



# FISCAL Q2 2024 REPORT TO SHAREHOLDERS.

DCM – TSX | DCMDF – OTCQX

August 8, 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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## 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 SEDAR+.





# **TODAY'S AGENDA.**

Q2 2024 HIGHLIGHTS  
AND FIRST HALF 2024  
RESULTS

2024 BALANCE OF  
YEAR PRIORITIES

QUESTIONS AND  
ANSWERS



# Q2 2024 HIGHLIGHTS AND **FIRST HALF RESULTS**



# EXECUTING THE GAME PLAN ONE QUARTER AT A TIME.



## Q1 2024 FOCUS: INTEGRATION EFFECTIVENESS

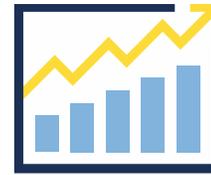
- Significant progress on integration execution
- Advanced plant consolidation planning/system migration
  - Thistle/Bond consolidation – completed June 2024
  - Trenton/Brampton consolidation – on path for Q4 2024
  - Fergus/Drummondville consolidation – on path for Q4 2024
- Accelerated capital investment

### AHEAD OF ORIGINAL PLAN:

- **Synergies:** targeting \$30-35M vs. \$20-25M initially
- **Integration completion:** end of fiscal 2024 vs. mid-2025
- **Cost of Integration:** tracking ~1.0x synergies as anticipated



# EXECUTING THE GAME PLAN ONE QUARTER AT A TIME.



## Q2 2024 FOCUS: PROFITABLE GROWTH

- Pursuit of profitable growth
- Strategic revenue management:
  - Planning & execution
  - Transitioning from low value/margin clients to higher margin accretive clients
  - Rationalizing unprofitable business
- New logo wins continue in Q2
- Gross margin % year over year improvement

# CONTINUED NEW BUSINESS MOMENTUM

## NEW LOGOS

+\$4.2M REVENUE

Secured year to date from **30 NEW CLIENT WINS** expected to flow into future quarters



