



# Q1 2025 REPORT TO SHAREHOLDERS.


DATA COMMUNICATIONS  
MANAGEMENT CORP.

DCM – TSX | DCMDf – OTCQX

May 13, 2025

# 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, Adjusted EBITDA and Net Debt (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.

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# TODAY'S **AGENDA.**

Q1 2025 HIGHLIGHTS AND RESULTS

NEW BUSINESS DEVELOPMENT

2025 PRIORITIES

QUESTIONS AND ANSWERS



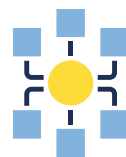
# Q1 2025 HIGHLIGHTS AND RESULTS

# Q1 2025 HIGHLIGHTS



## Q1 2025 RESULTS

- ✓ Results in line with our expectations
- ✓ Adjusted EBITDA margin of 15.0% vs. 14.4% in Q1 2024
- ✓ Gross margin of 29.3% approaching 30%+ goal
- ✓ No one-time charges
- ✓ Year over year growth in net income, adjusted next income



## MARKET UNCERTAINTY

- ✓ Closely monitoring market sentiment
- ✓ Tariffs affecting activity workflows
- ✓ Raw material price increases – tariff related
- ✓ Potential for Canada Post labour disruption



## NEW BUSINESS DEVELOPMENT

- ✓ Pipeline remains the strongest in recent history
- ✓ Several new logo wins and increased wallet share with existing clients in key verticals
- ✓ Will be key to achieving goal of returning to revenue growth in the second half of 2025

