

DATA Communications Management Corp.

Reports Q1 2026 Financial Results

FIRST QUARTER 2026 SUMMARY FINANCIAL RESULTS

- Revenues of \$117.4 million were down 5.0%, or \$6.2 million vs. \$123.7 million in Q1 2025
- Adjusted EBITDA¹ increased to \$19.1 million and 16.3% of revenues vs. \$18.6 million and 15.0% of revenues in Q1 2025
- SG&A expenses of \$19.8 million and 16.9% of revenues, were 15.4% lower, vs. \$23.5 million or 19.0% of revenues in Q1 2025
- Net income of \$4.8 million, vs. \$5.1 million in Q1 2025 and Adjusted net income¹ of \$5.8 million, vs. \$5.2 million in Q1 2025
- Basic earnings per share of \$0.09 (diluted EPS of \$0.08), compared to \$0.09 in Q1 2025 (diluted EPS of \$0.09)
- Net debt¹ at quarter-end of \$66.4 million, down 27.0%, or \$24.5 million vs. \$90.8 million in Q1 2025 and down 14.0%, or \$10.8 million vs. \$77.1 million in Q4 2025
- Company repurchased 157,500 common shares during the first quarter of 2026
- Company declares quarterly dividend of \$0.025 on each common share

Brampton, Ontario--(Newsfile Corp. - May 11, 2026) - DATA Communications Management Corp. (TSX: DCM) (OTCQX: DCMDF) ("DCM" or the "Company"), a leading Canadian provider of print and digital solutions that help simplify complex marketing communications and workflow, today reported first quarter 2026 financial results.

MANAGEMENT COMMENTARY

"A slower-than-anticipated start to the year contributed to the decline in revenues, however, performance improved as the quarter progressed, and we exited the quarter with positive momentum. We remained focused on controlling what we can - generating positive cash flow from operations, managing overhead, and maintaining balance sheet discipline. Adjusted EBITDA increased year-over-year for the first time in four quarters, up 2.7% compared to Q1 2025, reflecting disciplined management of SG&A expenses," said Richard Kellam, President & CEO of DCM.

"We are pleased to see an increasing contribution from our new business development efforts and continue to see increasing contributions from technology-driven revenue streams, including customer communications management solutions, with tech-enabled subscription services and fees increasing 7.4% year over year to \$6.9 million," added Kellam.

"Looking ahead to the balance of the year, we anticipate continued uncertainty in the external environment amid concerns about trade policy volatility, geopolitical unrest driving higher production costs, and the potential for further labour disruptions at Canada Post. Despite this uncertainty, we remain confident that our business development efforts, strong balance sheet and disciplined cost management will offset potential financial headwinds."

DCM continues to be guided by four strategic priorities for 2026:

- Maintain a high revenue retention rate and execute on new business development.

- Improve gross margin through business mix, operational efficiencies and digital acceleration.
- Generate strong cash flow for continued capital returns and debt repayment.
- Leverage the current market environment to be opportunistic on M&A.

OTHER BUSINESS HIGHLIGHTS

Increase in CEO Share Ownership

On April 15, 2026, the Company announced that Richard Kellam exercised 2,500,000 stock options (each, an "Option") and acquired 1,394,231 common shares in the capital of the Company (each, a "Common Share"). The Options were exercised at an exercise price of \$0.69 per Common Share on a net-settlement (cashless) basis. Following exercise of the Options, Mr. Kellam owns approximately 3.8% of the issued and outstanding Common Shares of the Company (as at April 10, 2026).

Dividend Declaration

On May 11, 2026, DCM's board of directors declared a sixth quarterly dividend of \$0.025 per common share, payable on June 30, 2026, to shareholders of record at the close of business on June 16, 2026. This dividend is designated as an "eligible" dividend for the purpose of the Income Tax Act (Canada) and any similar provincial legislation.

Q1 2026 EARNINGS CALL DETAILS

The Company will host a conference call and webcast on Tuesday, May 12, 2026 at 9:00 a.m. EST

Richard Kellam, President and CEO, and James Lorimer, CFO, will present the first quarter 2026 results followed by a live Q&A.