Government



Automotive



Loyalty



Healthcare



Grocery



Utilities

## WALLET SHARE

+\$19.2M REVENUE

Secured year to date from current clients



Government



Transportation



Lottery



Retail



Healthcare



Grocery



Financials





**ACTIVE PACE  
OF CONTRACT  
RENEWALS/  
EXTENSIONS**  
HIGH  
RETENTION  
RATES.

## REPRESENTATIVE TOP 150 CLIENT RENEWALS YEAR TO DATE (APPROXIMATE REVENUE IN 2023)



Government

- \$12M revenue in 2023
- 2 clients
- 1 – 5-year terms



Healthcare

- \$9M revenue in 2023
- 2 clients
- 1 – 3-year terms



Financials

- \$37M revenue in 2023
- 4 clients
- 2 – 3-year terms



Transportation

- \$29M revenue in 2023
- 2 clients
- 1-year terms



# Q2 2024 REVENUE.



**+5.7%**  
vs. Q2 2023



**\$125.8M**  
+\$6.8M vs. Q2 2023

Positively impacted by MCC acquisition

# Q2 REVENUE BY REPORTED SEGMENT

Product Sales

**\$109.5M**

+1.3% vs. Q2 2023

Technology Services

**\$4.4M**

+111.2% vs. Q2 2023

Freight

**\$3.9M**

+14.1% vs. Q2 2023

Warehousing

**\$4.4M**

+72.9% vs. Q2 2023

Tech-enabled Hardware

**\$2.5M**

+32.3% vs. Q2 2023

Marketing & Other

**\$1.0M**

+16.5% vs. Q2 2023

**Solid year over year increases across non-print segments**

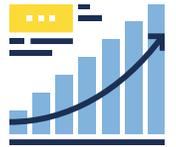


# TECHNOLOGY SERVICES

## Q2 2024



**\$4.4M**  
REVENUE



**+111%**  
GROWTH

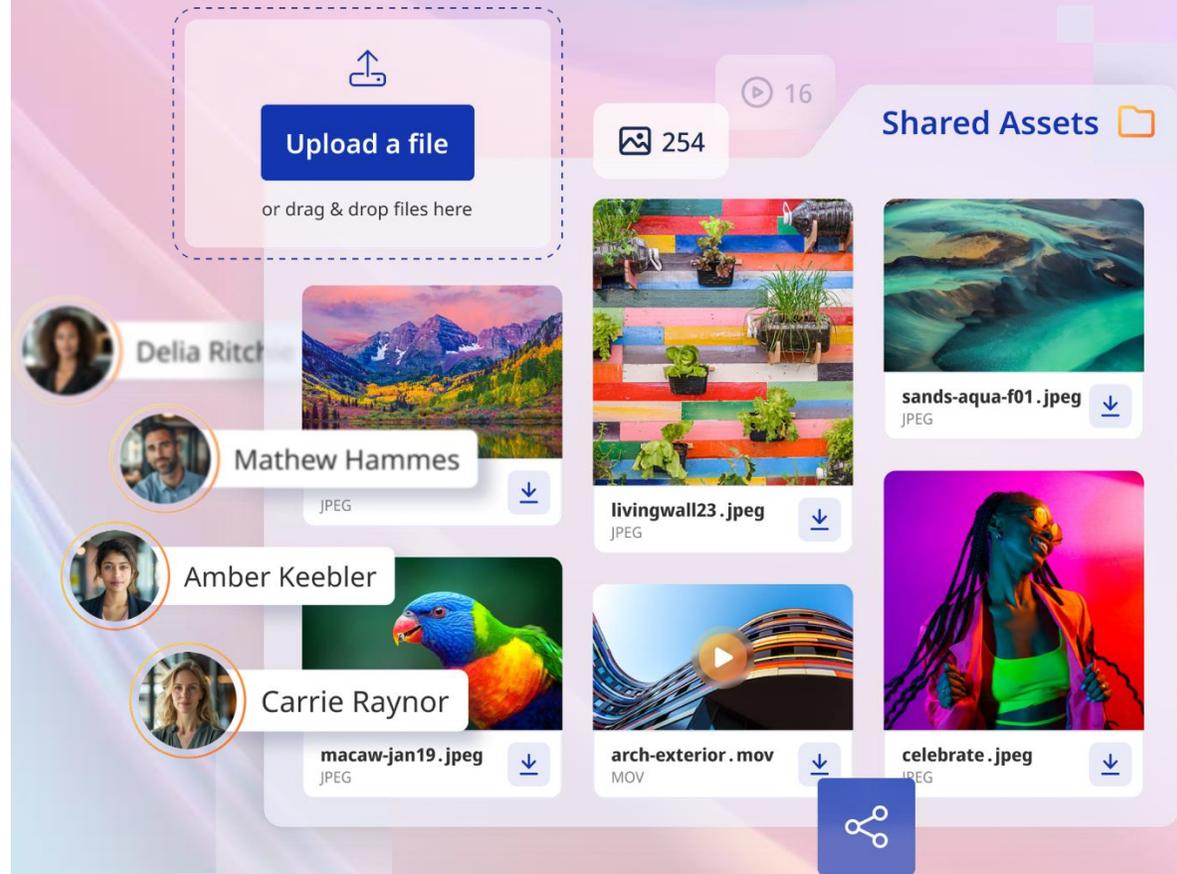
Attractive growth opportunities in tech-enabled services



# ASMBL IS LIVE IN MARKET

## Key Success Enablers

- Fully AI-Enabled Product
- User Friendly, Intuitive Design
- Unique Route to Market
- Strong DCMFlex Integration Story
- DCM Support & On-boarding Model



# TECH-ENABLED SERVICES WINS

**DCMFLEX**<sup>TM/MC</sup>

RECENT CUSTOMER  
COMMUNICATIONS  
MANAGEMENT WINS



Alt. Lender



Financials (Bank)



Automotive



Loyalty



Airlines



Healthcare





# FIRST HALF 2024 REVENUE.



**+30.7%**

vs. 1H 2023



**\$255.0M**

vs. \$195.0M 1H 2023

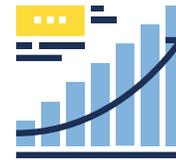
**+\$60.0M vs. prior year**



# Q2 2024 GROSS PROFIT.



**+7.2%**  
vs. Q2 2023



**\$34.3M**  
+\$2.3M vs. Q2 2023



**27.3%**  
vs. 26.9% in Q2 2023

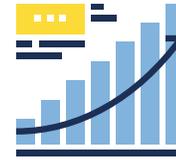
**Gross margin improvement of 0.4% vs. Q2 2023 reflecting progress returning to pre-acquisition margins**