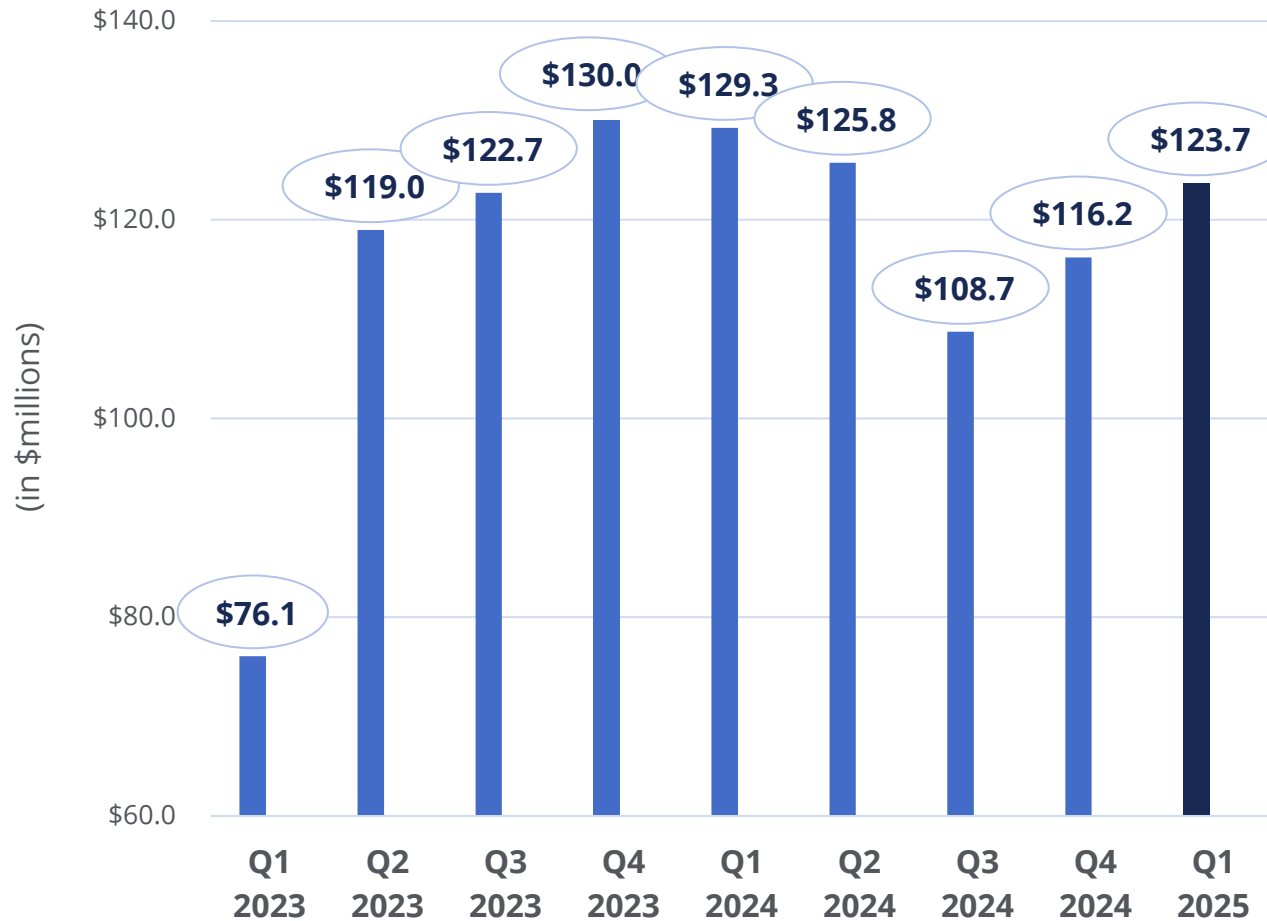


## LEVERAGING AI-CAPABILITIES

- ✓ ASMBL new logo wins in retail, healthy pipeline of opportunities in the retail, financial and government sectors
- ✓ Displaced incumbent DAM at a Schedule 1 bank
