since 2004
DCMDF – OTCQX
since 2021



DCM AT A GLANCE.

+400

Enterprise
clients

1800

Employees

SCALE

20

Facilities across
Canada, U.S.

2023 Revenue

\$473.8M

(+63.5% vs. 2022)

- Long-term client contracts
- High retention rate

GROWTH

PROFITABILITY

2023 Adj. EBITDA

\$53.4M

(+30.3% vs. 2022)

Free cash flow

\$16.5M

(+31.9% vs. 2022)



WHAT WE DO.

WE PROVIDE TECH-ENABLED MARKETING WORKFLOW SOLUTIONS.



DCMFLEX^{TM/INC}

- PERSONALIZED COMMUNICATIONS
- BUSINESS PROCESS OUTSOURCING
- MARKETING SOLUTIONS

WHAT WE DO.

**CANADA'S
2ND LARGEST
PRINT &
MARKETING
COMMUNICATIONS
COMPANY.**



400 ENTERPRISE CLIENTS.

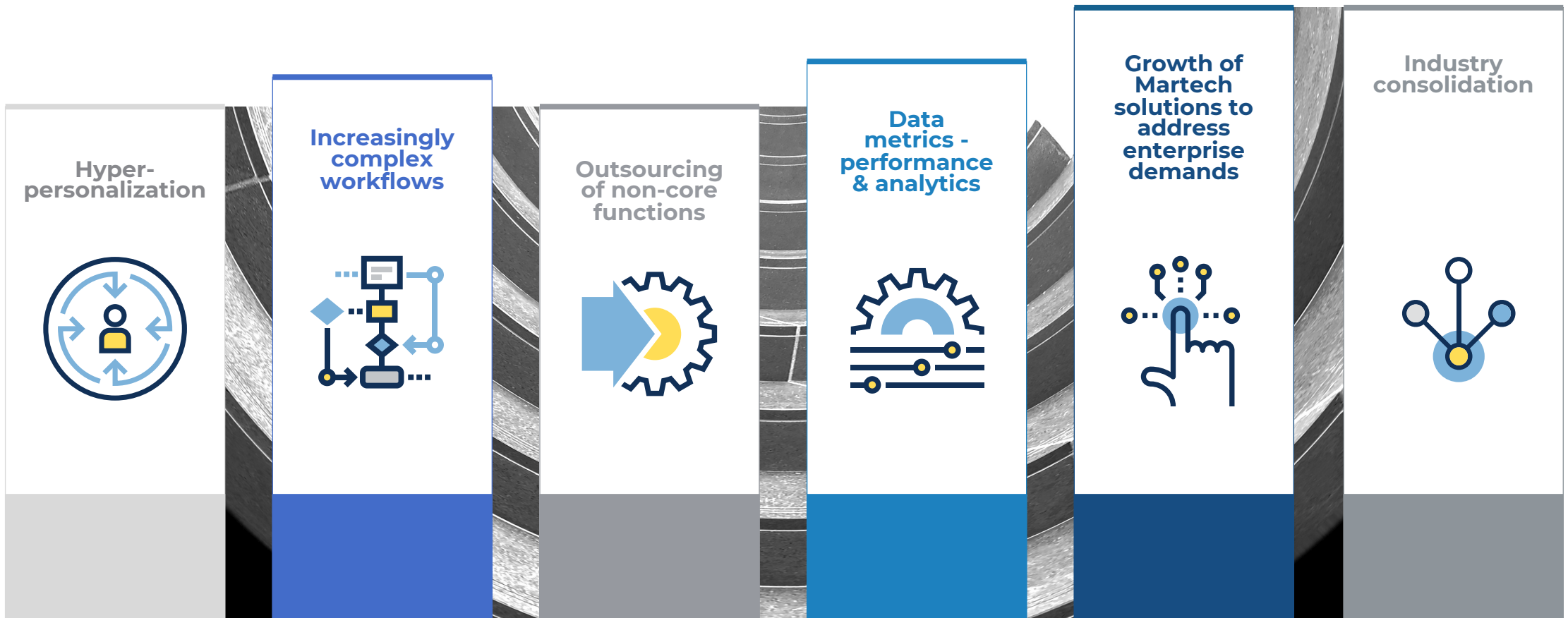
Handling massive complexity

Serving diverse industry verticals

High retention rate (>95%)



