Letter to Shareholders

Fellow shareholders,

The following provides a summary of third quarter 2020 and year to date financial results together with an overview of management's near-term focus and outlook.

Third Quarter Notables

- Gross margin percentage remained strong at 29.0%
- Adjusted EBITDA was $10.2 million, a 368.4% improvement when compared to third quarter 2019
- Net Income was $2.1 million compared with a net loss of $5.9 million in the third quarter of 2019
- Revolving line of credit balance of $10.9 million as of October 30, 2020 down from $36.8 million at March 31, 2020 and $27.5 million at June 30, 2020

Third Quarter Highlights (vs. Q3, 2019)	Third Quarter YTD Highlights (vs. Q3 YTD, 2019)
Revenue of $57.4 million, compared with $63.2 million	Revenue of $198.7 million, compared with $211.4 million
Cost of sales of $40.7 million, compared with $48.0 million	Cost of sales of $140.8 million, compared with $159.7 million
Gross margin of 29.0%, compared with 24.1%	Gross margin of 29.2%, compared with 24.5%
Adjusted EBITDA of $10.2 million, compared with $2.2 million	Adjusted EBITDA of $34.1 million, compared with $14.5 million
Net income of $2.1 million, compared with a net loss of $5.9 million	Net income of $8.6 million, compared with a net loss of $10.0 million

Third Quarter 2020 Financial Results

Net income was $2.1 million compared with a net loss of $5.9 million in the third quarter of 2019. Adjusted EBITDA was $10.2 million or 17.7% of revenue, a 368.4% improvement when compared to $2.2 million in the third quarter of 2019, or 3.4% of revenue. Gross margin percentage improved by almost 500 basis points to 29.0% compared with 24.1% in the third quarter of 2019. Revenues for the quarter were $57.4 million compared with $63.2 million in the third quarter of 2019, a decrease of $5.8 million or 9.2%. Revenue in the third quarter was adversely impacted by the decline in revenue associated with those clients whose businesses, owing to COVID-19, were not fully operational and/or operating normally.

The increase in Adjusted EBITDA for the third quarter is owing to improved gross margins along with SG&A cost savings from initiatives undertaken in the second half of 2019 and first three quarters of 2020, coupled with $2.8 million received from the Canada Emergency Wage Subsidy (CEWS) program. It is worth noting that all CEWS funds received have been recorded as "other income" and not as revenue, as such, CEWS funds do not factor into our improved gross margin performance.

Third Quarter YTD 2020 Financial Results

Net income was $8.6 million compared with a net loss of $10.0 million in the first three quarters of 2019. Adjusted EBITDA was $34.1 million or 17.2% of revenue, a 135.7% improvement when compared to $14.5 million in first three quarters of 2019, or 6.8% of revenue. Gross margin percentage improved by 470 basis points to 29.2% compared with 24.5% in the first three quarters of 2019. Revenues during the first three quarters of 2020 were $198.7 million compared with $211.4 million in the first three quarters of 2019, a decrease of $12.7 million or 6.0%. Despite that, revenue from our top 100 clients is up, in aggregate, 6% compared to the first nine months of 2019. The strong performance of our top 100 clients has served to mute the impact of COVID-19 operating constraints on many other clients. Complementing that, combined 2020 cost management initiatives alone are expected to deliver approximately $10.5 million of in-year efficiency gains.

The increase in Adjusted EBITDA for the first three quarters of 2020 is attributable to: strong overall revenue growth in the first quarter of this year which gravitated toward COVID-19 impacted levels in the subsequent two quarters of 2020; ERP remediation efforts; and better management of raw material and other inventory related efficiency gains. Adjusted EBITDA in the first three quarters of 2020 was positively impacted by $8.9 million received from the CEWS program.

Management Focus and Outlook

We continue to focus on the five business priorities we have talked about for some time now:

- Core enterprise customers;
- Improving gross margins;
- Reducing SG&A;
- Improving working capital and paying down debt; and
- Digital innovation to support the ongoing efficiency and future growth of our clients.

We are now beginning to see operating benefits associated with the implementation of our ERP system in 2019, have addressed almost all invoicing-related issues at origin, and expect greater benefits to be realized in the coming year. In addition, we continued to make progress in the third quarter with respect to the conversion of our “BAR” clients to bill and hold warehousing arrangements and, to date, have realized close to $12 million in proceeds from BAR related conversions. Our plan remains to convert all BAR customers and, in doing so, further improve our working capital.

Our results over the first three quarters of 2020 speak to our focus on operating efficiencies and improvements in SG&A during a challenging and uncertain economic environment. We expect that focus and momentum to continue and to deliver similar improvements in operating efficiency and SG&A in 2021.

The ongoing and uncertain impact of COVID-19 on our economy and fear of a “second wave” continues to make it difficult to predict our financial performance for the final quarter of 2020. Despite that, your company remains a trusted partner to many of Canada’s leading businesses and brands and continues to focus on adding value for our clients.

Thank you all for your investment in our business and your continued support.

For a full description of our financial results for the third quarter and first nine months of 2020, please refer to our unaudited, condensed, interim consolidated financial statements for the three and nine month periods ended September 30, 2020 and management’s related discussion and analysis, copies of which are available at www.sedar.com

Yours truly,

Mike Coté

Michael Coté

President

DATA Communications Management Corp.

November 2020

Management's discussion and analysis of financial condition and results of operations

The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding the business environment, strategies, performance and risk factors of DATA Communications Management Corp. (TSX: DCM) and its subsidiaries (referred to herein as "DCM" or the "Company") for the three and nine months ended September 30, 2020. This MD&A should be read in conjunction with the MD&A of DCM for the year ended December 31, 2019, the unaudited condensed interim consolidated financial statements and accompanying notes of DCM for the three and nine months ended September 30, 2020 and the audited consolidated financial statements and accompanying notes of DCM for the year ended December 31, 2019. Additional information about the Company, including its most recently filed audited consolidated financial statements, Annual Information Form and Management Information Circular may also be obtained on SEDAR (www.sedar.com). Unless otherwise indicated, all amounts are expressed in Canadian dollars.

The Company's Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on November 10, 2020. This MD&A reflects information as of November 10, 2020.

Basis of presentation

DCM prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial reports, including International Accounting Standard ("IAS") 34 "*Interim Financial Reporting*". The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in DCM's consolidated financial statements for the year ended December 31, 2019, except for certain new accounting pronouncements which have been adopted by DCM on January 1, 2020 and disclosed in note 3. Where applicable, DCM has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS effective for the year ending December 31, 2020, as issued and outstanding as of November 10, 2020, the date the Board of Directors ("Board") approved these financial statements.