- ✓ Zavy traction in domestic market

**Special dividend of \$0.20 per common share paid, commenced regular quarterly dividend of \$0.025 per common share**

# Q1 2025 REVENUES.



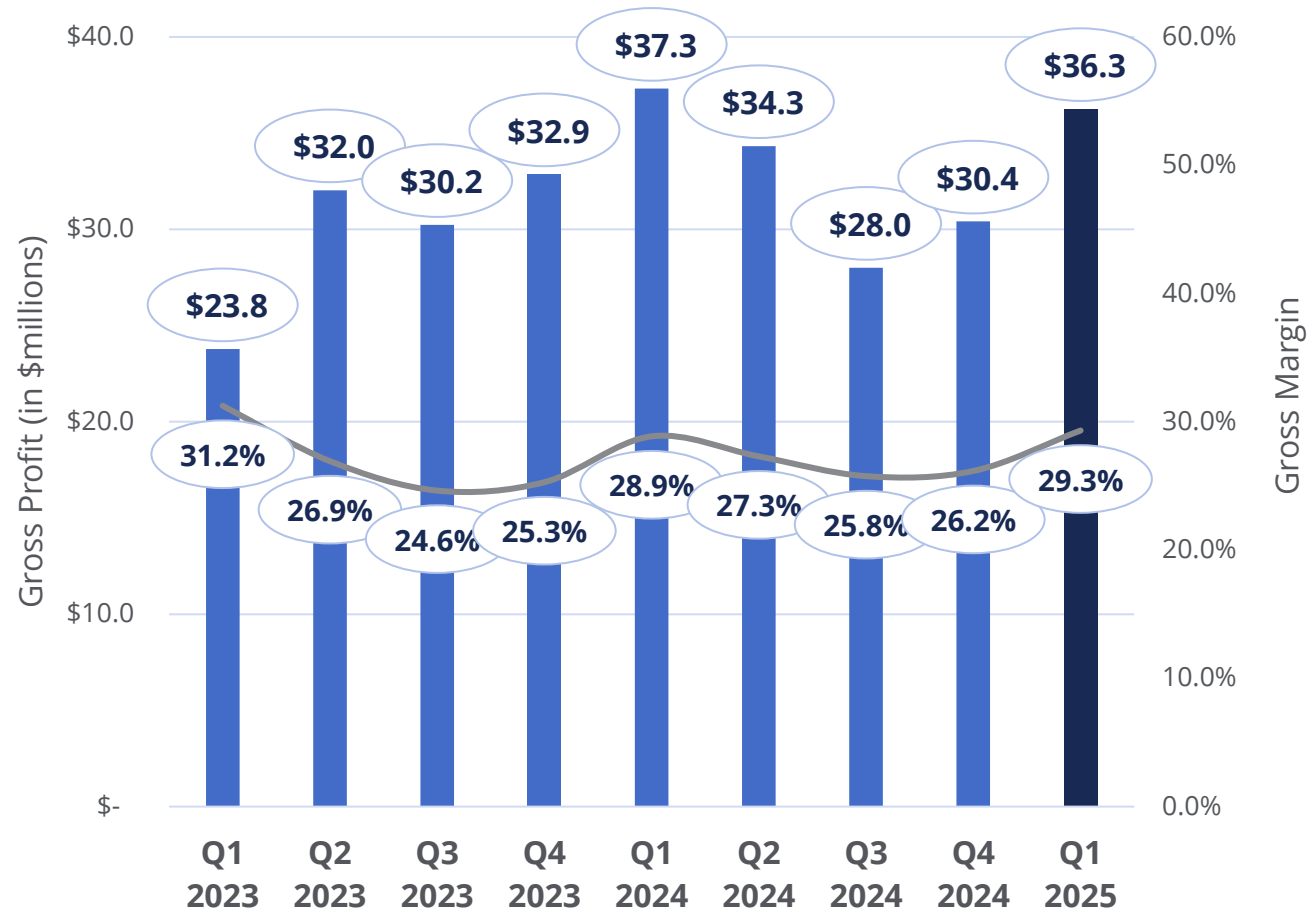
**Q1 2025 Revenue**  
**-\$5.6M vs. Q1 2024**