# FIRST HALF 2024 **GROSS PROFIT.**



**+28.4%**  
vs. 1H 2023



**\$71.6M**  
vs. \$55.8M 1H 2023



**28.1%**  
of revenue vs. 28.6%

Gross margin lower by 0.5% vs. 1H 2023 given lower overall MCC margins included January–April in 2024, offset by margin improvement initiatives



# Q2 2024 ADJUSTED EBITDA\*



**+22.2%**  
vs. Q2 2023



**\$16.9M**  
+\$3.1M vs. Q2 2023



**13.4%**  
of Revenue vs.  
11.6% in Q2 2023

**Realizing synergy benefits, further significant integration  
initiatives on plan through 2H 2024**

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



# FIRST HALF 2024 ADJUSTED EBITDA\*



**+33.7%**

vs. 1H 2023



**\$35.6M**

vs. \$26.6M 1H 2023



**13.9%**

of Revenue vs.  
13.6% 1H 2023

**+\$9.0M vs. prior 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."



# Q2 2024 RESTRUCTURING AND ONE-TIME COSTS.



**\$1.1M**

restructuring expenses  
-\$1.6M vs. Q2 2023



**\$0.2M**

acquisition &  
integration expenses  
(one-time, deal related)  
-\$3.6M vs. Q2 2023

Majority of planned organizational, operational and procurement  
one-time charges recognized in 2023



# FIRST HALF 2024 RESTRUCTURING AND ONE-TIME COSTS.



**\$2.2M**

restructuring charges  
-\$0.5M vs. 1H 2023

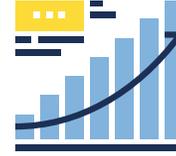


**\$0.5M**

one-time charges  
-\$9.5M vs. 1H 2023

Most significant charges have been realized

# Q2 2024 NET INCOME



**\$4.1M**  
+\$6.9M vs. Q2 2023

**EPS:**  
\$0.07 vs. \$(0.06)

# Q2 2024 ADJUSTED NET INCOME

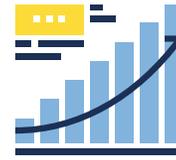


**\$4.0M**  
+\$0.2M, +6.3% vs. Q2 2023

**Adj. EPS:**  
\$0.07 vs. \$0.08

Lower restructuring/one-time charges with major charges behind us;  
net fair value negative impact on adjustments related to share price changes

# FIRST HALF 2024 NET INCOME



**\$5.5M**

+\$10.9M vs. 1H 2023

**EPS:**

\$0.10 vs. \$(0.11)