Forward-looking statements

Certain statements in this MD&A 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 MD&A, 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 MD&A. These forward-looking statements involve a number of risks, uncertainties and assumptions and 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. The principal factors, assumptions and risks that DCM made or took into account in the preparation of these forward-looking statements include: risks relating to the continuing impact of the COVID-19 pandemic, the impact of which could be material on DCM’s business, liquidity and results of operations; DCM's enterprise resource planning ("ERP") system interrupted operational transactions during and following the implementation, which has, and may continue to, materially and adversely affect DCM's financial liquidity and operations and results of operations; there is no assurance that management’s initiatives for dealing with these events and conditions will be successful and there are risks in the expected timing of resolution thereof and the possible effects of these issues if they are not resolved; DCM’s ability to continue as a going concern is dependent upon its ability to comply with its financial covenants for at least the next twelve months which is contingent on management’s ability to meet forecast revenue, profitability and cash collection targets; risks relating to DCM’s ability to access sufficient capital, including, without limitation, under its existing revolving credit facility, on favourable terms to fund its liquidity and business plans from internal and external sources; the risk that a material weakness in internal control of financial reporting, could, if uncorrected, result in a future misstatement of revenues that may result in a material misstatement of DCM's annual or interim consolidated financial statements if not prevented or detected on a timely basis; the risk that DCM will not be successful in negotiating amendments to the terms of its existing credit facilities including, without limitation, the financial covenants of DCM under these facilities; the limited growth in the traditional printing industry and the potential for further declines in sales of DCM’s printed business documents relative to historical sales levels for those products; the risk that changes in the mix of products and services sold by DCM will adversely affect DCM’s financial results; the risk that DCM may not be successful in reducing the size of its legacy print business, realizing the benefits expected from restructuring and business reorganization initiatives, reducing costs, reducing and repaying its long term debt, and growing its digital and marketing communications businesses; the risk that DCM may not be successful in managing its organic growth; DCM’s ability to invest in, develop and successfully market new digital and other products and services; competition from competitors supplying similar products and services, some of whom have greater economic resources than DCM and are well-established suppliers; DCM’s ability to grow its sales or even maintain historical levels of its sales of printed business documents; the impact of economic conditions on DCM’s businesses; risks associated with acquisitions and/or investments in joint ventures by DCM; the failure to realize the expected benefits from the acquisitions it has made and risks associated with the integration and growth of such businesses; increases in the costs of paper and other raw materials used by DCM; and DCM’s ability to maintain relationships with its customers and suppliers.

Additional factors are discussed elsewhere in this MD&A under the headings "Liquidity and capital resources" and “Risks and Uncertainties” and in DCM’s 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 MD&A 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 MD&A includes certain non-IFRS measures as supplementary information. Except as otherwise noted, when used in this MD&A, EBITDA means earnings before interest and finance costs, taxes, depreciation and amortization and Adjusted EBITDA means EBITDA adjusted for restructuring expenses and one-time business reorganization costs. Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, one-time business reorganization costs and the tax effects of those items. Adjusted net income (loss) per share (basic and diluted) is calculated by dividing Adjusted net income (loss) for the period by the weighted average number of common shares of DCM (basic and diluted) outstanding during the period. 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 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. Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that Adjusted net income (loss), Adjusted net income (loss) per share, 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. For a reconciliation of net income (loss) to EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA, see Table 3 below. For a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 4 below.

Business of DCM

OVERVIEW

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 and New York, New York), 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.

Customer agreements and terms typically include provisions consistent with industry practice, which allow DCM to pass along increases in the cost of paper and other raw materials used to manufacture products.

DCM's revenue is subject to the seasonal advertising and mailing patterns of certain customers. Typically, higher revenues and profit are generated in the fourth quarter relative to the other three quarters, however this can vary from time to time by changes in customers' purchasing decisions throughout the year. As a result, DCM's revenue and financial performance for any single quarter may not be indicative of revenue and financial performance which may be expected for the full year.

DCM has approximately 1,100 employees in Canada and the United States and had revenues of $282.9 million in 2019. Website: www.datacm.com.

RECENT DEVELOPMENTS

COVID-19 GLOBAL PANDEMIC

Management of DCM has been closely monitoring and responding to developments related to COVID-19, including the current and potential impact on global and local economies in the jurisdictions where it operates. While safeguarding the well-being of individuals is the Company's principal concern, it remains focused on continuity plans and preparedness measures at each of its locations. Several measures designed to mitigate the financial impact on our business have been implemented to date, including temporary layoffs, wage rollbacks for senior executives, director level and other employees, shift reductions, reductions in non-essential spending and deferral of other expenses and payments where practical. The Company continues to evaluate and assess further actions that may be required.

To date, DCM has not experienced any material disruptions in its supply chain due to COVID-19. Nor has DCM experienced any material credit collection delinquencies related to COVID-19, although certain customers have stretched their payment terms.

CREDIT FACILITIES

On November 2, 2020, DCM entered into an eighth amendment to its Bank Credit Facility under which the Bank reduced its interest rate on DCM's borrowings under the Bank Credit Facility by 25 basis points effective September 24, 2020. At the Company's request the Bank also agreed to accelerate reduction of the maximum principal amount available under the Bank Credit Facility to $35.0 million. As part of the Bank Sixth Amendment, the interest rate on DCM's borrowings under the Bank Credit Facility was increased by 0.5% between January 1 to September 30, 2020. Effective October 1, 2020, the interest rate will be reduced by an additional 0.5% for a total floating interest rate of 3.8% at such time.

GOVERNMENT GRANTS

DCM has to date qualified for, and received, approximately $8.9 million under the Canada Emergency Wage Subsidy or CEWS, with $2.8 million of that amount attributable to the third quarter of 2020. DCM continues to assess whether it may meet the CEWS eligibility criteria for future periods, as well as other subsidies that may be available due to the impact of COVID-19 on its business.

REVENUE RECOGNITION POLICY

DCM recognizes revenue when control of the products or services it provides to its customers has been transferred. The following is a description of principal activities from which DCM generates its revenue, along with the corresponding revenue recognition accounting policies.

PRODUCT SALES

DCM manufactures customized products based on specifications pre-approved by its customers. At its customers' request, DCM will also purchase product from third-party vendors and resell that to its customers. DCM recognizes revenue upon the completion of production or when stock product is purchased from a third-party vendor and inducted into DCM's warehouses. Given manufactured products are customized or purchased specifically at the customer's request, product returns are insignificant.

In some instances, DCM customers obtain the product directly from DCM following completion of production. In other instances, DCM's contracts involve the provision of warehousing and shipment services, in addition to manufacturing or purchasing of third-party products. Based on DCM's contractual arrangements with such customers, DCM has identified three key distinct performance obligations related to the sale of product: product, warehousing services and shipment services. DCM stores customized or purchased product at the request of the customer; the product is identifiable as the customer's product; the product is ready for transfer to the customer upon the customer's request; and DCM cannot redirect the product nor use the product to fulfill another customer's product order under the contract. Where control has transferred over the product upon product manufacture by DCM or upon receipt of third-party product into DCM's warehouses, DCM recognizes revenue for product and allocates an amount of the consideration received or receivable from the customer for the remaining warehousing and shipping performance obligations based on their relative standalone selling prices, where applicable.

WAREHOUSING SERVICES

DCM provides custodial services to store customer product in its warehouse over a specified agreed upon period of time. Warehousing services represent a distinct performance obligation and accordingly, revenues are recognized over the period that warehousing services are provided to the customer.

FREIGHT SERVICES

DCM provides services to ship customer product from its warehouse to a location specified by the customer. This represents a distinct performance obligation and revenue is recognized when performance of the shipping service has occurred.

MARKETING SERVICES

DCM generates revenue from providing marketing solutions to its customers which include business and brand strategy, consumer insights, strategic marketing and design services. Typically, these services are contracted with fixed-fees and are provided over a period of time equal to one year or less. Revenue is measured based on the consideration DCM expects to be entitled to in exchange for providing services. Most of DCM's marketing contracts include a single performance obligation because the promise to transfer the individual services are not separately identifiable from other promises in the contract and therefore are not distinct. DCM transfers control of the services it provides to its customers over time and therefore recognizes revenue progressively as the services are performed based on the percentage of completion method. Under this method, the stage of completion is measured using costs incurred to date as a percentage of total estimated costs for each contract and the percentage of completion is applied to the total estimated revenue.