**-4.3%**  
**vs. Q1 2024**

**Q1 revenue primarily impacted by the order activity of a few large enterprise clients**

# Q1 2025 GROSS PROFIT.



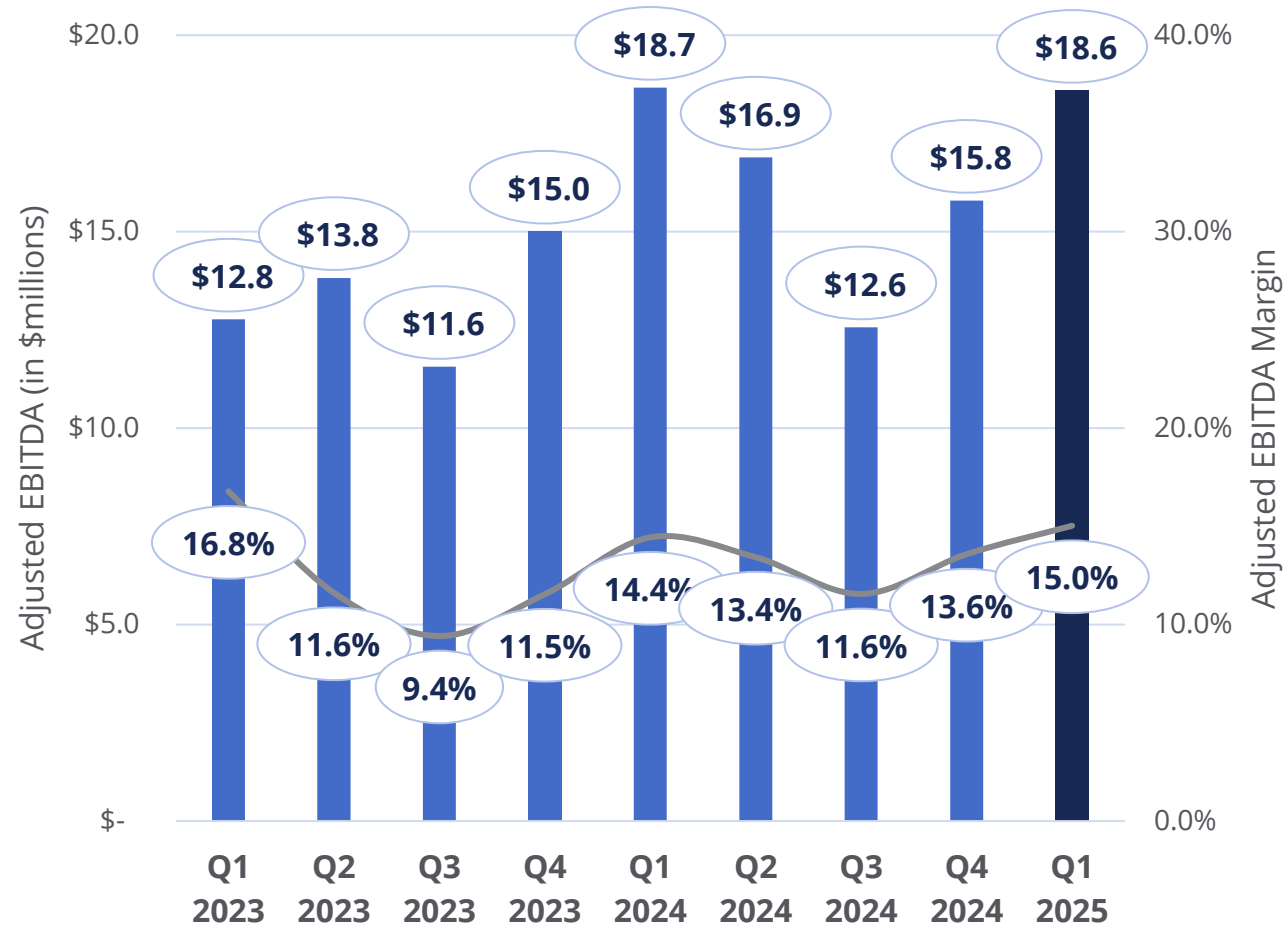
**Q1 2025 Gross Profit**  
**-\$1.1M and -2.8%**  
vs. Q1 2024



**Gross Margin**  
**+40BPS**  
vs. Q1 2024

Gross profit margin trending back towards pre-acquisition levels of +30%

# Q1 2025 ADJUSTED EBITDA.



**Q1 2025 Adjusted EBITDA**  
**-\$0.1M and -0.4%**  
**vs. Q1 2024**



**Adjusted EBITDA Margin**  
**+60BPS**  
**vs. Q1 2024**

Adjusted EBITDA margin seasonally higher in Q1 2025, trending towards goal of +14% on an annual basis