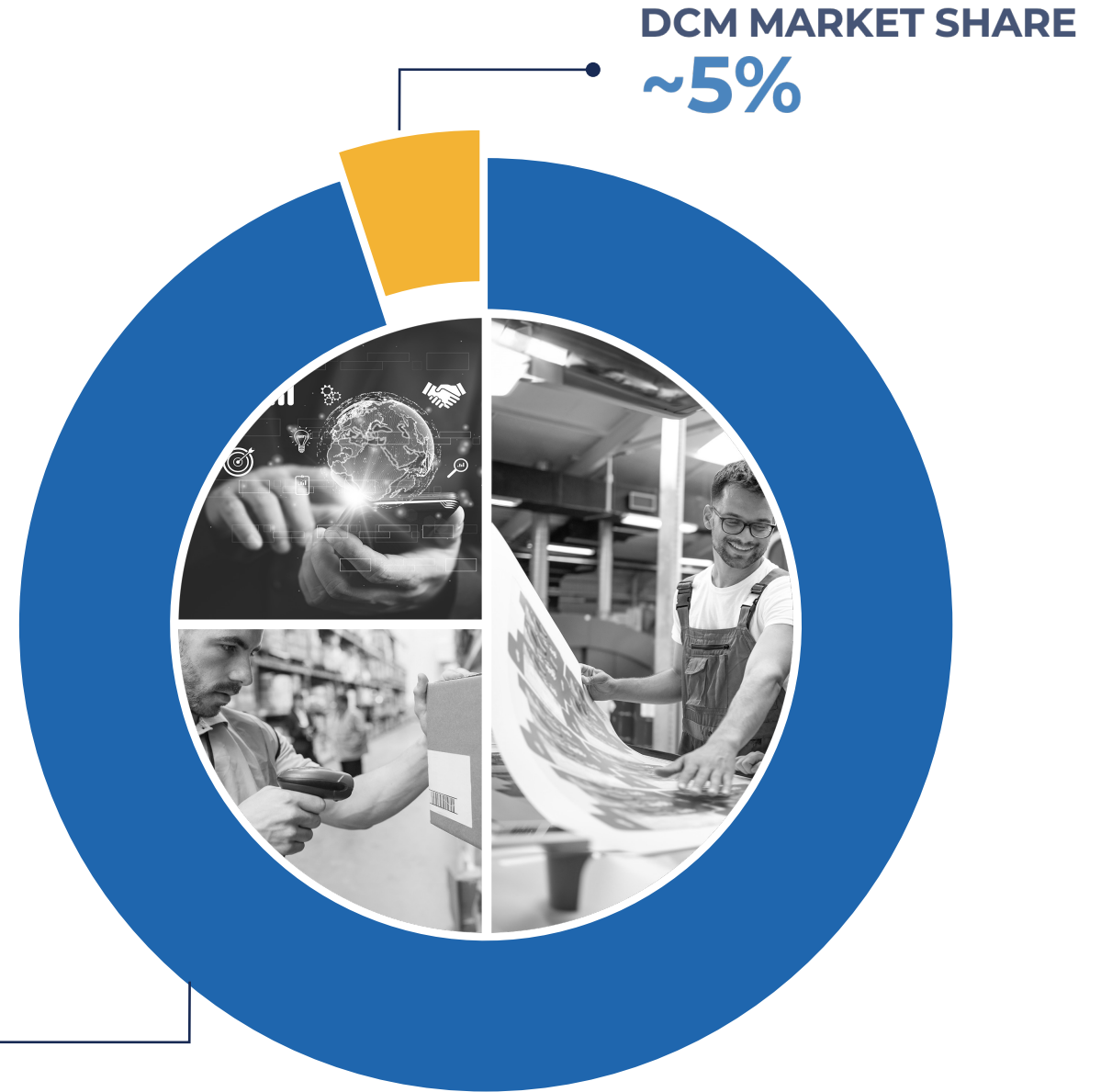
KEY MARKET TRENDS.





A LARGE, FRAGMENTED CANADIAN COMMERCIAL PRINT MARKET.