COST OF REVENUES AND OTHER EXPENSES

DCM's cost of revenues primarily consists of raw materials, manufacturing salaries and benefits, occupancy costs, depreciation of owned equipment, and depreciation of the right-of-use asset ("ROU Asset") for property leases and equipment leases. DCM's raw material costs consist primarily of paper, carbon and ink. Manufacturing salaries and benefits costs primarily consist of employee salaries and health benefits at DCM's printing and warehousing facilities. Occupancy costs consist primarily of depreciation of the ROU Asset for property leases, and costs related to utilities, insurance and building maintenance. DCM's expenses consist of selling, depreciation and amortization, and general and administration expenses. Selling expenses consist primarily of employee salaries, health benefits and commissions, and include related costs for travel, corporate communications, trade shows, and marketing programs. Depreciation and amortization represent the allocation to income of the cost of property, plant and equipment, the ROU Asset, and intangible assets over their estimated useful lives. General and administration expenses consist primarily of employee salaries, health benefits, and other personnel related expenses for executive, financial and administrative personnel, as well as depreciation of the ROU Asset for property leases, telecommunications, pension plan expenses and professional service fees.

DCM has incurred restructuring expenses in each of the last five fiscal years, which primarily consisted of severance costs associated with headcount reductions and costs related to the closure of certain facilities.

Selected Consolidated Financial Information

The following tables set out summary consolidated financial information and supplemental information for the periods indicated. The summary condensed interim and financial information for each of fiscal 2020 and 2019 has been derived from consolidated financial statements, prepared in accordance with IFRS. The unaudited financial information presented has been prepared on a basis consistent with our audited consolidated financial statements. In the opinion of management, such unaudited financial data reflects all adjustments, consisting of normal and non-recurring adjustments, necessary for a fair presentation of the results for those periods.

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

For the periods ended September 30, 2020 and 2019 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**July 1 to September 30, 2020**	July 1 to September 30, 2019	**January 1 to September 30, 2020**	January 1 to September 30, 2019
Revenues	**$ 57,374**	$ 63,215	**$ 198,725**	$ 211,387
Cost of revenues	**40,711**	47,962	**140,791**	159,651
Gross profit	**16,663**	15,253	**57,934**	51,736
Selling, general and administrative expenses	**13,282**	17,808	**45,908**	50,496
Restructuring expenses	**1,065**	2,724	**2,073**	7,595
	14,347	20,532	**47,981**	58,091
Income (loss) before finance costs, other income, and income taxes	**2,316**	(5,279)	**9,953**	(6,355)
Finance costs				
Interest expense, net	**1,804**	2,260	**5,816**	6,467
Debt modification losses	**—**	—	**625**	—
Amortization of transaction costs	**146**	177	**407**	400
	1,950	2,437	**6,848**	6,867
Other Income				
Government grant income	**2,759**	—	**8,928**	—
Income (loss) before income taxes	**3,125**	(7,716)	**12,033**	(13,222)
Income tax expense (recovery)				
Current	**(327)**	395	**263**	(79)
Deferred	**1,313**	(2,194)	**3,189**	(3,149)
	986	(1,799)	**3,452**	(3,228)
Net income (loss) for the period	**$ 2,139**	$ (5,917)	**$ 8,581**	$ (9,994)
Basic earnings (loss) per share	**$ 0.05**	$ (0.27)	**$ 0.20**	$ (0.46)
Diluted earnings (loss) per share	**$ 0.05**	$ (0.27)	**$ 0.20**	$ (0.46)
Weighted average number of common shares outstanding, basic	**43,047,030**	21,523,515	**43,047,030**	21,523,515
Weighted average number of common shares outstanding, diluted	**43,227,051**	21,523,515	**43,138,431**	21,523,515

As at September 30, 2020 and December 31, 2019 *(in thousands of Canadian dollars, unaudited)*	**As at September 30, 2020**	As at December 31, 2019
Current assets	**$ 98,379**	$ 101,642
Current liabilities	**$ 72,843**	73,554
Total assets	**$ 193,658**	214,372
Total non-current liabilities	**$ 114,213**	141,859
Shareholders' equity (deficit)	**$ 6,602**	$ (1,041)

TABLE 2 The following table sets out selected historical consolidated financial information for the periods noted. See "Non-IFRS Measures" section above for more details.

For the periods ended September 30, 2020 and 2019 *(in thousands of Canadian dollars, unaudited)*	**July 1 to September 30, 2020**	July 1 to September 30, 2019	**January 1 to September 30, 2020**	January 1 to September 30, 2019
Revenues	**$ 57,374**	$ 63,215	**$ 198,725**	$ 211,387
Gross profit	**16,663**	15,253	**57,934**	51,736
Gross profit, as a percentage of revenues	**29.0 %**	24.1 %	**29.2 %**	24.5 %
Selling, general and administrative expenses	**13,282**	17,808	**45,908**	50,496
As a percentage of revenues	**23.1 %**	28.2 %	**23.1 %**	23.9 %
Adjusted EBITDA (see Table 3)	**10,151**	2,167	**34,089**	14,462
As a percentage of revenues	**17.7 %**	3.4 %	**17.2 %**	6.8 %
Net income (loss) for the period	**2,139**	(5,917)	**8,581**	(9,994)
Adjusted net income (loss) (see Table 4)	**3,026**	(3,900)	**10,476**	(3,732)
As a percentage of revenues	**5.3 %**	(6.2)%	**5.3 %**	(1.8)%

TABLE 3 The following table provides reconciliations of net income (loss) to EBITDA and of net income (loss) to Adjusted EBITDA for the periods noted. See "Non-IFRS Measures" section above for more details.

EBITDA and Adjusted EBITDA reconciliation

For the periods ended September 30, 2020 and 2019 *(in thousands of Canadian dollars, unaudited)*	**July 1 to September 30, 2020**	July 1 to September 30, 2019	**January 1 to September 30, 2020**	January 1 to September 30, 2019
Net income (loss) for the period	**$ 2,139**	$ (5,917)	**$ 8,581**	$ (9,994)
Interest expense, net	**1,804**	2,260	**5,816**	6,467
Debt modification losses	**—**	—	**625**	—
Amortization of transaction costs	**146**	177	**407**	400
Current income tax (recovery) expense	**(327)**	395	**263**	(79)
Deferred income tax expense (recovery)	**1,313**	(2,194)	**3,189**	(3,149)
Depreciation of property, plant and equipment	**910**	959	**2,779**	3,109
Amortization of intangible assets	**1,045**	1,428	**3,156**	2,672
Depreciation of the ROU Asset	**1,929**	2,329	**6,725**	6,563
EBITDA	**$ 8,959**	$ (563)	**$ 31,541**	$ 5,989
Restructuring expenses	**1,065**	2,724	**2,073**	7,595
One-time business reorganization costs (1)	**127**	6	**475**	878
Adjusted EBITDA	**$ 10,151**	**$ 2,167**	**$ 34,089**	$ 14,462

(1) One-time business reorganization costs include non-recurring headcount reduction expenses for employees that did not qualify as restructuring costs.

TABLE 4 The following table provides reconciliations of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share for the periods noted. See "Non-IFRS Measures" section above for more details.

Adjusted net income (loss) reconciliation

For the periods ended September 30, 2020 and 2019 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**July 1 to September 30, 2020**	July 1 to September 30, 2019	**January 1 to September 30, 2020**	January 1 to September 30, 2019
Net income (loss) for the period	**2,139**	(5,917)	**8,581**	(9,994)
Restructuring expenses	**1,065**	2,724	**2,073**	7,595
One-time business reorganization costs (1)	**127**	6	**475**	878
Tax effect of the above adjustments	**(305)**	(713)	**(653)**	(2,211)
Adjusted net income (loss)	**3,026**	(3,900)	**10,476**	(3,732)
Adjusted net income (loss) per share, basic and diluted	**0.07**	(0.18)	**0.24**	(0.17)
Weighted average number of common shares outstanding, basic	**43,047,030**	21,523,515	**43,047,030**	21,523,515
Weighted average number of common shares outstanding, diluted	**43,227,051**	21,523,515	**43,138,431**	21,523,515
Number of common shares outstanding, basic	**43,047,030**	21,523,515	**43,047,030**	21,523,515
Number of common shares outstanding, diluted	**43,227,051**	21,523,515	**43,138,431**	21,523,515

(1) One-time business reorganization costs include non-recurring headcount reduction expenses for employees that did not qualify as restructuring costs.