Register for the webcast prior to the start of the event: [Microsoft Virtual Events Powered by Teams](#)

All attendees must register for the webinar prior to the call. Please complete the phone field in the form at the above link (prior to the start of the event) if you wish to dial in.

The Company's full results will be posted on its Investor Relations page and on SEDAR+.

Footnotes:

¹ Adjusted EBITDA, Adjusted EBITDA as a percentage of revenues, Adjusted net income (loss), Adjusted net income (loss) as percentage of revenues, Net debt, Net debt to Adjusted EBITDA and Free cash flow are non-IFRS Accounting Standards measures. For a description of the composition of these and other non-IFRS Accounting Standards measures used in this press release, and a reconciliation to their most comparable IFRS Accounting Standards measure, where applicable, see the information under the heading "Non-IFRS Accounting Standards Measures", the information set forth on Table 2 and Table 3 herein, and our most recent Management Discussion & Analysis filed on SEDAR+.

TABLE 1 The following table sets out selected historical consolidated financial information for the periods noted.

For the three months ended March 31, 2026, December 31, 2025 and March 31, 2025					
<i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>					
		March 31, 2026		December 31, 2025	March 31, 2025
Revenues	\$	117,443	\$	107,518	\$ 123,675
Gross profit		33,150		25,285	36,260
Gross profit, as a percentage of revenues		28.2 %		23.5 %	29.3 %
Selling, general and administrative and research and development expenses		19,843		19,362	23,459
As a percentage of revenues		16.9 %		18.0 %	19.0 %

Adjusted EBITDA	19,091	12,790	18,588
As a percentage of revenues	16.3 %	11.9 %	15.0 %
Net income for the period	4,789	(634)	5,114
Adjusted net income	5,783	729	5,203
As a percentage of revenues	4.9 %	0.7 %	4.2 %
Basic earnings per share	\$ 0.09	\$ (0.01)	\$ 0.09
Diluted earnings per share	\$ 0.08	\$ (0.01)	\$ 0.09
Adjusted net income per share, basic	\$ 0.11	\$ 0.01	\$ 0.09
Adjusted net income per share, diluted	\$ 0.10	\$ 0.01	\$ 0.09
Weighted average number of common shares outstanding, basic	54,990,543	55,037,637	55,308,951
Weighted average number of common shares outstanding, diluted	56,429,002	56,429,403	57,337,772

TABLE 2 The following table provides reconciliations of net income to EBITDA and of net income to Adjusted EBITDA for the periods noted.

EBITDA and Adjusted EBITDA reconciliation

For the periods ended March 31, 2026 and 2025 <i>(in thousands of Canadian dollars, unaudited)</i>	January 1 to March 31, 2026		January 1 to March 31, 2025	
Net income for the period	\$	4,789	\$	5,114
Interest expense, net		4,697		5,148
Amortization of transaction costs		206		140
Current income tax expense		2,285		2,071
Deferred income tax recovery		(1,099)		(911)
Depreciation of property, plant and equipment		1,659		1,722
Amortization of intangible assets		319		383
Depreciation of the ROU Asset		4,906		4,802
EBITDA	\$	17,762	\$	18,469
Acquisition and integration costs		—		—
Restructuring expenses		1,427		—
Net fair value losses on financial liabilities at fair value through profit or loss		(98)		119
Adjusted EBITDA	\$	19,091	\$	18,588

TABLE 3 The following table provides reconciliations of net income (loss) to Adjusted net income and a presentation of Adjusted net income per share for the periods noted.

Adjusted net income reconciliation

For the periods ended March 31, 2026 and 2025 <i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>	January 1 to March 31, 2026		January 1 to March 31, 2025	
Net income for the period	\$	4,789	\$	5,114
Acquisition and integration costs		—		—
Restructuring expenses		1,427		—
Net fair value losses on financial liabilities at fair value through profit or loss		(98)		119
Tax effect of the above adjustments		(335)		(30)
Adjusted net income	\$	5,783	\$	5,203

About DATA Communications Management Corp.