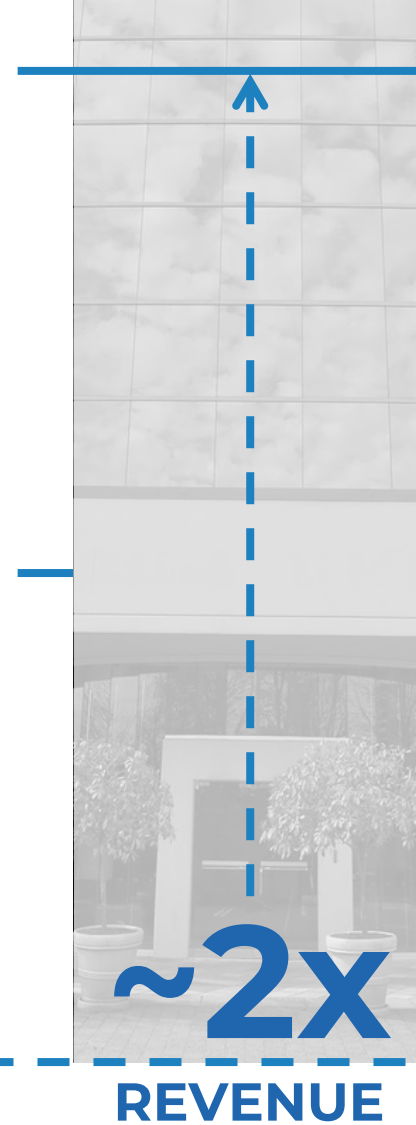
TOTAL ADDRESSABLE MARKET =
>\$10B



TRANSFORMATIONAL ACQUISITION

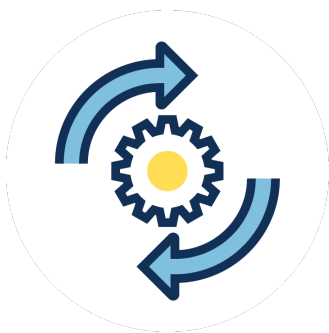


**ACQUIRED OUR
LARGEST
COMPETITOR
MOORE CANADA
CORPORATION
IN APRIL 2023
ALMOST DOUBLING
OUR REVENUE**

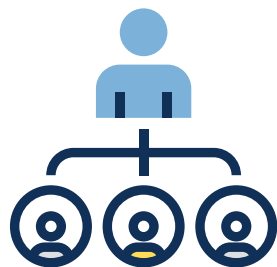


PAID ~\$100M, NET OF REAL ESTATE ASSET SALES

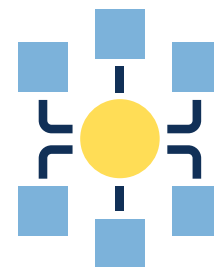
SYNERGIES* AHEAD OF PLAN



Operational



Organizational



Procurement



Revenue

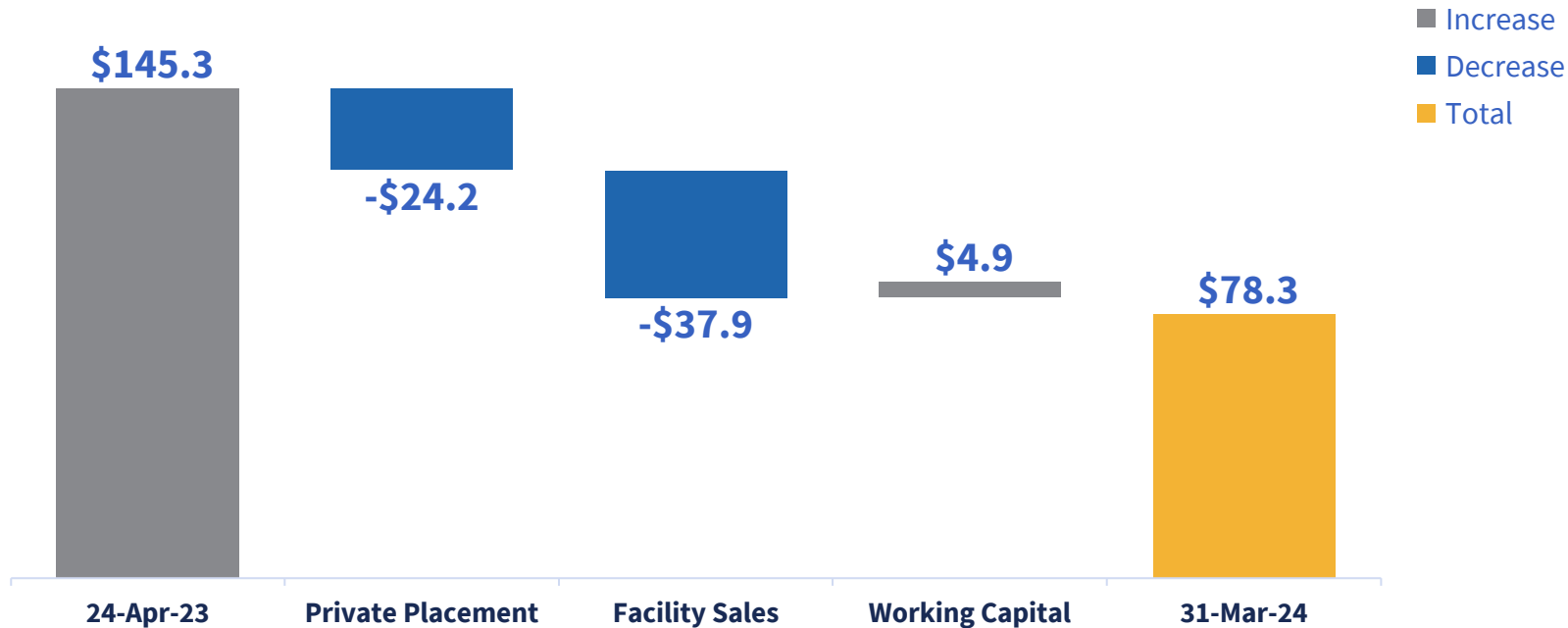
Maintaining objective of \$30M - \$35M in annualized synergies, focused on achieving full run-rate savings over the next 12 months

* "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 *

LOWER BY -46.1% SINCE MCC ACQUISITION

Net debt down by \$67.0m vs. MCC acquisition



April 24, 2023 Acquisition at initial purchase price, net of cash on hand, plus prior net debt.