# FIRST HALF 2024 ADJUSTED NET INCOME



**\$8.9M**

(\$0.7M), -7.7% vs. 1H 2023

**Adj. EPS:**

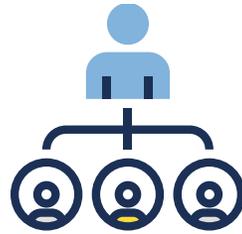
\$0.16 vs. \$0.21

Lower restructuring/one-time charges with major charges behind us

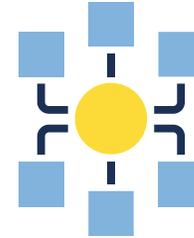
# SYNERGIES\*



OPERATIONAL



ORGANIZATIONAL



PROCUREMENT



REVENUE

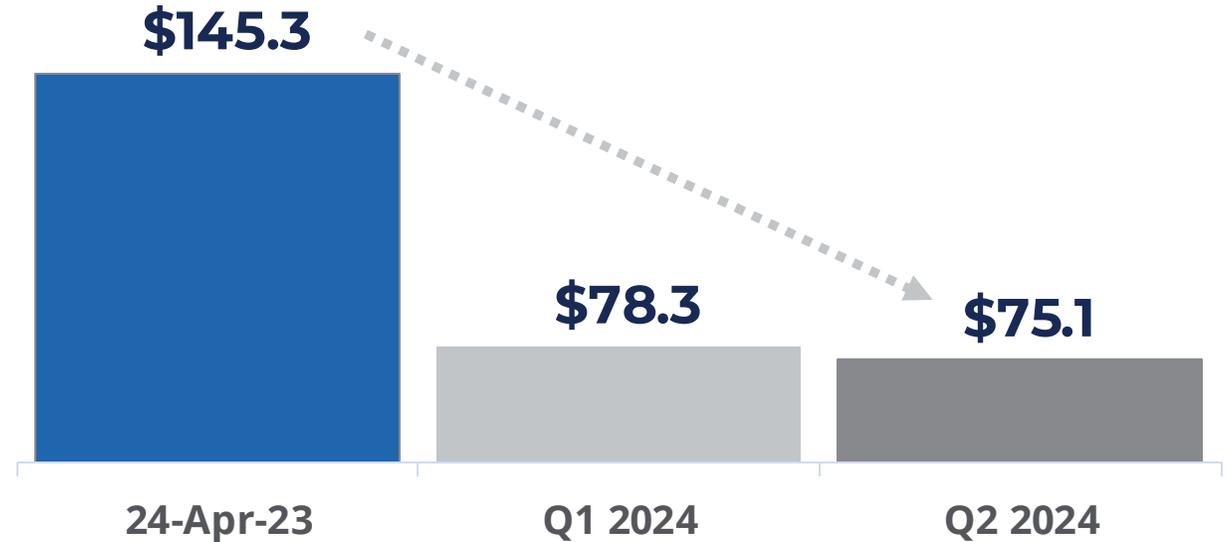
Maintaining objective of \$30M–\$35M in annualized synergies, expected to be substantially realized by end of fiscal 2024

\* "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\*

## NET DEBT REDUCTION SINCE MCC ACQUISITION (millions)



**-\$70.2M**  
NET DEBT  
REDUCTION

**-48.3%**  
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 six months ended June 30, 2024 and filed on SEDAR+. \*\* Net Debt Pro Forma MCC Acquisition includes pre-acquisition debt plus acquisition-related debt, net of cash on hand.



# Q2 2024 SG&A.



**\$23.9M**

vs. \$25.4M in Q1 2024



**19.0%**

of Revenue vs.  
19.6% in Q1 2024

**Organizational improvement savings gaining momentum as evident by  
-\$1.5M & -60 bps as a % of rev. reductions in Q2 2024 vs. Q1 2024**