DCM is a leading Canadian tech-enabled provider of print and digital solutions that help simplify complex marketing communications and operations workflow. DCM serves over 2,500 clients including 70 of the 100 largest Canadian corporations and leading government agencies. Our core strength lies in delivering individualized services to our clients that simplify their communications, including customized printing, highly personalized marketing communications, campaign management, digital signage, and digital asset management. From omnichannel marketing campaigns to large-scale print and digital

workflows, our goal is to make complex tasks surprisingly simple, allowing our clients to focus on what they do best.

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 SEDAR+ at www.sedarplus.ca.

For further information, contact

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FORWARD-LOOKING STATEMENTS

This press release contains statements which constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"), including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities and operating performance. Forward-looking statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and forward-looking statements in this press release. 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. They should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such 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. We caution readers of this press release not to place undue reliance on our forward-looking statements since a number of factors could cause actual future results, conditions, actions, or events to differ materially from the targets, expectations, estimates or intentions expressed in these forward-looking statements.

The principal factors, assumptions and risks that DCM made or took into account in the preparation of these forward-looking statements and which could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements are described in further detail in our most recent Annual Information Form filed on SEDAR+, and include but are not limited to the following: industry conditions are influenced by numerous factors over which the Company has no control, including: declines in print consumption; labour disruptions at suppliers and customers, including Canada Post; the impact of tariffs and responses thereto (including by governments, trade partners and customers), which may include, without limitation, retaliatory tariffs, export taxes, restrictions on exports to the U.S. or other measures, increases in our input costs, and the effect of governmental regulations and policies in general; our ability to achieve and meet our revenue, profitability, free cash flow and debt reduction targets for 2026 and in the future; and our ability to retain key personnel.

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 ACCOUNTING STANDARDS MEASURES

NON-IFRS ACCOUNTING STANDARDS AND OTHER FINANCIAL MEASURES

This press release includes certain non-IFRS Accounting Standards measures, ratios and other financial measures as supplementary information. This supplementary information does not represent earnings measures recognized by IFRS Accounting Standards and does not have any standardized meanings prescribed by IFRS Accounting Standards. Therefore, these non-IFRS Accounting Standards measures, ratios and other financial measures are unlikely to be comparable to similar measures presented by other issuers. Investors are cautioned that this supplementary information should not be construed as alternatives to net income (loss) determined in accordance with IFRS Accounting Standards as an indicator of DCM's performance. Definitions of such supplementary information, together with a reconciliation of net income (loss) to such supplementary financial measures, can be found in our most recent annual and interim Management Discussion and Analysis and filed on SEDAR+ at www.sedarplus.ca.

Condensed interim consolidated statements of financial position

<i>(in thousands of Canadian dollars, unaudited)</i>		March 31, 2026	December 31, 2025
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	\$	6,035	\$ 1,941
Trade receivables		97,986	95,745
Inventories		20,449	19,272
Prepaid expenses and other current assets		6,333	4,899
Income taxes receivable		—	245
		<u>130,803</u>	<u>122,102</u>
Non-current assets			
Other non-current assets		1,820	2,068
Deferred income tax assets		10,035	9,180
Property, plant, and equipment		32,118	32,045
Right-of-use assets		153,448	158,452
Pension assets		4,603	4,269
Intangible assets		6,753	7,072
Goodwill		22,747	22,747
	\$	<u>362,327</u>	<u>\$ 357,935</u>
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	\$	51,187	\$ 43,822
Dividend payable		1,407	—
Current portion of credit facilities		11,464	11,856
Current portion of lease liabilities		12,658	12,228
Provisions		2,650	2,350
Income taxes payable		536	—
Deferred revenue		4,184	3,918
		<u>84,086</u>	<u>74,174</u>
Non-current liabilities			
Provisions		116	215
Credit facilities		59,390	65,470
Lease liabilities		161,392	163,982
Pension obligations		11,202	11,862
Other post-employment benefit plans		1,242	1,268
Asset retirement obligation		3,577	3,548
	\$	<u>321,005</u>	<u>\$ 320,519</u>
Equity			
Shareholders' equity			
Shares	\$	283,950	\$ 284,206
Contributed surplus		2,798	2,806
Translation Reserve		244	192
Deficit		(245,670)	(249,788)
	\$	<u>41,322</u>	<u>\$ 37,416</u>
	\$	<u>362,327</u>	<u>\$ 357,935</u>

