

**Condensed interim consolidated statements of financial position**

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>September 30, 2021</b>	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ —	\$ 578
Trade receivables (note 4)	54,385	65,290
Inventories	10,222	8,514
Prepaid expenses and other current assets	1,634	1,521
Income taxes receivable	857	—
	<b>67,098</b>	<b>75,903</b>
<b>NON-CURRENT ASSETS</b>		
Other non-current assets	670	581
Deferred income tax assets	3,735	3,163
Restricted cash	515	515
Property, plant and equipment	7,996	9,783
Right-of-use assets (note 5)	35,486	42,341
Pension assets	1,694	203
Intangible assets	12,425	14,459
Goodwill (note 6)	16,973	16,973
	<b>\$ 146,592</b>	<b>\$ 163,921</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft (note 9)	\$ 1,265	\$ —
Trade payables and accrued liabilities	33,702	39,999
Current portion of credit facilities (notes 1 and 9)	6,494	6,172
Current portion of promissory notes	—	1,154
Current portion of lease liabilities (note 8)	6,629	8,032
Provisions (note 7)	3,207	1,186
Income taxes payable	3,480	1,608
Deferred revenue	2,133	2,798
	<b>56,910</b>	<b>60,949</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions (note 7)	252	90
Credit facilities (notes 1 and 9)	29,414	39,567
Promissory notes	—	975
Lease liabilities (note 8)	34,724	40,321
Deferred income tax liabilities	101	282
Pension obligations	7,427	8,271
Other post-employment benefit plans	3,611	3,507
	<b>\$ 132,439</b>	<b>\$ 153,962</b>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Shares (note 10)	\$ 256,478	\$ 256,260
Warrants (note 10)	881	850
Contributed surplus	2,723	2,354
Translation Reserve	183	192
Deficit	(246,112)	(249,697)
	<b>\$ 14,153</b>	<b>\$ 9,959</b>
	<b>\$ 146,592</b>	<b>\$ 163,921</b>

General information, basis of preparation and going concern (note 1); Commitments and contingencies (note 13); Subsequent events (note 18)

**Approved by Board of Directors**

(Signed) "J.R. Kingsley Ward" Director

(Signed) "Richard Kellam"

Director

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**Condensed interim consolidated statements of operations**

<i>(in thousands of Canadian dollars, except per share amounts, unaudited)</i>	<b>For the three months ended September 30, 2021</b>	For the three months ended September 30, 2020
<b>REVENUES (note 15)</b>	<b>\$ 56,892</b>	<b>\$ 57,374</b>
<b>COST OF REVENUES</b>	<b>39,705</b>	<b>40,711</b>
<b>GROSS PROFIT</b>	<b>17,187</b>	<b>16,663</b>
<b>EXPENSES</b>		
Selling, commissions and expenses	<b>5,516</b>	5,982
General and administration expenses	<b>6,384</b>	7,300
Restructuring expenses (note 7)	<b>3,084</b>	1,065
	<b>14,984</b>	14,347
<b>INCOME BEFORE FINANCE COSTS, OTHER INCOME, AND INCOME TAXES</b>	<b>2,203</b>	<b>2,316</b>
<b>FINANCE COSTS</b>		
Interest expense on long term debt and pensions, net	<b>988</b>	1,008
Interest expense on lease liabilities (note 8)	<b>599</b>	796
Amortization of transaction costs	<b>117</b>	146
	<b>1,704</b>	1,950
<b>OTHER INCOME</b>		
Government grant income (note 16)	<b>184</b>	2,759
<b>INCOME BEFORE INCOME TAXES</b>	<b>683</b>	<b>3,125</b>
<b>INCOME TAX EXPENSE</b>		
Current	<b>383</b>	(327)
Deferred	<b>(273)</b>	1,313
	<b>110</b>	986
<b>NET INCOME FOR THE PERIOD</b>	<b>\$ 573</b>	<b>\$ 2,139</b>
<b>BASIC EARNINGS PER SHARE (note 11)</b>	<b>\$ 0.01</b>	<b>\$ 0.05</b>
<b>DILUTED EARNINGS PER SHARE (note 11)</b>	<b>\$ 0.01</b>	<b>\$ 0.05</b>