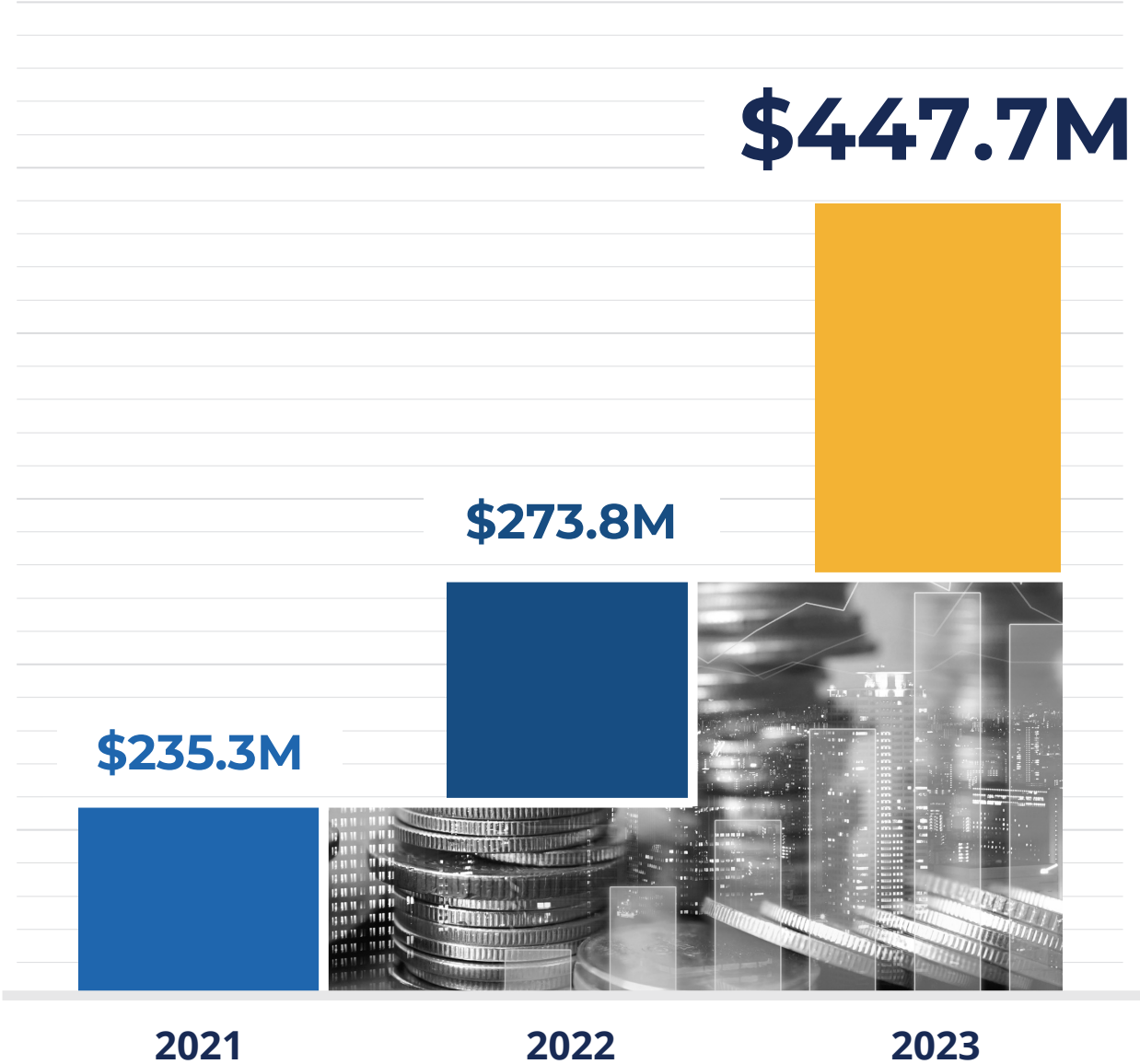
* Net debt is a non-IFRS measure, for a reconciliation to its most comparable IFRS Accounting Standards measure, credit facilities, see "Definition of Non-IFRS Accounting Standards, Financial Measures and Ratios" and "Additional Reconciliations of Non-IFRS Accounting Standards Financial Measures" in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

