

DATA Communications Management Corp. Announces Preliminary Fourth Quarter and Fiscal 2020 Results and Announces Dates for Fourth Quarter Earnings Release and Webcast Conference Call

BRAMPTON, Ontario--(BUSINESS WIRE)--March 3, 2021--DATA Communications Management Corp. (“**DCM**” or the “**Company**”)(TSX:DCM), a leading provider of marketing and business communications solutions to companies across North America, announces today preliminary financial results for the fourth quarter and the fiscal year ended December 31, 2020.

Based on preliminary unaudited results, the Company anticipates:

- Revenue between \$57.6 million and \$62.1 million for the fourth quarter of 2020, a decrease of 13% to 19% compared to the fourth quarter of 2019. Revenue between \$256.3 million and \$260.8 million for the full year of 2020, a decrease of 8% to 9% compared to the full year of 2019.
- Gross profit between \$14.3 million and \$15.4 million for the fourth quarter of 2020, compared to \$17.5 million in 2019. Gross profit between \$72.2 million and \$73.3 million for the full year of 2020, an increase of 4% to 6% compared to 2019. Gross margin of approximately 25% in the fourth quarter and 28% for the full year of 2020, compared to 25% and 24%, respectively in 2019. Softer gross margin in the fourth quarter of 2020 is largely attributable to certain one-time charges taken during the fourth quarter.
- Adjusted EBITDA between \$7.0 million and \$7.6 million in the fourth quarter of 2020, an increase of approximately 25% to 35% compared to the fourth quarter of 2019. Adjusted EBITDA between \$41.1 million and \$41.7 million for the full year of 2020, an increase of approximately 100% compared to the full year of 2019 (note: anticipated and actual Adjusted EBITDA is presented after giving effect to the implementation of IFRS 16 – *Leases*, which became effective January 1, 2019; on a pre-IFRS 16 basis, anticipated and actual Adjusted EBITDA would be reduced by approximately \$2.8 million in the fourth quarters of 2020 and 2019, \$11.4 million for 2020 and \$10.9 million for 2019).
- Adjusted EBITDA includes \$1.8 million and \$10.7 million of grant income in the fourth quarter and full year of 2020, respectively, from the Canada Emergency Wage Subsidy (“CEWS”) program.
- Revolving line of credit balance of \$1.0 million as of February 26, 2021, a reduction from \$5.7 million at December 31, 2020 and its peak of \$36.8 million at March 31, 2020.

“The DCM team accomplished some important initiatives in fiscal 2020,” said Gregory J. Cochrane, President & CEO. “We made progress on our key strategic priorities, with continued emphasis on our key client relationships, improved gross margins, a significant reduction in our long-term debt, and further success in differentiating our technology platforms in the marketplace. We still have some way to go on reducing our total cost to serve our clients. Our working capital initiatives helped drive down our debt levels, as we continued to convert our clients from BAR to IOE billing and continued to reduce our accounts receivable balances. In addition, the CEWS grant income we received in the year significantly helped offset some of the financial impact on our business from the pandemic.”

“We are starting the new year off with a number of key client contract renewals and extensions recently completed. That being said, we are being consistently vigilant with respect to overall market trends and will be proactive to manage any weakness we see.”

The preliminary results included in this press release, including key supplemental performance indicators are based on information available to the Company as of the date of this release and are subject to revision upon finalizing the audit of DCM’s annual consolidated financial statements for the year ended December 31, 2020.

DCM intends to release its fourth quarter and audited fiscal 2020 results the evening of Thursday, March 18, 2021, via Business Wire and on the company's website at: www.datacm.com. Management will host a conference call including a question and answer session for shareholders on Friday, March 19, 2021, at 9:00 a.m. ET. Additional details on the call will be released in a separate press release.

About DCM

DCM is a communication solutions partner that adds value for major companies across North America by creating more meaningful connections with their customers. DCM pairs customer insights and thought leadership with cutting edge products, modular enabling technology and services to power its clients’ go to market strategies. DCM helps its clients manage how their brands come to life, determine which channels are right for them, manage multimedia campaigns, deploy location specific and 1:1 marketing, execute custom loyalty programs, and fulfill their commercial printing needs all in one place.

DCM’s extensive experience has positioned it as an expert at providing communication solutions across many verticals, including the financial, retail, healthcare, consumer health, energy, and not for profit sectors. As a result of its locations throughout Canada and in the United States (Chicago, Illinois), it is able to meet its clients’ varying needs with scale, speed, and efficiency – no matter how large or complex the ask. DCM is able to deliver advanced data security, regulatory compliance, and bilingual communications, both in print and/or digital formats.

Additional information relating to DATA Communications Management Corp. is available on www.datacm.com, and in the disclosure documents filed by DATA Communications Management Corp. on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Forward-Looking Statements

Certain statements in this press release 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 press release, 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 press release. 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 anticipated or future results, performance, objectives or achievements that may be expressed or implied by such forward looking statements, including completion of the Company's fiscal 2020 year end audit, the ability of the Company to achieve further cost reductions in its business, the impact on the Company's business of the COVID-19 pandemic and "stay at home", closure and other measures taken by governmental authorities in response to COVID-19, and other factors discussed elsewhere in this press release and under the headings "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). 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 press release 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 press release includes certain non-IFRS measures as supplementary information. Except as otherwise noted, when used in this press release, EBITDA means earnings before interest and finance costs, taxes, depreciation and amortization. Adjusted EBITDA means EBITDA adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, and acquisition costs. In addition to net income (loss), DCM uses non-IFRS measures including EBITDA and Adjusted EBITDA to provide investors with supplemental measures of DCM's operating performance and thus highlight trends in its core 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 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. EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DCM's performance.

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