Results of operations

REVENUES

For the three months ended September 30, 2020, DCM recorded revenues of $57.4 million, a decrease of $5.8 million or 9.2% compared with the same period in 2019. For the nine months ended September 30, 2020, DCM recorded revenues of $198.7 million, a decrease of $12.7 million or 6.0% compared with the same period in 2019. The decrease in revenues for the three and nine months ended September 30, 2020 was primarily attributable to lower demand resulting from the impact of the COVID-19 pandemic in the second and third quarter of 2020. The decline in revenues was partially offset by strong performance in the first quarter of 2020 in our financial services, public sector and healthcare vertical markets, and growth of cannabis label business, and one-time COVID-19 related wins in the second and third quarter of 2020. In the second and third quarters of 2019, production revenue was negatively impacted by the launch of our new ERP system.

COST OF REVENUES AND GROSS PROFIT

For the three months ended September 30, 2020, cost of revenues decreased to $40.7 million from $48.0 million for the same period in 2019, resulting in a $7.3 million or 15.1% decrease over the same period last year.

Gross profit for the three months ended September 30, 2020 was $16.7 million, which represented an increase of $1.4 million or 9.2% from $15.3 million for the same period in 2019. Gross profit as a percentage of revenues increased to 29.0% for the three months ended September 30, 2020, compared to 24.1% for the same period in 2019.

For the nine months ended September 30, 2020, cost of revenues decreased to $140.8 million from $159.7 million for the same period in 2019, resulting in a $18.9 million or 11.8% decrease over the same period last year.

Gross profit for the nine months ended September 30, 2020 was $57.9 million, which represented an increase of $6.2 million or 12.0% from $51.7 million for the same period in 2019.

Gross profit as a percentage of revenues increased to 29.2% for the nine months ended September 30, 2020, compared to 24.5% for the same period in 2019.

Gross profit as a percentage of revenues for the three and nine months ended September 30, 2020 was positively impacted by (i) realizing the full benefits from the cost saving initiatives implemented particularly in the second and third quarters of 2019, resulting in a reduction in salaries and wages, (ii) more normalized levels of operations and margins, including lower levels of casual labour and temporary staffing, following remediation of the ERP system challenges experienced in June 2019, (iii) additional cost saving initiatives implemented during the second and third quarters of 2020, and other temporary lay-offs, reduction in casual labour and other cost saving measures in reaction to the impact of COVID-19 on the business, (iv) improved management of purchasing inventory and other direct costs, (v) continued discipline to improve pricing with customers, and (vi) the loss of lower margin customers.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative ("SG&A") expenses decreased to $13.3 million, or 23.1% of total revenues, for the three months ended September 30, 2020 compared to $17.8 million, or 28.2% of total revenues for the same period in 2019. SG&A decreased to $45.9 million, or 23.1% of total revenues, for the nine months ended September 30, 2020 compared to $50.5 million, or 23.9% of total revenues for the same period in 2019.

SG&A expenses for the three and nine months ended September 30, 2020 benefited from a reduction in selling, commissions and other sales expenses of $2.6 million and $5.1 million, respectively, whereas general and administrative expenses decreased by $2.0 million and increased by $0.5 million, respectively. The decrease in selling, commissions and other sales expenses for the three and nine months ended September 30, 2020 was primarily attributed to lower level of revenues due to the impact of COVID-19, reduction in salaries and wages realized from the full benefits from the cost saving initiatives implemented in the second and third quarters of 2019, additional cost saving initiatives implemented during the third quarter of 2020, and other temporary lay-offs and reduction in casual labour in reaction to the impact of COVID-19 on the business. The decrease in general and administrative expenses for the three months ended September 30, 2020 was primarily attributed to (i) reduction in salaries and wages realized from the full benefits from the cost saving initiatives implemented in the second and third quarters of 2019, (ii) additional cost saving initiatives implemented during the third quarter of 2020, (iii) and temporary lay-offs, reduction in casual labour, lower compensation and lower discretionary spending in response to the impact of

COVID-19 on the business. The increase in general and administrative expenses for the nine months ended September 30, 2020 was primarily attributed to (i) increased professional services surrounding the ERP system, an increase in amortization costs related to the ERP intangible asset which commenced in June 2019, increased salaries and wages for employees that have resumed normal responsibilities following the launch of the ERP system and no longer have their salaries and wages capitalized, increases in casual labour and temporary staffing to assist with the ERP post-implementation remediation and other ERP project expenses that are no longer eligible for capitalization. This increase was offset by wage roll backs during the second quarter of 2020 and reduction of cost for the same reasons as noted for the three months ended September 30, 2020.

RESTRUCTURING EXPENSES

Cost reductions and enhancement of operating efficiencies have been an area of focus for DCM in order to improve margins and better align costs with the declining revenues experienced by the Company in its traditional business, a trend being faced by the traditional printing industry for several years now.

For the three months ended September 30, 2020, DCM incurred restructuring expenses of $1.1 million compared to $2.7 million in the same period in 2019. For the nine months ended September 30, 2020, DCM incurred restructuring expenses of $2.1 million compared to $7.6 million in the same period in 2019. Restructuring costs for the three and nine months ended September 30, 2020 related to headcount reductions from the billings and credit/collections departments to integrate the groups into one team to achieve greater synergies across the cash management process, headcount reductions to direct labour to mitigate the impact of COVID-19, and other various headcount reductions to indirect labour as cost savings initiatives to improve gross margin. Restructuring costs for the three and nine months ended September 30, 2019 related to headcount reductions from (i) the closure of its Brossard, Quebec facility which was announced in March 2019, (ii) the sale of its loose-leaf binders and index tab business in May 2019, (iii) process improvements in manufacturing to improve efficiencies and gross margins, and (iv) process improvements in its SG&A functions to reduce costs and enhance productivity.

DCM will continue to evaluate its operating costs for further efficiencies as part of its commitment to improving its gross margins and lowering its selling, general and administration expenses.

OTHER INCOME

Other income includes government grant income received from the CEWS (see (note 17) of the interim condensed consolidated financial statements). DCM has to date qualified for, and received, approximately $8.9 million, with $2.8 million attributable to the third quarter of 2020.

ADJUSTED EBITDA

For the three months ended September 30, 2020, Adjusted EBITDA was $10.2 million or 17.7% of revenues, after adjusting EBITDA for $1.1 million in restructuring charges, compared to $2.2 million or 3.4% of revenues in the same period in 2019. For the nine months ended September 30, 2020, Adjusted EBITDA was $34.1 million or 17.2% of revenues, after adjusting EBITDA for the $2.1 million in restructuring charges, compared to $14.5 million or 6.8% of revenues in the same period in 2019.

The increase in Adjusted EBITDA for the three and nine months ended September 30, 2020 over the prior year comparative period was primarily attributed to (i) improved gross margins and reductions in SG&A realized from the full benefits of cost savings initiatives implemented in the second and third quarter of 2019, (ii) improved gross margins from continued discipline to improve pricing with customers, (iii) and more normalized level of operations and margins following remediation of the ERP system challenges experienced in June 2019. The improvements in EBITDA were offset by a reduction in revenue due to lower demand resulting from the impact of COVID-19. Temporary lay-offs and reductions in compensation and discretionary spending in response to the impact of COVID-19 on the business, and receipt of the CEWS grant income mitigated the impact on our financial performance.