FINANCIAL PERFORMANCE



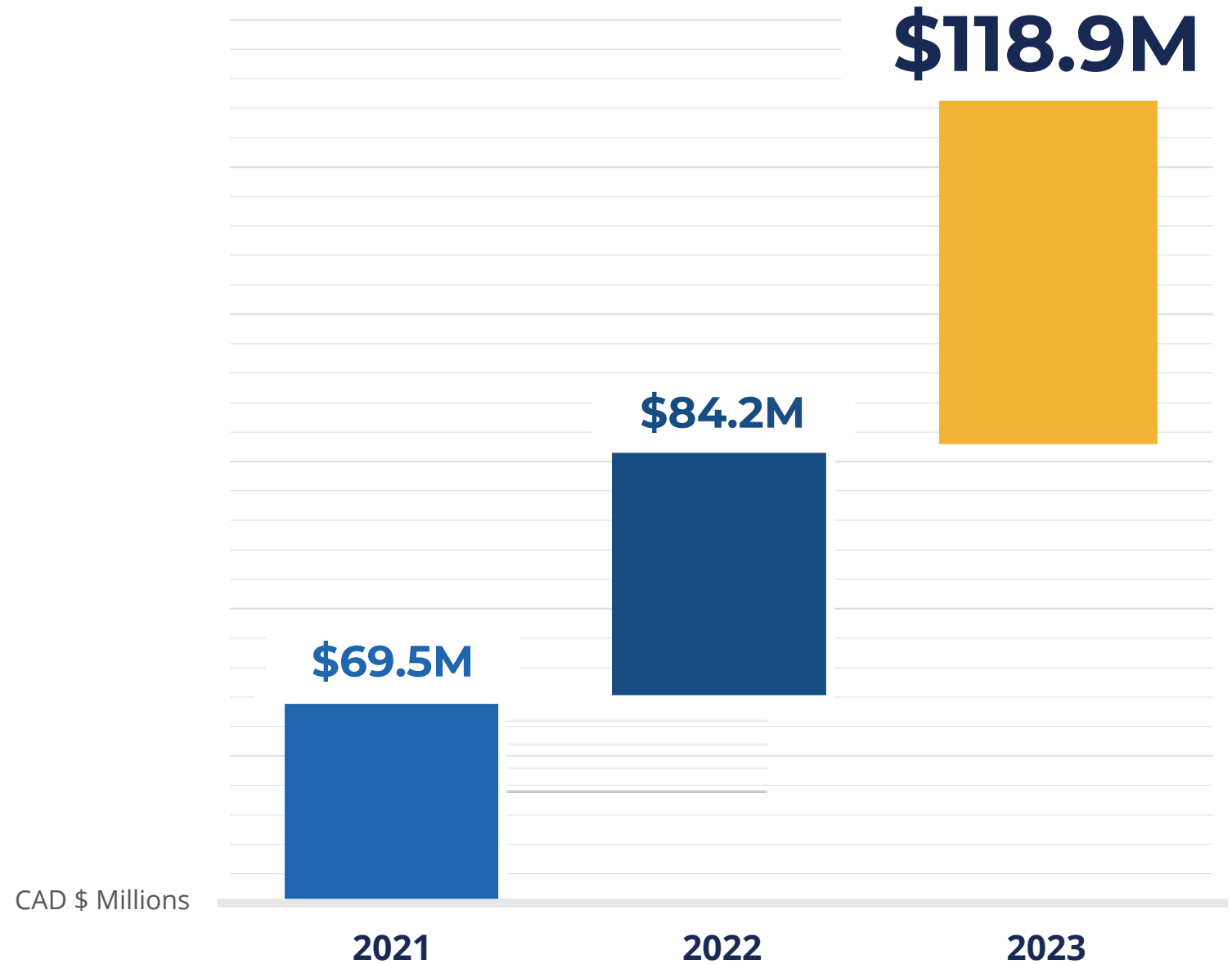
REVENUE.