# REVENUE BY **REPORTING SEGMENT**.



Product Sales

**\$107.8M**

-4.7% vs. Q1 2024

Technology & Marketing<sup>1</sup>

**\$10.2M**

+2.8% vs. Q1 2024

Logistics<sup>2</sup>

**\$5.7M**

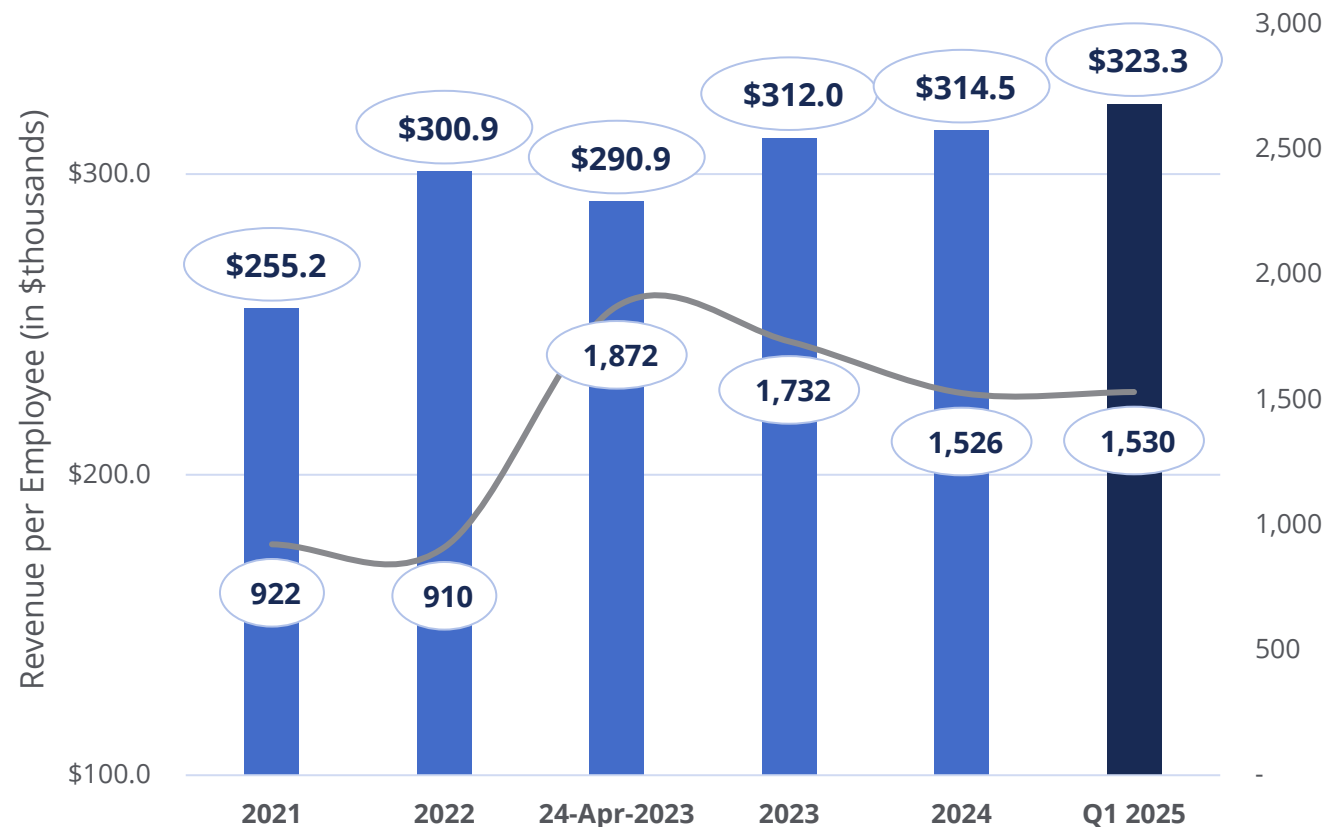
-9.3% vs. Q1 2024

**Q1 revenue generally inline with our expectations**

1. Represents the combined total of technology-enabled subscription services and fees, technology-enabled hardware solutions and marketing and other services.
2. Represents the combined total of freight services and warehousing services.