# FIRST HALF 2024 SG&A.



**\$49.2M**  
vs. \$36.9M 1H 2023

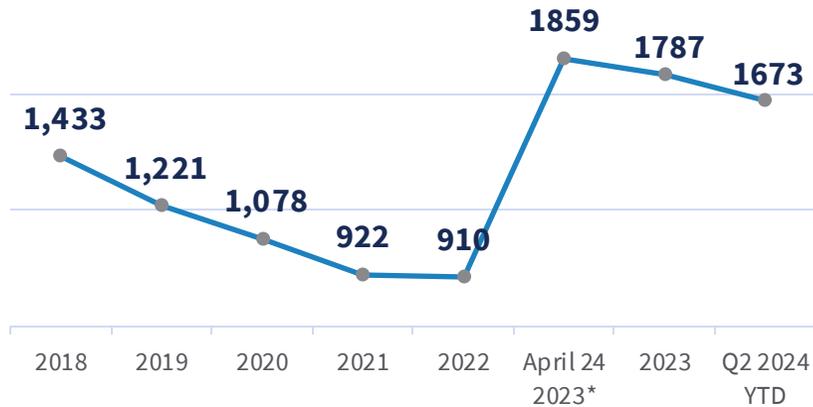


**19.3%**  
of Revenue vs.  
18.9% in 1H 2023

**SG&A expenses +\$12.4M vs. first half 2023 due to inclusion of MCC results  
in full first half of 2024**

# REVENUE PER ASSOCIATE\*

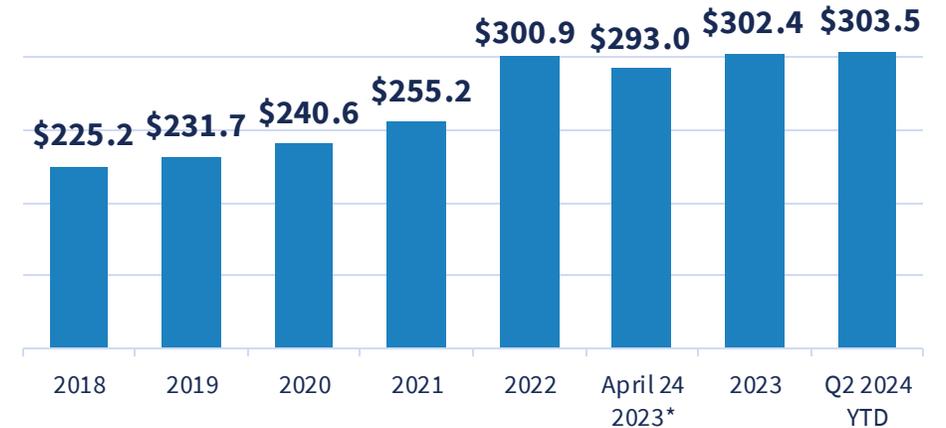
HEADCOUNT AT END OF PERIOD



\*Total Active employees on Date of Acquisition

**-6.4% vs. FY2023**  
**-10.0% vs. April 24, 2023**

REVENUE PER ASSOCIATE (THOUSANDS)



\* TTM Revenue used for April 24, 2023 (date of acquisition) and Q2 2024 calculations

**+0.4% vs. FY2023**  
**+3.6% vs. April 24, 2023**

**Revenue per associate continues to improve since acquisition, +3.6%**

\*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

## ACCELERATED CAPITAL INVESTMENT



**\$4.2M IN PP&E**

vs. \$1.3M in Q2 2023



**2024 OUTLOOK**

Strategic Investments

**Supporting objectives of driving higher gross margins & workflow optimization while enhancing best-in-class client solutions in growth markets**



# YOU PRINT ONE. WE'LL PLANT ONE.

In **Q2 2024** we reforested **244k trees**.

**+2.0M trees** reforested since commencement of program in mid-2022



Quarterly Impact Statement

## DCM

During the second quarter of 2024, DCM customers collectively offset 20,249,742 lb of paper consumption by reforesting 243,637 standard trees on the PrintRelease Exchange.

CHANNEL ID ACT\_88676187C99C  
STATEMENT PERIOD 2024-04-01 - 2024-06-31





# 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





# QUESTIONS AND ANSWERS



# CONTACT INFORMATION

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# Q2 AND FIRST SIX MONTHS 2024 SUMMARY P&L'S

# SECOND QUARTER 2024

## KEY FINANCIAL RESULTS

Selected financial information	Q2 2024	Q2 2023*	Better/(Worse)
Revenue	\$125.8	\$119.0	+\$6.8
Gross profit	\$34.3	\$32.0	+\$2.3
<b>Gross margin (%)</b>	<b>27.3%</b>	<b>26.9%</b>	<b>+40 bps</b>
SG&A	\$23.9	\$23.0	(\$0.9)
Restructuring expenses	\$1.1	\$2.7	+\$1.6
Acquisition & Integration Costs	\$0.2	\$3.8	+\$3.6
NFV (gains)/losses on financial liabilities**	(\$1.4)	\$2.3	+\$3.7
<b>Net (loss) income for the period</b>	<b>\$4.1</b>	<b>(\$2.9)</b>	<b>\$6.9</b>
Adjusted Net (loss) income***	\$4.0	\$3.8	+\$0.2
As percent of revenue	3.2%	3.2%	<i>flat</i>
<b>Adjusted EBITDA***</b>	<b>\$16.9</b>	<b>\$13.8</b>	<b>+\$3.1</b>
<b>As percent of revenue</b>	<b>13.4%</b>	<b>11.6%</b>	<b>+180 bps</b>

QUARTER  
ENDED  
JUNE 30,  
IN MILLIONS

- \* Q2 2023 actuals includes all but 3 weeks of actual MCC results based on the timing of acquisition (April 24, 2023).
- \*\* Mark-to Market accounting adjustment (\$0.49 share price decrease since March 31, 2024 driving -\$1.8M) & vesting of RSU's / DSU's.
- \*\*\* 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."