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**Condensed interim consolidated statements of operations**

<i>(in thousands of Canadian dollars, except per share amounts, unaudited)</i>	<b>For the nine months ended September 30, 2021</b>	<b>For the nine months ended September 30, 2020</b>
<b>REVENUES (note 15)</b>	<b>\$ 174,460</b>	<b>\$ 198,725</b>
<b>COST OF REVENUES</b>	<b>122,638</b>	<b>140,791</b>
<b>GROSS PROFIT</b>	<b>51,822</b>	<b>57,934</b>
<b>EXPENSES</b>		
Selling, commissions and expenses	<b>18,319</b>	20,438
General and administration expenses	<b>24,010</b>	25,470
Restructuring expenses (note 7)	<b>7,409</b>	2,073
	<b>49,738</b>	47,981
<b>INCOME BEFORE FINANCE COSTS, OTHER INCOME, AND INCOME TAXES</b>	<b>2,084</b>	9,953
<b>FINANCE COSTS</b>		
Interest expense on long term debt and pensions, net	<b>2,794</b>	3,316
Interest expense on lease liabilities (note 8)	<b>1,921</b>	2,500
Debt modification (gains) losses	<b>—</b>	625
Amortization of transaction costs	<b>438</b>	407
	<b>5,153</b>	6,848
<b>OTHER INCOME</b>		
Other income (note 17)	<b>1,452</b>	—
Government grant income (note 16)	<b>4,503</b>	8,928
<b>INCOME BEFORE INCOME TAXES</b>	<b>2,886</b>	12,033
<b>INCOME TAX EXPENSE</b>		
Current	<b>2,055</b>	263
Deferred	<b>(1,241)</b>	3,189
	<b>814</b>	3,452
<b>NET INCOME FOR THE PERIOD</b>	<b>\$ 2,072</b>	<b>\$ 8,581</b>
<b>BASIC EARNINGS PER SHARE (note 11)</b>	<b>\$ 0.05</b>	<b>\$ 0.20</b>
<b>DILUTED EARNINGS PER SHARE (note 11)</b>	<b>\$ 0.05</b>	<b>\$ 0.20</b>

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**Condensed interim consolidated statements of comprehensive income**

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>For the three months ended September 30, 2021</b>	<b>For the three months ended September 30, 2020</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>\$ 573</b>	<b>\$ 2,139</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME</b>		
Foreign currency translation	42	69
	<b>42</b>	<b>69</b>
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO NET INCOME</b>		
Re-measurements of pension and other post-employment benefit obligations	540	(1,461)
Taxes related to pension and other post-employment benefit adjustment above	(126)	342
	<b>414</b>	<b>(1,119)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>\$ 456</b>	<b>\$ (1,050)</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>\$ 1,029</b>	<b>\$ 1,089</b>

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**Condensed interim consolidated statements of comprehensive income**

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>For the nine months ended September 30, 2021</b>	<b>For the nine months ended September 30, 2020</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>\$ 2,072</b>	<b>\$ 8,581</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME</b>		
Foreign currency translation	(9)	27
	(9)	27
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO NET INCOME</b>		
Re-measurements of pension and other post-employment benefit obligations	2,001	(1,373)
Taxes related to pension and other post-employment benefit adjustment above	(488)	320
	1,513	(1,053)
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>\$ 1,504</b>	<b>\$ (1,026)</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>\$ 3,576</b>	<b>\$ 7,555</b>

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**Condensed interim consolidated statements of changes in shareholders' equity (deficit)**