# PRODUCTIVITY CONTINUES TO IMPROVE.

Revenue per Employee<sup>1</sup>  
vs. Active # of Employees



Revenue per employee grew to \$323.3k

**+11.1% vs. MCC acquisition**

**+2.8% vs. 2024**

Operational & organizational efficiencies

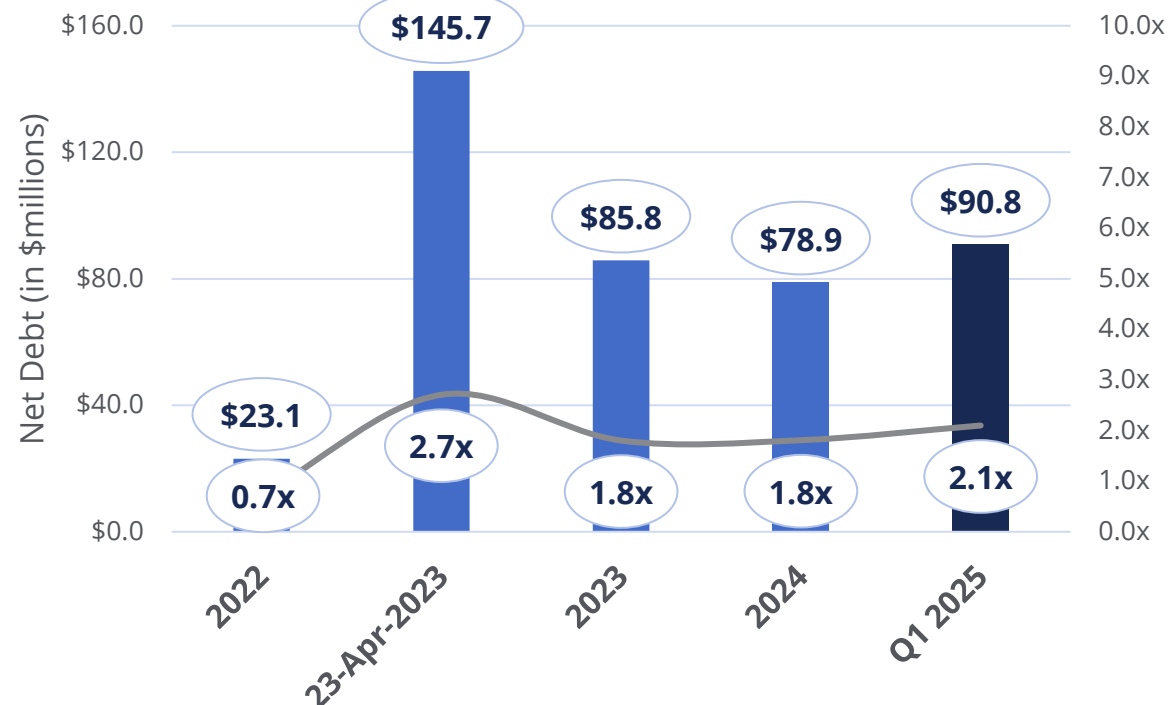
**1,530 employees at Q1 2025, down from peak of 1,872**

**-342 vs. MCC acquisition**

1. Revenue per employee is a supplementary, non-IFRS measure. For a definition of revenue per employee, see "Supplementary Financial Measures" in our most recent interim MD&A filed on SEDAR+. Pro forma revenue as of 24-Apr-2023 and 2023 as if MCC owned for respective trailing twelve-month periods. Note: Historical total employee data commencing 24-Apr-2023 revised May 2025 to reflect updated reconciliation from a third-party vendor.
2. Q1 2025 revenue is annualized for comparison purposes.

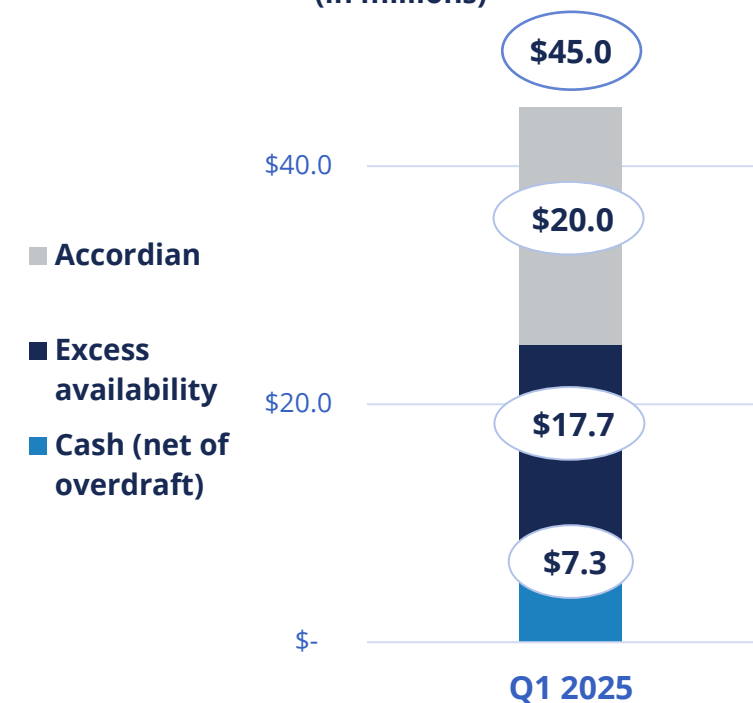
# STRONG BALANCE SHEET TO PURSUE GROWTH OBJECTIVES.