FINANCE COSTS

Finance costs including interest on debt outstanding under DCM's credit facilities, interest accretion expense and income related to certain debt obligations discounts / premiums, interest on pension obligations, debt modification gains/losses, amortization of debt transaction costs and interest expense on lease liabilities under IFRS 16 was $2.0 million for the three months ended September 30, 2020 compared to $2.4 million for the same period in 2019, and was $6.8 million for the nine months ended September 30, 2020 compared to $6.9 million for the same period in 2019. Excluding the one time debt modification loss of $0.6 million in the first quarter of 2020, interest expense decreased by $0.6 million for the nine months ended September 30, 2020. Interest expense for the three and nine months ended September 30, 2020 decreased due to the reduction in the prime rates during the first quarter of 2020 and prime rate margins during the second quarter of 2020 and reduction in levels drawn under the Bank Credit Facility during the third quarter of 2020, thereby reducing the interest expense on the Credit Facility. In the fourth quarter of 2019 and first quarter of 2020, DCM recorded debt premiums on the Credit Facility and Crown Facility, which resulted in recognition of accretion income, netted against interest expense, during 2020. This decrease was offset by an increase in interest expense on the (i) Crown Facility due to an additional $7.0 million loan obtained from Crown in the third quarter of 2019 and an increase in the interest rate for the Crown Facility by 200 basis points per annum effective December 19, 2019, and (ii) Perennial acquisition VTB due to the introduction of a 10% per annum interest rate in the second quarter of 2020, which was previously non-interest bearing.

INCOME TAXES

DCM reported income before income taxes of $3.1 million and a net income tax expense of $1.0 million for the three months ended September 30, 2020 compared to a loss before income taxes of $7.7 million and a net income tax recovery of $1.8 million for the same period in 2019.

DCM reported income before income taxes of $12.0 million and a net income tax expense of $3.5 million for the nine months ended September 30, 2020 compared to a loss before income taxes of $13.2 million and a net income tax recovery of $3.2 million for the same period in 2019.

The change from a net income tax recovery to a net income tax expense was due to the change in the estimated taxable income for the three and nine months ended September 30, 2020. The deferred income tax expense was adjusted for any changes in estimates of future reversals of temporary differences, including estimated changes in tax loss carryforwards.

NET INCOME (LOSS)

Net income for the three months ended September 30, 2020 was $2.1 million compared to a net loss of $5.9 million for the same period in 2019. Net income for the nine months ended September 30, 2020 was $8.6 million compared to a net loss of $10.0 million for the same period in 2019.

The increase in comparable profitability for the three and nine months ended September 30, 2020 was primarily due to (i) improved gross margins and reductions in SG&A realized from the full benefits of cost savings initiatives implemented in the second and third quarter of 2019, (ii) improved gross margins from continued discipline to improve pricing with customers, (iii) more normalized level of operations and margins following remediation of the ERP system challenges experienced in June 2019, (iv) reduction in restructuring initiatives, and (v) reduction in interest expense. The improvements in net income were offset by (i) one-time debt modification loss of $0.6 million in the first quarter of 2020, and (ii) a reduction in revenue due to lower demand resulting from the impact of COVID-19, which was mitigated by temporary lay-offs, reductions in compensation and discretionary spending and receipt of the CEWS grant income.

ADJUSTED NET INCOME (LOSS)

Adjusted net income for the three months ended September 30, 2020 was $3.0 million compared to adjusted net loss of $3.9 million for the same period in 2019. Adjusted net income for the nine months ended September 30, 2020 was $10.5 million compared to adjusted net loss of $3.7 million for the same period in 2019.

The increase in comparable profitability for the three and nine months ended September 30, 2020 was primarily due to (i) improved gross margins and reductions in SG&A realized from the full benefits of cost savings initiatives implemented in the second and third quarter of 2019, (ii) improved gross margins from continued discipline to improve pricing with customers, (iii) more normalized level of operations and margins following remediation of the ERP system challenges experienced in June 2019, and (iv) reduction in interest expense. The improvements in adjusted net income were offset by (i) one-time debt modification loss of $0.6 million in the first quarter of 2020, and (ii) a reduction in revenue due to lower demand resulting from the impact of COVID-19, which was mitigated by temporary lay-offs, reductions in compensation and discretionary spending and receipt of the CEWS grant income.

Liquidity and capital resources

CREDIT AGREEMENTS

BANK CREDIT FACILITIES

DCM has established a revolving credit facility (as amended, the “Bank Credit Facility”) with a Canadian chartered bank (the “Bank”). Under the terms of the Bank Credit Agreement, the maximum principal amount available under the Bank Credit Facility is $35.0 million and the Bank Credit Facility matures on January 31, 2023. Advances under the Bank Credit Facility may not, at any time, exceed the lesser of $35.0 million and a fixed percentage of DCM’s aggregate accounts receivable and inventory (less certain amounts). Advances under the amended Bank Credit Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin of 1.85%. As at September 30, 2020, there were outstanding borrowings of $18.1 million under the revolving facilities portion of the Bank Credit Facility and letters of credit granted of $0.6 million. As at September 30, 2020, all of DCM’s indebtedness outstanding under the Bank Credit Facility was subject to a floating interest rate of 4.30% per annum, which reduced to 3.8% effective October 1, 2020. As at September 30, 2020, DCM had access to $4.7 million of available credit under the Bank Credit Facility. The cash and cash equivalents balance of $1.5 million shown on the condensed interim consolidated statement of financial position as at September 30, 2020 represents outstanding deposits which when cashed would be a deposit on the Bank Credit Facility. As at September 30, 2020, the carrying value of the debt instrument was $19.5 million. The carrying value includes the outstanding borrowings of $18.1 million, unamortized premium of $1.9 million less the unamortized transaction costs of $0.5 million.

FPD FACILITIES

DCM established term loan facilities ("FPD III Credit Facility", "FPD IV Credit Facility", and "FPD V Credit Facility" - collectively referred to as "FPD Credit Agreements") with Fiera Private Debt Fund III L.P. ("FPD III"), Fiera Private Debt Fund IV L.P. (FPD IV), and Fiera Private Debt V L.P. ("FPD V"). Under the terms of the FPD Credit Agreements, the maximum aggregate principal amount which may be outstanding under the FPD III Credit Facility, FPD IV Credit Facility, the FPD V Credit Facility, the Bank Credit Facility and Crown Facility (as defined below), calculated on a consolidated basis in accordance with generally accepted accounting principles (“Total Funded Debt”), cannot exceed $93.0 million.

The principal amount of the amended FPD III Credit Facility amortizes in blended equal monthly repayments of principal and interest of $0.1 million over a nine year term ending October 15, 2022. The principal amount of the FPD IV Credit Facility amortizes in blended equal monthly repayments of principal and interest of $0.4 million over a seven year term ending March 10, 2023. The principal amount of the FPD V Credit Facility amortizes in blended equal monthly repayments of principal and interest of $0.1 million over a sixty six month term ending May 15, 2023.

As at September 30, 2020, the outstanding borrowings of FPD III Credit Facility, FPD IV Credit Facility and FPD V Credit Facility was $3.0 million, $14.7 million, and $3.3 million, respectively.

CROWN FACILITY

On May 8, 2018, DCM established a $12.0 million non-revolving term loan facility ("Crown Tranche One Loan") with Crown Capital Partner Funding, LP (previously Crown Capital Fund IV, LP) (the "Crown Facility"), a fund managed by Crown Capital LP Partner Funding Inc. (previously Crown Capital Fund IV Management Inc.) ("Crown"). On August 16, 2019, DCM entered into a third amendment to its Crown Facility whereby Crown advanced a second non-revolving term loan in the principal amount of $7 million ("Crown Tranche Two Loan"), for total advances in the principal amount of $19 million that is repayable on maturity on May 7, 2023.