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>Shares</b>	<b>Warrants</b>	<b>Contributed surplus</b>	<b>Translation reserve</b>	<b>Deficit</b>	<b>Total equity (deficit)</b>
Balance as at December 31, 2019	\$ 256,045	\$ 853	\$ 2,300	\$ 254	\$ (260,493)	\$ (1,041)
Net income for the period	—	—	—	—	8,581	8,581
Other comprehensive loss for the period	—	—	—	27	(1,053)	(1,026)
Total comprehensive income for the period	—	—	—	27	7,528	7,555
Issuance of warrants (note 10)	—	39	—	—	—	39
Share-based compensation expense (note 10)	—	—	49	—	—	49
<b>BALANCE AS AT SEPTEMBER 30, 2020</b>	<b>\$ 256,045</b>	<b>\$ 892</b>	<b>\$ 2,349</b>	<b>\$ 281</b>	<b>\$ (252,965)</b>	<b>\$ 6,602</b>
<b>BALANCE AS AT DECEMBER 31, 2020</b>	<b>\$ 256,260</b>	<b>\$ 850</b>	<b>\$ 2,354</b>	<b>\$ 192</b>	<b>\$ (249,697)</b>	<b>\$ 9,959</b>
Net income for the period	—	—	—	—	2,072	2,072
Other comprehensive income for the period	—	—	—	(9)	1,513	1,504
Total comprehensive income for the period	—	—	—	(9)	3,585	3,576
Issuance of common shares (note 10)	40	—	—	—	—	40
Issuance of warrants, net (note 10)	—	40	—	—	—	40
Exercise of warrants (note 10)	178	(9)	(51)	—	—	118
Share-based compensation expense (note 10)	—	—	420	—	—	420
<b>BALANCE AS AT SEPTEMBER 30, 2021</b>	<b>\$ 256,478</b>	<b>\$ 881</b>	<b>\$ 2,723</b>	<b>\$ 183</b>	<b>\$ (246,112)</b>	<b>\$ 14,153</b>

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**Condensed interim consolidated statements of cash flows**

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>For the nine months ended September 30, 2021</b>		<b>For the nine months ended September 30, 2020</b>	
<b>CASH PROVIDED BY</b>				
<b>OPERATING ACTIVITIES</b>				
Net income for the period	\$	2,072	\$	8,581
Items not affecting cash				
Depreciation of property, plant and equipment		2,402		2,779
Amortization of intangible assets		3,110		3,156
Depreciation of right-of-use-assets (note 5)		6,508		6,725
Interest expense on lease liabilities (note 8)		1,921		2,500
Share-based compensation expense		420		49
Pension expense		358		364
(Gain) loss on disposal of property, plant & equipment		—		(27)
Provisions (note 7)		7,409		2,073
Amortization of transaction costs and debt modification losses (note 9)		438		1,032
Accretion of non-current liabilities and capitalized interest expense		64		625
Other post-employment benefit plans, net		104		115
Income tax expense		814		3,452
		<b>25,620</b>		<b>31,424</b>
Changes in working capital (note 12)		2,033		5,137
Contributions made to pension plans, net		(692)		(785)
Provisions paid (note 7)		(5,226)		(4,272)
Income taxes paid		(1,035)		(121)
		<b>20,700</b>		<b>31,383</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment		(615)		(96)
Purchase of intangible assets		(1,076)		(35)
Proceeds on disposal of property, plant and equipment		—		27
		<b>(1,691)</b>		<b>(104)</b>
<b>FINANCING ACTIVITIES</b>				
Exercise of warrants		118		—
Repayment of credit facilities (note 9)		(10,277)		(18,958)
Repayment of other liabilities		—		(300)
Repayment of promissory notes		(2,185)		(533)
Transaction costs (note 9)		—		(227)
Lease payments (note 8)		(8,503)		(8,640)
		<b>(20,847)</b>		<b>(28,658)</b>
<b>CHANGE IN (BANK OVERDRAFT) CASH DURING THE PERIOD</b>		<b>(1,838)</b>		<b>2,621</b>
<b>CASH AND CASH EQUIVALENTS (BANK OVERDRAFT) – BEGINNING OF PERIOD</b>	\$	<b>578</b>	\$	<b>(1,093)</b>
<b>EFFECTS OF FOREIGN EXCHANGE ON CASH BALANCES</b>		<b>(5)</b>		<b>(11)</b>
<b>(BANK OVERDRAFT) CASH AND CASH EQUIVALENTS – END OF PERIOD</b>	\$	<b>(1,265)</b>	\$	<b>1,517</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**Notes to The Condensed Interim Consolidated Financial Statements**

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***1 General information, basis of preparation and going concern**

DATA Communications Management Corp ("DCM" or the "Company") is a communications solutions partner that provides a suite of comprehensive on and offline communication solutions to its clients including multi media campaign management, location-specific marketing, 1:1 marketing, execution of custom loyalty programs, brand management, as well as fulfilling their commercial printing needs. The Company has locations throughout Canada and in the United States (Chicago, Illinois).