Net Debt and Net Debt to pro forma Adjusted EBITDA<sup>1</sup>



Net Debt increased in Q1 2025 with payment of special dividend, but remains ~38% lower since MCC acquisition

Total Credit Availability (in millions)



DCM has significant excess credit availability to fund growth initiatives and return of capital

# 2024 SUSTAINABILITY REPORT

## KEY HIGHLIGHTS FROM THE REPORT INCLUDE:

- ✓ Reduced our Scope 1 and Scope 2 greenhouse gas emissions by 33.3% from 2020 to 2024
- ✓ Completed the planting of two million trees since 2021 through our partnership with PrintReleaf<sup>1</sup>
- ✓ Advanced our long-term relationship with the Sustainable Green Printing Partnership
- ✓ Formally signaled DCM's support for the UN Global Compact sustainability initiative

**DCM's 2024 Sustainability Report is available for download here:**

**[DCM 2024 Sustainability Report](#)**



1. Data on the number of trees planted in our reforestation program was provided by PrintReleaf and is current as of December 31, 2024.



# NEW BUSINESS DEVELOPMENT

# ALL IN ON GROWTH

2025 TEAM SHIFTED FROM INTEGRATION TO NEW BUSINESS DEVELOPMENT

Weekly Trend – 7th May 2025

## PIPELINE PRIMED TO CONTRIBUTE IN 2H 2025

- ✓ Solid double-digit year over year growth in active pipeline and new revenue opportunities
- ✓ 22% of new business wins from new logos (incl. financial, government, health care)
- ✓ 78% of new business wins from wallet share expansion (incl. lottery, financial government)
- ✓ Great momentum in DCM AI-enabled offerings

DCMFLEX™

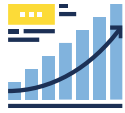
ASMBL

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# 2025 PRIORITIES

# 2025 PRIORITIES



Drive profitable organic growth by leveraging our expanded suite of tech-enabled offerings, strengthening our presence in key industry verticals and securing new business wins.



Deliver a return on new capital investments focused on enhancing our production capabilities and positioning us to drive operating efficiencies.



Continue to drive gross margin improvement through top line revenue growth, operating efficiencies, and strategic revenue management initiatives.



Demonstrate agility and adaptability to effectively navigate an uncertain economic and geopolitical environment.

**In 2025, we plan on leveraging our larger scale, incremental capacity, expanded product mix and the skills and capabilities of our team to drive profitable growth.**





# RETURNING CAPITAL **TO SHARE- HOLDERS.**



**Special dividend**  
**\$0.20 cash**  
PER SHARE<sup>1</sup>

**Quarterly dividend**  
**\$0.025 cash**  
PER SHARE

**Dividend yield**  
**5.8%**<sup>2</sup>

1. Paid on March 25, 2025, to shareholders of record on March 12, 2025
2. Implied dividend yield calculated as at May 9, 2025

# WELL POSITIONED **IN CURRENT ENVIRONMENT.**



- ✓ Well capitalized with \$45 million in available capital
- ✓ Solid cash flow generation with no material restructuring costs expected
- ✓ Well prepared for any revenue impact from potential tariffs
- ✓ Ability to pass through material cost inflation
- ✓ Positioned to execute on opportunistic M&A
- ✓ Track record of execution
- ✓ Experienced senior leadership team