As at September 30, 2020, the carrying value of the Crown debt instrument was $20.8 million. This carrying value includes the loan principal balance of $20.8 million, unamortized premiums/discounts of $0.7 million less unamortized transaction costs of $0.6 million.

COVENANT REQUIREMENTS

Each of the Bank Credit Agreement, the FPD Credit Agreements and the Crown Facility contain customary representations and warranties, as well as restrictive covenants which limit the discretion of the Board and management with respect to certain business matters including the declaration or payment of dividends on the common shares of DCM without the consent of the Bank, FPD III, FPD IV, FPD V and Crown, as applicable. During the first two quarters of 2020, DCM received support from all lenders, and entered into waivers and amendments to modify certain existing covenants. As of September 30, 2020, DCM was in compliance with the amended covenants.

LIQUIDITY

In assessing DCM's liquidity requirements, DCM takes into account its level of cash, together with currently projected cash to be provided by operating activities, cash available from its unused credit facilities, cash from investing activities such as sales of redundant assets, access to the capital markets and anticipated reductions in operating costs projected to result from existing restructuring activities, as well as its ongoing cash needs for its existing operations.

Market conditions and DCM's financial condition and capital structure could affect the availability and terms of any replacement credit facilities or other funding sought by DCM from time to time or upon the maturity of the amended Bank Credit Facility, the Amended FPD A&R Credit Facilities, the Crown Facility, as amended, or other indebtedness of DCM.

The Company's liquidity position and financial results have improved over the past nine months, due to: (i) improving margins from cost containment initiatives, (ii) the support of the Federal government's Canada Emergency Wage Subsidy program, and (iii) better matching of the timing of production and invoicing by converting clients from a legacy billing practice of billing on shipment (known as "bill as released" or BAR) to billing on production, all of which have contributed to a reduction in outstanding credit facility balances. However, there continues to be significant uncertainty as to the length and long-term impact that the current COVID-19 pandemic could have on the Company's financial performance, and accordingly its ability to meet its future financial covenants, as there is still limited forecasted headroom in certain financial covenants over the next twelve months in the event that the Company does not take additional actions. In addition, the Bank Fifth Amendment covenant requiring DCM to collect an agreed minimum percentage of its outstanding accounts receivable each month during 2020 was waived in respect of the months March, April, May, June, August and September. Absent the waivers received to date the Company would have been offside with this covenant. This covenant has not been waived at this time for the months of October, November and December.

The continuity ability to comply with financial covenants for at least the next twelve months is contingent on management's ability to meet forecast revenue, profitability and cash collection targets and take actions to address operating and financial challenges resulting from COVID-19, or continue to obtain financial covenant waivers from such lenders' as may otherwise be necessary. DCM management plans to continue its focus on finding additional operating efficiencies, reducing selling, general and administrative expenses, continuing to convert clients away from BAR, and streamlining our invoicing and collections processes. To the extent practical, management intends to seek waivers in advance of anticipated covenant breaches.

The estimate of future cash flows in the Company's latest forecasts include a number of key assumptions to support the financial covenant calculations, specifically related to revenues and gross margins (which in turn impact earnings before interest, income taxes, depreciation and amortization (EBITDA)) and the timing of cash collections. The estimates of forecasted compliance with financial covenants are sensitive to those assumptions particularly to the ongoing impact of the COVID-19 pandemic, the effects and duration of which are difficult to project with respect to the Company's business and financial results.

There can be no assurances that DCM will be successful in meeting its financial covenants for at least the next twelve months or that future waivers will be provided by the lenders if the covenants are not met.

CASH FLOW FROM OPERATIONS

During the nine months ended September 30, 2020, cash flows generated by operating activities were $31.4 million compared to cash flows used in operating activities of $4.9 million during the same period in 2019. Current period cash flow from operations, before adjusting for changes in working capital, generated a total of $26.2 million compared with $4.1 million for the same period last year. Current period cash flows from operations were positively impacted primarily due to an increase in net income which stems from improved gross margins, reduction in SG&A realized from the full benefits of cost savings initiatives implemented in the second and third quarter of 2019, more normalized level of operations following remediation of the ERP system challenges, and temporary cost saving measures related to COVID-19 in the second and third quarter of 2020, including temporary layoffs and receipt of CEWS grant income. Contributions to defined benefit pension plans and payments for severances and lease terminations related to DCM's restructuring initiatives stayed consistent compared to the same period last year. However, income tax payments were lower by $1.3 million compared to the same period last year.

Changes in working capital during the nine months ended September 30, 2020 generated $5.1 million in cash compared with $9.0 million of cash used in the prior period. In the prior comparable period before the launch of the ERP system in June 2019, DCM's focus was to better align payments to its vendors with cash receipts from its customers given many of its customers opt to store their finished goods product in DCM's warehouses and pay upon taking shipment of product which extends the time to collection. This alignment and deferral in payment resulted in an increase to accounts payable and accrued liabilities by $6.9 million. This resulted in liquidity constraints in the prior comparable period whereby the Company was required to obtain additional financing in 2019 and manage payments to suppliers to maintain cash for working capital requirements. Billing volumes progressively increased throughout the following quarters as the Company began catching up on its backlog of orders, with continued efforts into 2020. Furthermore, DCM initiated clean-up efforts in 2020 to address the inaccurate billings previously issued, thereby constraining the invoicing team and causing further delay in timely billings and deterioration of collection efforts. In the second quarter of 2020, DCM started to see an inflow of cash from its billing efforts resulting in a decrease in trade receivables of $7.7 million. Furthermore, the conversion of BAR clients to bill and hold warehousing arrangements has resulted in the receipt of approximately $12 million in client payments. Collectively, these efforts have resulted in an improvement in the cash position, which has also allowed DCM to increase payments to vendors resulting in a cash outflow of $2.6 million.

INVESTING ACTIVITIES

For the nine months ended September 30, 2020, $0.1 million in cash flows were used for investing activities compared with $3.8 million during the same period in 2019. For the nine months ended September 30, 2019, $0.8 million of cash was primarily used to invest in IT equipment related to the implementation of the new ERP system and costs related to leasehold improvements to set up new production equipment, including the Gallus/Heidelberg hybrid digital label press at its Brampton, Ontario facility and the Heidelberg six-colour press at its Toronto, Ontario facility. Furthermore, $3.9 million of cash was used to further invest in the development of DCM's new ERP system and $0.7 million in cash proceeds were received upon the sale of its loose-leaf and index tab business in May 2019.

FINANCING ACTIVITIES

For the nine months ended September 30, 2020, cash flow used in financing activities was $28.7 million compared to generated from financing activities of $11.2 million used during the same period in 2019.

A total of $19.0 million was repaid in the nine months ended September 30, 2020 on DCM's credit facilities compared to net proceeds drawn of $22.8 million during the comparative period. Of this amount, $16.6 million was repaid on the Credit Facility with the Bank during 2020. In the comparative period, the draw on the Credit Facility was to fund working capital requirements and manage cash flow to compensate for the slow-down in the collection process as a result of the ERP disruptions. In the current period, as working capital improved, DCM started to repay the additional financing drawn on the Credit Facility throughout 2020. The remaining of the $19.0 million repayment relates to $2.4 million repaid on the credit facilities related to FPD Credit Facilities, compared to $3.3 million in 2019. The reduction in payments on the FPD Credit Facilities relates to the deferral of principal payments from July 2019 to June 2020.

A total of $0.5 million was repaid during the period related to the vendor take-back promissory note issued in connection with the acquisition of Perennial compared with $3.9 million in the prior comparative period in connection with the DCM Burlington and Thistle VTBs, which were fully repaid in the first quarter of 2019, and BOLDER Graphics VTB and Perennial VTB, of which $0.3 million and $1 million, respectively, was repaid.