DCM's revenue is subject to mailing patterns of certain customers. Typically, higher revenues and profit are generated in the first 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.

These financial statements have been prepared using International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company's ability to continue as a going concern is dependent upon management's ability to meet forecast revenue and profitability targets for at least the next twelve months in order to comply with its financial covenants on its credit facilities or to obtain financial covenant waivers from its lenders if necessary.

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)). 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 (see COVID-19 section below). There is no forecasted headroom in certain financial covenants over the next twelve months if sales do not recover from the levels experienced since the COVID pandemic began, specifically relating to the fixed charge coverage ratio due to our focus on accelerating principal debt repayments. These factors may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

**COVID-19**

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, ("COVID-19"), a global pandemic. Governments in affected areas in which the Company operates have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. The impacts on the global economy have been far-reaching, however, due to the speed with which the situation continues to evolve and the uncertainty of its magnitude, outcome and duration it is not possible to quantify the impact this pandemic may have on the financial results and condition of DCM in future periods.

**Notes to The Condensed Interim Consolidated Financial Statements**

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)*

Despite DCM's business continuing to operate as an essential services provider to a number of industries, including the healthcare, financial services and supply chain sectors, the Company continues to experience a reduction in demand from certain clients and sectors due to the pandemic, particularly in its retail related business and from smaller and more transactional clients. During 2020, the Company was able to offset partially the impact of the pandemic through sales of personal protective equipment ("PPE"), COVID signage and other prevention products. While the Company is anticipating sales to start to recover in 2022 as vaccines continue to be rolled out and customer demand starts to improve as the economy starts to recover from the effects of the pandemic, it is not currently possible to accurately quantify the long-term impact of the pandemic on the Company's operations or financial results. These possible impacts can be caused by both the pandemic itself as well as by the extensive public restrictions to continue limiting the spread of the virus and may differ in various business areas and DCM's operating locations and timing of the loosening of various restrictions on businesses and the general public.

During the nine months ended September 30, 2021, the Company continued to pursue new business and renewed several key customer contracts. DCM has begun to experience delays in certain raw materials in its supply chain due to the post COVID-19 return of consumer movements. It has also experienced pricing increase of its raw materials and freight input costs as the global supply chain has increasingly been impacted. DCM has not experienced any material credit collection delinquencies related to COVID-19, although certain customers continue to stretch their payment terms.

The Canada Emergency Wage Subsidy ("the CEWS") contributed \$4,503 (2020 - \$8,928) of income for the nine months ended September 30, 2021. During the third quarter of 2021, DCM did not qualify for the CEWS, but was eligible for Canada Emergency Rent Subsidy (the "CERS") for \$184. DCM does not expect any material subsidies going forward.

The common shares of DCM are listed on the Toronto Stock Exchange ("TSX") under the symbol "DCM". The address of the registered office of DCM is 9195 Torbram Road, Brampton, Ontario. These condensed interim consolidated financial statements were approved by the Board of Directors ("Board") of DCM, on November 9, 2021.

**2 Basis of presentation and significant accounting policies**

DCM prepares its condensed interim 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, 2020, except for certain new accounting pronouncements which have been adopted by DCM on January 1, 2021 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, 2021, as issued and outstanding as of November 9, 2021, the date the Board of Directors ("Board") approved these condensed interim consolidated financial statements.

The condensed interim consolidated financial statements should be read in conjunction with DCM's consolidated annual financial statements for the year ended December 31, 2020 which have been prepared in accordance with IFRS.

**Notes to The Condensed Interim Consolidated Financial Statements**

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***3 Change in accounting policies***a) New and amended standards adopted***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. This amendment to IFRS 16 was adopted effective January 1, 2021 and did not have an impact on the condensed interim consolidated financial statements.