# FIRST HALF 2024

## KEY FINANCIAL RESULTS

Selected financial information	FIRST HALF 2024	FIRST HALF 2023*	Better/(Worse)
Revenue	\$255.0	\$195.0	+\$60.0
Gross profit	\$71.6	\$55.8	+\$15.8
<b>Gross margin (%)</b>	<b>28.1%</b>	<b>28.6%</b>	<b>(50 bps)</b>
SG&A	\$49.2	\$36.9	(\$12.4)
Restructuring expenses	\$2.2	\$2.7	+\$0.5
Acquisition & Integration Costs	\$0.5	\$10.0	+\$9.4
NFV (gains)/losses on financial liabilities**	\$1.8	\$7.4	+\$5.6
<b>Net (loss) income for the period</b>	<b>\$5.5</b>	<b>(\$5.3)</b>	<b>\$10.9</b>
Adjusted Net (loss) income***	\$8.9	\$9.7	(\$0.7)
As percent of revenue	3.5%	5.0%	(150 bps)
<b>Adjusted EBITDA***</b>	<b>\$35.6</b>	<b>\$26.6</b>	<b>+\$9.0</b>
<b>As percent of revenue</b>	<b>13.9%</b>	<b>13.6%</b>	<b>+30 bps</b>

SIX MONTHS  
ENDED  
JUNE 30,  
IN MILLIONS

- \* 1H 2023 includes only 2 months + 1 week of actual MCC results based on the timing of acquisition (April 24, 2023).
- \*\* Mark-to Market accounting adjustment & vesting of RSU's / DSU's.
- \*\*\* 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 June 30, 2024 and 2023

(in thousands of Canadian dollars, unaudited)

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net income (loss) for the period	\$ 4,064	\$ (2,879)	\$ 5,539	\$ (5,311)
Interest expense, net	5,366	3,499	10,919	4,582
Amortization of transaction costs net of debt extinguishment gain	140	107	280	179
Current income tax expense	16	690	1,358	2,337
Deferred income tax (recovery) expense	947	(1,293)	(216)	(2,901)
Depreciation of property, plant and equipment	1,783	1,365	3,306	2,056
Amortization of intangible assets	306	701	1,034	1,164
Depreciation of the ROU Asset	4,329	2,724	8,814	4,437
<b>EBITDA</b>	<b>\$ 16,951</b>	<b>\$ 4,914</b>	<b>\$ 31,034</b>	<b>\$ 6,543</b>
Acquisition and integration costs	243	3,837	526	9,955
Restructuring expenses	1,101	2,729	2,186	2,729
Net fair value losses on financial liabilities at fair value through profit or loss	(1,407)	2,343	1,807	7,361
<b>Adjusted EBITDA</b>	<b>\$ 16,888</b>	<b>\$ 13,823</b>	<b>\$ 35,553</b>	<b>\$ 26,588</b>



# 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 June 30, 2024 and 2023	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
<i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>				
Net income (loss) for the period	\$ 4,064	\$ (2,879)	\$ 5,539	\$ (5,311)
Restructuring expenses	1,101	2,729	2,186	2,729
Acquisition and integration costs	243	3,837	526	9,955
Net fair value losses on financial liabilities at fair value through profit or loss	(1,407)	2,343	1,807	7,361
Tax effect of the above adjustments	16	(2,252)	(1,138)	(5,067)
<b>Adjusted net income</b>	<b>\$ 4,017</b>	<b>\$ 3,778</b>	<b>\$ 8,920</b>	<b>\$ 9,667</b>
<b>Adjusted net income per share, basic</b>	<b>0.07</b>	<b>0.08</b>	<b>0.16</b>	<b>0.21</b>
<b>Adjusted net income per share, diluted</b>	<b>0.07</b>	<b>0.08</b>	<b>0.16</b>	<b>0.21</b>
<b>Weighted average number of common shares outstanding, basic</b>	<b>55,245,796</b>	<b>49,055,088</b>	<b>55,179,971</b>	<b>46,572,750</b>
<b>Weighted average number of common shares outstanding, diluted</b>	<b>55,245,796</b>	<b>49,055,088</b>	<b>55,179,971</b>	<b>46,572,750</b>
<b>Number of common shares outstanding, basic</b>	<b>58,969,596</b>	<b>55,022,883</b>	<b>58,903,771</b>	<b>55,022,883</b>
<b>Number of common shares outstanding, diluted</b>	<b>58,969,596</b>	<b>55,022,883</b>	<b>58,858,140</b>	<b>55,022,883</b>





THANK YOU