CAD \$ Millions





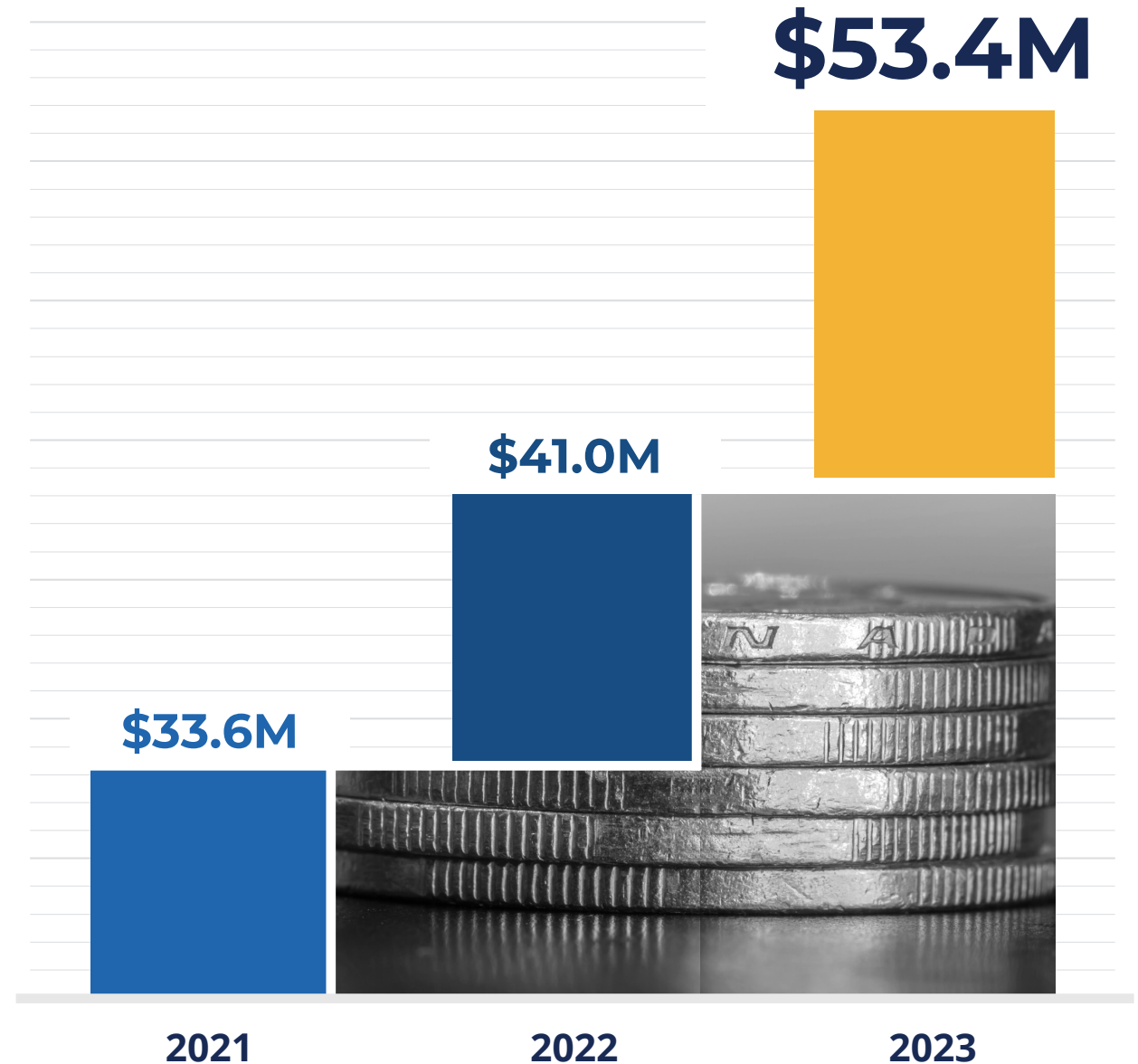
GROSS PROFIT.