Condensed interim consolidated statements of operations

(in thousands of Canadian dollars, except per share amounts, unaudited)

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
	\$	\$
Revenues	\$ 117,443	\$ 123,675
Cost of revenues	84,293	87,415
Gross profit	33,150	36,260
Expenses		
Selling, commissions and expenses	10,425	10,960
General and administration expenses	9,418	12,499
Research and development expenses	1,100	1,120
Restructuring expenses	1,427	—
Net fair value losses on financial liabilities at fair value through profit or loss	(98)	119
	22,272	24,698
Income before finance costs and income taxes	10,878	11,562
Finance costs		
Interest expense on long term debt and pensions, net	1,436	1,871
Interest expense on lease liabilities	3,261	3,277
Amortization of transaction costs	206	140
	4,903	5,288
Income before income taxes	5,975	6,274
Income tax expense		
Current	2,285	2,071
Deferred	(1,099)	(911)
	1,186	1,160
Net income for the period	\$ 4,789	\$ 5,114
Other comprehensive income:		
Items that may be reclassified subsequently to net income		
Foreign currency translation	52	(5)
	52	(5)
Items that will not be reclassified to net income		
Re-measurements of pension and other post-employment benefit obligations	986	(385)
Taxes related to pension and other post-employment benefit adjustment above	(250)	98
	736	(287)
Other comprehensive income (loss) for the period, net of tax	\$ 788	\$ (292)
Comprehensive income for the period	\$ 5,577	\$ 4,822
Basic earnings per share	0.09	0.09
Diluted earnings per share	0.08	0.09

Condensed interim consolidated statements of cash flows

(in thousands of Canadian dollars, unaudited)

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
	\$	\$
Cash provided by		
Operating activities		
Net income for the period	\$ 4,789	\$ 5,114
Items not affecting cash		
Depreciation of property, plant, and equipment	1,659	1,722
Amortization of intangible assets	319	383
Depreciation of right-of-use assets	4,906	4,802
Share-based compensation expense	—	70
Net fair value losses on financial liabilities at fair value through profit or loss	(98)	119
Pension expense	286	372
Gain on disposal of property, plant, and equipment	3	—
Provisions	1,427	—
Amortization of transaction costs	206	140

Accretion of asset retirement obligations	29	28
Other post-employment benefit plans expense	60	43
Income tax expense	1,186	1,160
Changes in non cash working capital	2,661	(12,263)
Contributions made to pension plans	(294)	(355)
Contributions made to other post-employment benefit plans	(86)	(108)
Provisions paid	(1,226)	(4,002)
Income taxes (paid) received	(1,504)	(1,400)
Total cash (used in) generated from operating activities	14,323	(4,175)
Investing activities		
Proceeds on sale and leaseback transaction	—	6,694
Purchase of property, plant, and equipment	(1,735)	(1,489)
Purchase of non-current assets	—	(143)
Total cash provided by investing activities	(1,735)	5,062
Financing activities		
Proceeds from credit facilities	15,000	32,232
Repayment of credit facilities	(21,678)	(18,873)
Decrease in bank overdrafts	—	(880)
Transaction costs	—	(4)
Dividends paid	—	(11,063)
Principal portion of lease payments	(1,888)	(1,775)
Repurchases of shares	(264)	—
Total cash (used in) financing activities	(8,830)	(363)
Change in cash and cash equivalents during the period	3,758	524
Effects of foreign exchange on cash balances	52	(13)
January 1, 2026 opening balance prior to restatement for IFRS 9 amendments	1,941	—
Adjustment on adoption of IFRS 9 amendments for 2025 outstanding cheques on January 1, 2026 (note 3)	284	—
Cash and cash equivalents - beginning of period	2,225	6,773
Cash and cash equivalents - end of period	\$ 6,035	\$ 7,284



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<https://www.newsfilecorp.com/release/296936>

Condensed interim consolidated statements of cash flows