

# DIRTT®



## DIRTT 2022 ANNUAL REPORT

ISSUED 2023 03 31



## Letter to Shareholders

Dear fellow shareholder,

2022 created a positive market disruption where DIRTT was able to utilize its ability to adapt and innovate in a successful manner. DIRTT is not just built for today but through our adaptable interior environments and innovation, we're building for tomorrow. DIRTT was created in this spirit of adaptability, flexibility, customization and removing risk from construction. We continue to provide solutions that support a rapidly changing workplace, a changing healthcare and education landscape. No one knows what the future holds as we live in a volatile macro environment, but we pride ourselves in supporting our end users through whatever comes their way. DIRTT is breaking the barriers to building better by continuously innovating our products and processes. We understand that innovation is a participation sport, where our customers and construction partners play an active role in our innovation of the solutions our ecosystem relies on.

The market for prefabricated interior spaces continues to grow as the need for faster and more efficient construction methods expands, along with increased requirements for sustainability and energy efficiency, simplified and digital interactions, and more cost-effective building solutions. Designers, architects, and contractors are rethinking how space is built to make it a more inclusive experience, and we help them do that. Client demands are also evolving regarding performance, total cost of ownership, and sustainability: smart buildings, energy and operational efficiency, and adaptability of structures have become higher priorities.



DIRTT has served more than 13,000 clients worldwide and worked with over 30% of Fortune 500 companies. DIRTT is the fastest way to build a resilient, sustainable space that is ready to adapt tomorrow. DIRTT's competitive advantage is its proprietary prefabricated interior construction system (including 345 patents); its proprietary ICE® software platform integrating the design, sale, pricing, and manufacturing process; our ability to reduce construction waste through off-site manufacturing and adaptability of the installed solution; and our extensive sales and construction partner network.

DIRTT connects with its clients through an international network of DIRTT Construction Partners who work with construction teams to ensure the effective management and execution of the DIRTT scope on every project from pre-construction through order, installation, and beyond. Our partners are critical to our success and to better tap their market knowledge and expertise, we established a Partner Advisory Council. This will be a forum for our team to work in close collaboration with an elite group of our partners to better pursue opportunities and support other partners across the network. As we engage more deeply with our clients and partners, DIRTT is ready to respond to a changing world. We are excited about our future and see considerable opportunity ahead.

DIRTT is on its path to profitability, rapidly becoming more deeply engaged with our key accounts and ready to respond to a changing world. At the fourth quarter of 2022 we saw meaningful expansion in gross profit margin to 27.3% (up from 19.6% for the same period in 2021). Our 12-month forward sales pipeline on January 1, 2023 was up 26% driven by a combination of price and expected volume. Our value proposition hasn't changed, but our foundation has stabilized this last year with new leadership and financial strength. To reduce our fixed costs, we made the strategic decisions to expand manufacturing capacity in Calgary, Alberta and Savannah, Georgia and suspended our facilities in Rock Hill, South Carolina and in Phoenix, Arizona. While these important structural changes were being made, we never lost sight of the important work we do with our design and construction partners.

Our commitment to sustainability has been a top priority. We have implemented several initiatives to reduce waste and minimize our carbon footprint. By using recycled materials and optimizing our manufacturing processes, we have significantly reduced our environmental impact. We continue to support our clients in achieving their sustainability goals through efficient operations, responsible material selection, and a construction system that promotes reuse to minimize waste.

2022 was when DIRTT laid its new foundation. Our board and executive team were refreshed and got to work on a host of initiatives to change the trajectory of DIRTT so that we were better – and more efficient – at what we do. We made several changes to how the business is ran, how work gets done, how we tell our story, and how we price our products and services to improve efficiencies and prioritize the important things we want to continue doing. It was a complex exercise to balance a need for a leaner operation that can respond to an expanding number of opportunities.

Our people are our most valuable resource and are the single biggest reason we will be successful as we continue to improve for years to come. We have the right team and mindset, putting us on the path to profitability. I want to express my appreciation to all our employees for their dedication and hard work throughout 2022.

I would also like to take this opportunity to thank our shareholders for their continued support and confidence in our company. We are committed to delivering value to our shareholders, clients, construction partners, and employees. We look forward to continued success in the years to come.

Sincerely,



Benjamin Urban

## DIRTT Board of Directors

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**KEN SANDERS**

DIRTT Board Chair

Elected 2022

*Corporate Governance and*

*Compensation Committee*

*Enterprise Risk Management Committee*

**DOUGLAS EDWARDS**

SVP, Enterprise Associate &  
Business Solutions, Humana Inc.

Elected 2022

*Audit Committee*

*Enterprise Risk Management Committee*

**ARON ENGLISH**

Portfolio Manager, 22NW LP

Elected 2022

*Corporate Governance and*

*Compensation Committee*

**CORY MITCHELL**

Corporate Director

Elected 2022

*Corporate Governance and*

*Compensation Committee*

**SHAUN NOLL**

President & Chief Investment  
Officer, 726 BF LLC

Appointed 2022

*Corporate Governance and*

*Compensation Committee*

**SCOTT ROBINSON**

Managing Director & Co-Head Real Estate  
Investment Banking, Oberon Securities LLC

Elected 2022

*Audit Committee*

*Enterprise Risk Management Committee*

**SCOTT RYAN**

Founding Partner & Managing  
Member, FR Law Group PLLC

Elected 2022

*Audit Committee*

*Enterprise Risk*

*Management Committee*

## DIRTT Executive Officers

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**BENJAMIN URBAN**

Chief Executive Officer

**RICH HUNTER**

Chief Operating Officer

**MARK GREFFEN**

Chief Technology Officer

**BRAD LITTLE**

Chief Financial Officer

**NANDINI SOMAYAJI**

SVP, General Counsel & Corporate Secretary

# Corporate Information

## CORPORATE HEADQUARTERS

7303 30th Street S.E.  
Calgary, Alberta, Canada T2C 1N6  
(403) 723-5000

## ANNUAL MEETING

The Annual and Special Meeting of Shareholders will be held in person and virtually on:  
**Tuesday, May 30, 2023 at 10:00 am (MDT).**

## STOCK EXCHANGE LISTING

The Nasdaq Global Select Market, Ticker Symbol: **DRTT**  
The Toronto Stock Exchange, Ticker Symbol: **DRT**

## TRANSFER AGENT AND REGISTRAR

### Compushare Trust Company of Canada

<i>Physical address:</i>	<i>Mailing Address:</i>
100 University Avenue	135 West Beaver Creek
8th Floor	P.O. Box 300
Toronto, Ontario, Canada	Richmond Hill, Ontario, Canada
M5J 2Y1	L4B 4R5
(416) 263-9200	

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**PricewaterhouseCoopers LLP**  
Suite 3100, 111-5th Avenue SW  
Calgary, Alberta, Canada T2P 5L3  
(403) 509-7500

## Special Note Regarding Forward-Looking Statements

Our Letter to Shareholders contains various statements, including estimates, projections, objectives and expected results, which are “forward-looking statements” and “forward-looking information” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and within the meaning of applicable Canadian securities laws (collectively, “forward-looking statements”) and are generally identified by the words “believe,” “expect,” “anticipate,” “intend,” “opportunity,” “plan,” “project,” “will,” “should,” “could,” “would,” “likely” and similar expressions. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to, the factors discussed in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the sections entitled “Risk Factors.” Our forward-looking statements speak only as of the date hereof or as of the date they are made, and we undertake no obligation to update them, unless required under applicable securities laws.