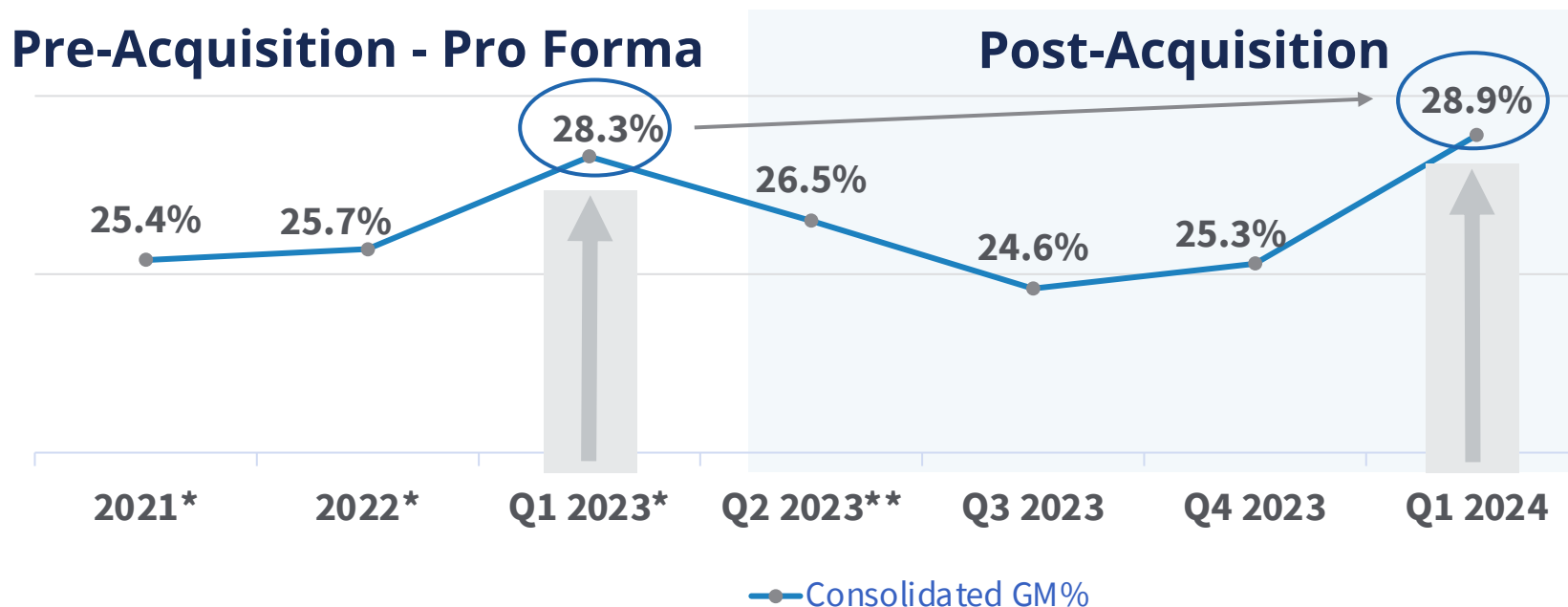
ADJUSTED EBITDA*

CAD \$ Millions



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

ON PATH TO RETURN TO +30% GROSS MARGINS

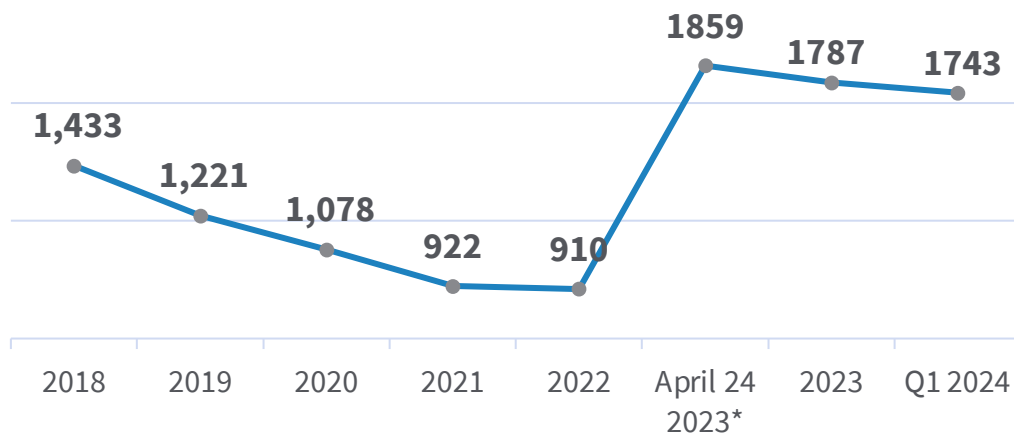


**Operating efficiency initiatives drove
60 basis point gross margin improvement in Q1**

* Pro Forma gross margins are unaudited. Fiscal 2021, 2022 and Q1 / Q2 2023 gross margins have 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; our reported financial information includes MCC results since that date.

REVENUE PER ASSOCIATE*

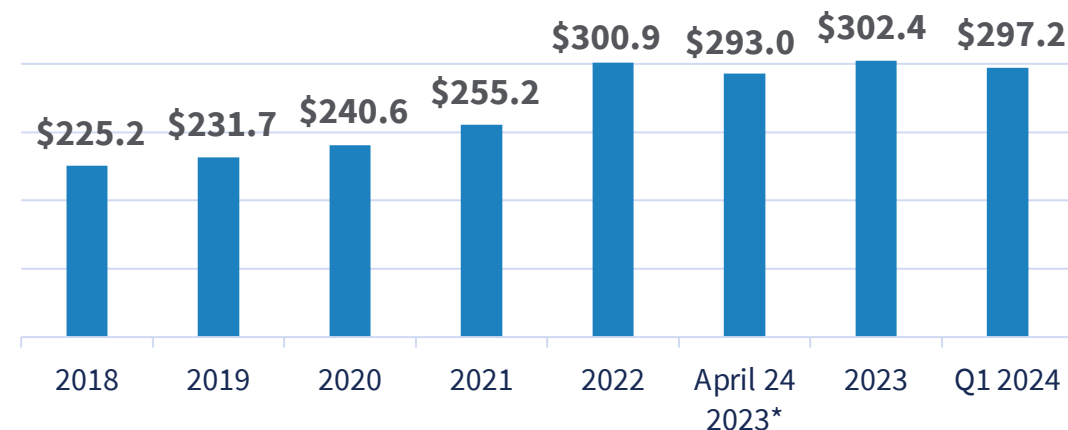
Headcount at end of Period



* Total Active employees on Date of Acquisition

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

Revenue per Associate (thousands)



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

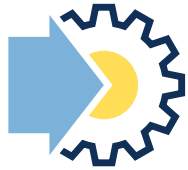
-1.7% vs. FY2023
+1.4% vs. Apr 24, 2023

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 most recent annual and interim MD&A filed on SEDAR+.