A total of $1 million of proceeds were received in connection with the Related Party Promissory Notes in third quarter of 2019. Finance lease payments increased by $0.6 million from the prior period due to an increase in rent payments.

Outstanding share data

At November 10, 2020, September 30, 2020 and December 31, 2019, there were 43,297,030, 43,047,030, and 43,047,030, respectively, common shares of DCM (“Common Shares”) outstanding.

At November 10, 2020 and September 30, 2020, there were options outstanding to purchase up to 1,587,486 Common Shares. At December 31, 2019, there were options outstanding to purchase up to 1,456,409 Common Shares.

In May 2020, the Board approved the anti-dilution adjustments pursuant to the provisions of DCM's LTIP that affect DCM's share-based compensation grants outstanding at December 31, 2019, in connection with the Rights Offering completed by the Company on December 31, 2019. The option exercise prices were adjusted by a factor of 1:0.917 and the number of options, RSUs and DSUs were adjusted by a factor of 1:1.09.

Options outstanding to purchase up to 616,409 Common Shares with an exercise price of $1.50 were adjusted to options outstanding to purchase up to 671,886 Common Shares with an exercise price of $1.38. Options outstanding to purchase up to 840,000 Common Shares with an exercise price of $1.41 were adjusted to options outstanding to purchase up to 915,600 Common Shares with an exercise price of $1.29.

Of the total RSUs outstanding as at December 31, 2019, 695,101 were affected by those anti-dilution adjustments, and were adjusted to 757,656 RSUs.

Of the total DSUs outstanding as at December 31, 2019, 476,865 were affected by those anti-dilution adjustments, and were adjusted to 519,782 RSUs.

At November 10, 2020 and at September 30, 2020, there were warrants outstanding to purchase up to 2,170,092 and 2,420,092 Common Shares, respectively. At December 31, 2019, there were warrants outstanding to purchase up to 1,688,571 Common Shares.

In October 2020, 250,000 warrants were exercised at a price of $0.185 for gross proceeds of $46 thousand.

In June 2020, DCM issued warrants to purchase, for a period of 24 months, up to 500,000 common shares of the Company to the Bank at an exercise price of $0.185.

In June 2020, DCM issued warrants to purchase, for a period of 24 months, up to 215,450 common shares of the Company under the Perennial acquisition VTB at an exercise price of $0.185.

In May 2020, the Board approved the anti-dilution adjustments that affect certain DCM warrants outstanding at December 31, 2019, pursuant to the anti-dilution provisions of DCM's LTIP, in connection with the Rights Offering completed by the Company on December 31, 2019. The warrant exercise prices were adjusted by a factor of 1:0.917 and the number of warrants were adjusted by a factor of 1:1.09. 178,571 warrants outstanding with an exercise price of $1.08, were adjusted to 194,642 warrants outstanding with an exercise price of $0.99.

Contractual obligations

DCM believes it will have sufficient resources from its operating cash flow, existing cash resources and borrowing under available credit facilities to meet its contractual obligations as they become due. Contractual obligations have been defined as contractual commitments in existence but not paid for as at September 30, 2020. Short-term commitments such as month-to-month office leases, which are easily cancelled, are excluded from this definition.

DCM believes that its existing cash resources and projected cash flows from operations will be sufficient to fund its currently projected operating requirements and that it will continue to remain compliant with its covenants and other obligations under its credit facilities.

Summary of eight quarter results

TABLE 5 The following table summarizes quarterly financial information for the past eight quarters.

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

	2020			2019				2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	**$ 57,374**	**$ 63.936**	**$ 77,415**	**$ 71,489**	**$ 63,215**	**$ 69,623**	**$ 78,549**	$ 81,152
Net income (loss) attributable to shareholders	**2,139**	**4.232**	**2,210**	**(4,013)**	**(5,897)**	**(3,754)**	**(323)**	842
Basic earnings (loss) per share	**0.05**	**0.10**	**0.05**	**(0.18)**	**(0.27)**	**(0.17)**	**(0.02)**	0.04
Diluted earnings (loss) per share	**0.05**	**0.10**	**0.05**	**(0.18)**	**(0.27)**	**(0.17)**	**(0.02)**	0.04

The variations in DCM’s quarterly revenues and net income (loss) over the eight quarters ended September 30, 2020 can be attributed to several principal factors: the impact of COVID-19 in the second and third quarter of 2020, the adoption of IFRS 16 on January 1, 2019, the launch and implementation of the new ERP system, revenue declines in DCM’s traditional print business due to production volume declines largely related to technological change, price concessions and competitive activity, seasonal variations in customer spending, refinement of DCM's pricing discipline, the impact of paper and other raw materials price increases and compressed margins on contracts with certain existing customers, debt modification losses, and restructuring expenses and business reorganization costs related to DCM’s ongoing productivity improvement and cost reduction initiatives.

DCM’s net income for the third quarter of 2020 included reduction in revenues due to COVID-19, improved margins due to COVID-19 related cost saving initiatives and restructuring initiatives from the third and fourth quarter of 2019, receipt of CEWS of $2.8 million, restructuring expenses of $1.1 million, and $0.1 million of one-time business reorganization costs that did not qualify as a restructuring expense. DCM’s net loss for the third quarter of 2019 included higher costs due to disruptions caused by the transition to the new ERP system and restructuring expenses of $2.8 million related to its cost reduction initiatives.

DCM’s net income for the second quarter of 2020 included reduction in revenues due to COVID-19, improved margins due to COVID-19 related cost saving initiatives and restructuring initiatives from the third and fourth quarter of 2019, receipt of CEWS of $4.5 million, restructuring expenses of $0.3 million, and $0.3 million of one-time business reorganization costs that did not qualify as a restructuring expense. DCM's net loss for the second quarter of 2019 included reduction in revenue due to a disruption of production and shipments to customers caused by DCM’s transition to a new ERP and softness in spend from certain retailers, restructuring expenses of $3.2 million related to its cost reduction initiatives, and $0.5 million of one-time business reorganization costs that did not qualify as a restructuring expense.

DCM's net income for the first quarter of 2020 included improved margins due to restructuring initiatives from the third and fourth quarter of 2019, and restructuring expenses of $0.7 million related to its cost reduction initiatives. DCM's net loss for the first quarter of 2019 included $1.7 million related to its cost reduction initiatives, and $0.4 million of one-time business reorganization costs that did not qualify as a restructuring expense.

DCM's net loss for the fourth quarter of 2019 included the impact on adoption of IFRS 16, reduction in revenue and higher costs due to disruptions caused by the transition to the new ERP system, restructuring recovery of $0.1 million related to its cost reduction initiatives and debt modification losses totaling $3.8 million as a result of the amendments to its senior credit facilities. DCM's net income for the fourth quarter of 2018 included restructuring expenses of $1.8 million related to its cost reduction initiatives, and $0.1 million of one-time business reorganization costs related to its cost reduction initiatives.

Accounting policies

CHANGES IN ACCOUNTING POLICIES

The accounting policies and critical accounting estimates and judgments as disclosed in DCM's audited annual consolidated financial statements have been applied consistently in the preparation of its unaudited condensed interim consolidated financial statements, with the exception of the accounting standards implemented in 2020 which are outlined in note (note 3) of the Notes to the condensed interim consolidated financial statements of DCM for September 30, 2020.

EXISTING STANDARDS ADOPTED

IAS 20 GOVERNMENT GRANTS

Grants from the government are recognized at their fair value when there is reasonable assurance that the grant will be received and DCM will comply with all attached conditions. Government grants related to income are presented as "other income" in the interim consolidated statement of operations. DCM has applied this policy to the Canada Emergency Wage Subsidy.