# LONG TERM **FINANCIAL OBJECTIVES.**



REVENUES

**+5% CAGR**



GROSS PROFIT  
% OF REVENUES

**Return to +30%**



ADJUSTED EBITDA<sup>1</sup>  
% OF REVENUES

**In excess of +14%  
on annual basis**

**We are maintaining our long-term objectives for growth and profitability**



# QUESTIONS AND ANSWERS



# CONTACT INFORMATION

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# Q1 2025 SUMMARY P&L'S

# Q1 2025

## SUMMARY FINANCIAL RESULTS

Selected financial information	Q1 2025	Q1 2024	Better/(Worse)
Revenue	\$123.7	\$129.3	(\$5.6)
Gross profit	\$36.3	\$37.3	(\$1.1)
<b>Gross Margin (%)</b>	<b>29.3%</b>	<b>28.9%</b>	<b>+40 bps</b>
SG&A	\$24.6	\$25.4	+\$0.8
Restructuring expenses	\$0.0	\$1.1	+\$1.1
Acquisition & Integration Costs	\$0.0	\$0.3	+\$0.3
NFV (gains)/losses on financial liabilities	\$0.1	\$3.2	+\$3.1
<b>Net (loss) income for the period</b>	<b>\$5.1</b>	<b>\$1.5</b>	<b>+\$3.6</b>
Adjusted Net (loss) income <sup>1</sup>	\$5.2	\$4.9	+\$0.3
As percent of revenue	4.2%	3.8%	+0.4%
<b>Adjusted EBITDA <sup>1</sup></b>	<b>\$18.6</b>	<b>\$18.7</b>	<b>(\$0.1)</b>
<b>As percent of revenue</b>	<b>15.0%</b>	<b>14.4%</b>	<b>+60 bps</b>

QUARTER  
ENDED  
MARCH 31  
IN MILLIONS

1. 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, 2025 and 2024**

*(in thousands of Canadian dollars, unaudited)*

**January 1 to  
March 31, 2025**   **January 1 to March  
31, 2024**

Net income for the period	\$	5,114	\$	1,475
Interest expense, net		5,148		5,553
Amortization of transaction costs		140		140
Current income tax expense		2,071		1,342
Deferred income tax recovery		(911)		(1,163)
Depreciation of property, plant and equipment		1,722		1,523
Amortization of intangible assets		383		728
Depreciation of the ROU Asset		4,802		4,485
<b>EBITDA</b>	<b>\$</b>	<b>18,469</b>	<b>\$</b>	<b>14,083</b>
Acquisition and integration costs		—		283
Restructuring expenses		—		1,085
Net fair value losses on financial liabilities at fair value through profit or loss		119		3,214
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>18,588</b>	<b>\$</b>	<b>18,665</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.

<b>For the periods ended March 31, 2025 and 2024</b>			
<i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>		<b>January 1 to March 31, 2025</b>	<b>January 1 to March 31, 2024</b>
Net income for the period	\$	5,114	\$ 1,475
Restructuring expenses		—	1,085
Acquisition and integration costs		—	283
Net fair value losses on financial liabilities at fair value through profit or loss		119	3,214
Tax effect of the above adjustments		(30)	(1,154)
<b>Adjusted net income</b>	<b>\$</b>	<b>5,203</b>	<b>\$ 4,903</b>
<b>Adjusted net income per share, basic</b>		<b>0.09</b>	<b>0.09</b>
<b>Adjusted net income per share, diluted</b>		<b>0.09</b>	<b>0.08</b>
<b>Weighted average number of common shares outstanding, basic</b>		<b>55,308,951</b>	<b>55,022,883</b>
<b>Weighted average number of common shares outstanding, diluted</b>		<b>57,337,772</b>	<b>59,051,883</b>
<b>Number of common shares outstanding, basic</b>		<b>55,308,951</b>	<b>55,022,883</b>
<b>Number of common shares outstanding, diluted</b>		<b>57,337,772</b>	<b>59,051,883</b>





THANK YOU