WHAT'S NEXT?

2024 STRATEGIC PRIORITIES



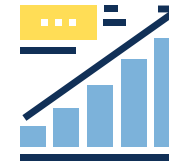
MCC Integration

- 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

M&A STRATEGY

HIGH VALUE PRINT

- Strategic fit:
 - Clients
 - Capabilities
 - Growth
 - Margin

MARKETING SERVICES

- Complementary services & clientele
- Vertical integration to leverage our print capabilities

TECHNOLOGY SOLUTIONS

- Workflow
- Marketing technology

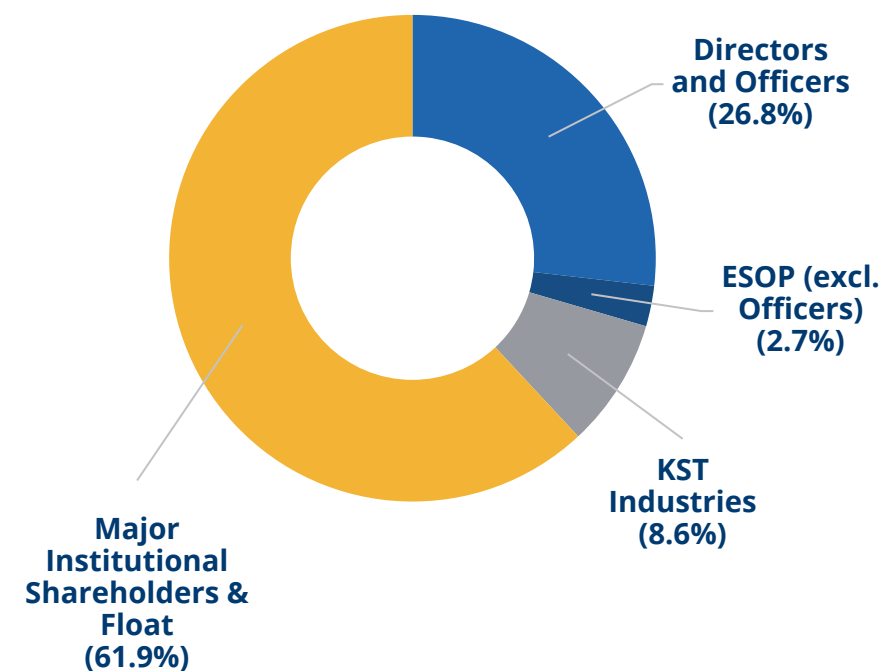


INVESTMENT HIGHLIGHTS

CAPITALIZATION AND OWNERSHIP

Capitalization	"DCM" on TSX
Recent Share Price (May 13, 2024)	\$3.27
52 week high/low	\$3.85/\$2.42
Common Shares Outstanding	55.0M
Options (\$1.18 average ex. price)	4.3M
Warrants (\$3.16 average ex. price)	0.3M
Fully Diluted Shares Outstanding	59.8M
Market Capitalization (F.D.)	\$195.6M
Total Enterprise Value*	\$273.9M

Ownership summary
(Fully diluted)



* Total enterprise value = market capitalization plus net debt.

INVESTMENT HIGHLIGHTS

Leading position in the Canadian market

Focused on profitable growth

Track record of debt reduction and cash flow generation

MCC integration and synergy realization ahead of plan

Future growth enhanced by new technology product launches and M&A

Experienced leadership team that delivers results



For more information, please visit
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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”. See “Non-IFRS Accounting Standards measures” section in our most recent interim and annual filings on SEDAR+ for more information.

For the years ended December 31, 2023, 2022 and 2021 <i>(in thousands of Canadian dollars, unaudited)</i>	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



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”. See “Non-IFRS Accounting Standards measures” section in our most recent interim and annual filings on SEDAR+ for more information.

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



ADJUSTED NET INCOME RECONCILIATION

The following table provides reconciliations of net income to Adjusted net income and a presentation of Adjusted net income per share for the periods noted. See “Non-IFRS Accounting Standards measures” section in our most recent interim and annual filings on SEDAR+ for more information.

For the years ended December 31, 2023, 2022 and 2021		January 1 to December 31, 2023		January 1 to December 31, 2022		January 1 to December 31, 2021	
<i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>							
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	

ADJUSTED NET INCOME RECONCILIATION

The following table provides reconciliations of net income to Adjusted net income and a presentation of Adjusted net income per share for the periods noted. . See “Non-IFRS Accounting Standards measures” section in our most recent interim and annual filings on SEDAR+ for more information.

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





THANK YOU