NEW AND AMENDED STANDARDS ADOPTED

IFRS 3 BUSINESS COMBINATIONS (AMENDMENT)

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the first annual reporting period beginning January 1, 2020. The adoption of this amendment did not have an impact on its condensed interim consolidated financial statements.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS AND IAS 8 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (AMENDMENT)

In October 2012, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective annual reporting periods beginning on or after January 1, 2020. The adoption of this amendment did not have an impact on its condensed interim consolidated financial statements.

CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption of this amendment did not have an impact on its condensed interim consolidated financial statements.

FUTURE ACCOUNTING STANDARDS NOT YET ADOPTED

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. DCM is currently evaluating the impact of this amendment.

IFRS 16 COVID-19-RELATED RENT CONCESSIONS

In May 2020, the IASB issued an amendment to IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The mandatory effective date would be annual periods beginning on or after June 1, 2020, with early adoption permitted. The amended standard is not expected to have an impact on the condensed interim consolidated financial statements.

IFRS 3 REFERENCE TO CONCEPTUAL FRAMEWORK

In May 2020, the IASB issued an amendment to IFRS 3 to (i) clarify references to the 2018 Conceptual Framework in order to determine what constitutes an asset or liability in a business combination, (ii) add an exception for certain liabilities and contingent liabilities to refer to IAS 37 or IFRIC 21 and (iii) clarify that an acquirer should not recognize contingent assets at the acquisition date. The mandatory effective date would be annual periods beginning on or after January 1, 2022, with early adoption permitted. The amended standard is not expected to have a significant impact on the condensed interim consolidated financial statements.

IAS 37 ONEROUS CONTRACTS: COST OF FULFILLING A CONTRACT

In May 2020, the IASB issued an amendment to IAS 37 to clarify which costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous. The mandatory effective date would be annual periods beginning on or after January 1, 2022, with early adoption permitted. The amended standard is not expected to have a significant impact on the interim condensed consolidated financial statements.

There are no other IFRS or International Financial Reporting Interpretations Committee (‘IFRIC’) interpretations that are not yet effective that would be expected to have a significant impact on DCM.

IFRS 9 FINANCIAL INSTRUMENTS: FEES IN THE '10 PER-CENT' TEST FOR DERECOGNITION OF FINANCIAL LIABILITIES

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018 - 2020. This amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amended standard is not expected to have a significant impact on the condensed interim consolidated financial statements.

Management’s report on internal controls over financial reporting

DISCLOSURE CONTROLS AND PROCEDURES

DCM maintains a set of disclosure controls and procedures (as defined in Multilateral Instrument 52-109) designed to provide reasonable assurance that information required to be disclosed in its public filings or otherwise under securities legislation is recorded, processed, summarized and reported on a timely basis and that such controls and procedures are designed to ensure that information required to be so disclosed is accumulated and communicated to its management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. With the supervision and participation of DCM’s senior management team, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of DCM have evaluated the effectiveness of disclosure controls and procedures of DCM as of September 30, 2020. Based on that evaluation, those officers have concluded that such disclosure controls and procedures were not effective during the nine months ended and as at September 30, 2020 due to a material weakness in internal control over financial reporting that was disclosed in our 2019 fourth quarter MDA for the year ended December 31, 2019.

MANAGEMENT'S INTERIM REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

Multilateral Instrument 52-109 requires the CEO and CFO to certify they are responsible for establishing and maintaining internal control over financial reporting (“ICFR”) for the Company and that ICFR has been designed and is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company’s internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

As previously disclosed in our 2019 fourth quarter MDA for the year ended December 31, 2019 we implemented a remediation plan to address the material weakness relating to data accuracy issues arising from our new ERP system that affected DCM's ability to generate accurate and timely billings to its customers, which contributed to complications in completing pricing adjustments for customers and caused delays in the timely issuance of customer billings and the collection of cash from customers.

Management has made substantial progress implementing measures designed to remediate the material weakness which included:

(i) continued enhancements to DCM's company-wide risk assessment processes;

(ii) additional training of responsible staff; supplemented with third-party consultants as needed;

(iii) implementation of additional business processes and system controls to ensure invoice accuracy, particularly with regards to oversight of order entry, including verification of pricing to customer trade agreements and purchase orders, and appropriate units of measure related to pricing and quantity;

(iv) reinforcing policies around customer purchase order review, retention and accessibility, credit and rebilling procedures, production revenue reconciliations, and monthly cut-off processes;

(v) clearly identifying and communicating individual employees their responsibilities; and

(vi) implementing new reporting tools to ensure the completeness and accuracy of customer invoicing including additional manual controls.

DCM believes that these actions have substantially remediated the material weakness. The weakness will not be considered remediated, however, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. DCM expects that the remediation of this material weakness will be completed prior to the end of 2020.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except for the actions taken to address the material weakness identified during the fourth quarter of 2019 and as of September 30, 2020 there were no changes in the Company's internal control over financial reporting that occurred during the second quarter ended September 30, 2020, respectively, that have materially affected, or are reasonably likely to materially affect, DCM's internal control over financial reporting.

Outlook

DCM is now experiencing operating benefits associated with the implementation of its ERP system in 2019 and almost all invoicing-related issues have been addressed at origin, with continued benefits expected to be realized in the coming year. Management's focus on further operating efficiencies and improvements in SG&A continues.

"Through continued process rationalization efforts, and company-wide efficiencies from the ERP implementation now being realized, we expect to achieve at least an additional $8.5 million of new cost savings in 2021," added Michael J. Coté, President. "This is in addition to the more than $10.5 million of in-year savings we expect to achieve in 2020 through process and plant improvement efficiencies, personnel reductions, temporary lay-offs and management wage rollbacks, and hiring restrictions, among other things."

The conversion of "BAR" clients to bill and hold warehousing arrangements has to date resulted in the receipt of almost $12 million in client payments. Our plan remains to convert all BAR customers to a more appropriate bill and hold arrangement.

DCM to date has qualified for and received approximately $8.9 million under the Canada Emergency Wage Subsidy relief program, with $2.8 million of that amount attributable to the third quarter of 2020. DCM continues to monitor changes to the CEWS and other COVID-19 related grants and subsidies that may be available and DCM's ability to qualify for any such programs.

To date, these continuing initiatives have all contributed to an improved working capital position for DCM. As at October 30, 2020, there were outstanding borrowings of $10.9 million under the revolving Bank Credit Facility, compared to $18.1 million as at September 30, 2020, and a near peak of $36.8 million as of March 31, 2020. As of

October 30, 2020, the Company had $12.4 million in available credit pursuant to its revolving Bank Credit Facility, improved from $4.7 million at September 30, 2020 and $4.6 million at March 31, 2020

The strong performance of our top 100 clients has served to mute the impact of COVID-19 operating constraints on many other clients. While our more traditional business services client spend has remained quite resilient, and in a number of cases has benefited from the current environment, that component of our clients' marketing solutions spending which is more discretionary and transactional by nature and can be deferred, has been most impacted.

While the ongoing and uncertain impact of COVID-19 on our economy and fear of a "second wave" continues to make it difficult to predict our financial performance for the final quarter of 2020, DCM remains a trusted partner to many of Canada's leading businesses and brands and continues to focus on adding value for our clients.

Risks and uncertainties

An investment in DCM's securities involves risks. In addition to the other information contained in this report, investors should carefully consider the risks described in DCM's most recent Annual Information Form and other continuous disclosure filings made by DCM with Canadian securities regulatory authorities before investing in securities of DCM. The risks described in this report, the Annual Information Form and those other filings are not the only ones facing DCM. Additional risks not currently known to DCM, or that DCM currently believes are immaterial, may also impair the business, results of operations, financial condition and liquidity of DCM.