**IBOR REFORM**

In recent years, global regulators have prioritized the reform and replacement of benchmark interest rates such as LIBOR and other interbank offered rates (IBORs). As a result, public authorities and other market participants are selecting new benchmark interest rates in key currencies with the objective that such rates will be based on liquid underlying market transactions. With this reform, the IASB have provided amendments to IFRS 9 - Financial Instruments, IFRS 7 - Financial Instruments: Disclosures and IAS 39 - Financial Instruments: Recognition and Measurement. The amendments were adopted effective January 1, 2021 and applied retrospectively and the adoption did not have an impact on the condensed interim consolidated financial statements.

*b) Future accounting standards not yet adopted***CONFIGURATION OR CUSTOMIZATION COSTS IN A CLOUD COMPUTING ARRANGEMENT (IAS 38)**

In April 2021 the IFRS Interpretations Committee published an agenda decision clarifying how configuration and customisation costs incurred in implementing a cloud computing arrangement should be accounted for. In that agenda decision certain configuration and customisation activities undertaken in implementing such arrangements may give rise to a separate asset in limited circumstances where the company controls the intellectual property of the underlying software code (e.g. the development of bridging modules to existing on-premise systems or bespoke additional software capability). In all other instances, configuration and customisation costs are to be expensed as incurred as an operating expense.

The company previously capitalised \$12,037 of costs as an intangible asset relating to the 2019 implementation of its cloud based ERP system and the net book value of those costs at September 30, 2021 was \$6,413.

Unlike new accounting standards with a specific future application date with some lead time, IFRIC agenda decisions have no effective date. The International Accounting Standards Board and the IFRIC refer to entities being entitled to 'sufficient time' to implement changes that result from an agenda decision published by the IFRIC. Management is in the process of analysing and determining the appropriate accounting treatment of previously capitalised customization and configuration costs in light of this new agenda decision and will reflect any adjustments required in its financial statements later this year.

Where a change in accounting policy is required, comparative financial information will be retrospectively restated to derecognise previously capitalised costs in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

**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

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)*

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. The amended standard is not expected to have a significant 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.

**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 mandatory effective date would be for annual periods beginning on or after January 1, 2022 with early application permitted. The amended standard is not expected to have a significant impact on the condensed interim 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.

**4 Trade receivables**

	<b>September 30, 2021</b>	December 31, 2020
Trade receivables	\$ 55,133	\$ 65,942
Provision for expected credit losses	(748)	(652)
	<b>\$ 54,385</b>	<b>\$ 65,290</b>

As at September 30, 2021, trade receivables include unbilled receivables of \$18,146 (2020 – \$18,895), net of an expected credit loss allowance of \$300 (2020 – \$300).

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***5 Right-of-use asset**

The following tables present changes in the right-of-use ("ROU") assets for the nine months ended September 30, 2021:

		Property	Office Equipment	Production Equipment	Total
Balance - Beginning of period	\$	33,698	\$ 682	\$ 7,961	\$ 42,341
Additions for the period		574	96	—	670
Modifications for the period		(1,301)	(2)	300	(1,003)
Depreciation for the period		(3,125)	(758)	(2,625)	(6,508)
Effect of movement in exchange rates		(12)	—	(2)	(14)
<b>Closing net book value</b>	<b>\$</b>	<b>29,834</b>	<b>\$ 18</b>	<b>\$ 5,634</b>	<b>\$ 35,486</b>

**As at September 30, 2021**

Cost	\$	41,228	\$ 2,535	\$ 15,534	\$ 59,297
Accumulated depreciation		(11,394)	(2,517)	(9,900)	(23,811)
Net book value	\$	29,834	\$ 18	\$ 5,634	\$ 35,486

During the three and nine months ended September 30, 2021, DCM modified certain leases by entering into renewal and/or amending agreements to extend or reduce a lease term and/or increase/reduce the lease payments. During the the nine months ended September 30, 2021, DCM reduced the assumed duration of various leased facilities to exclude extension options as management determined that it was no longer considered reasonably certain that they would be exercised.

**6 Goodwill**

DCM performs an annual impairment analysis of goodwill at the end of each fiscal year, or more frequently if events or changes in circumstances indicate that the cash generating units ("CGU") to which goodwill has been allocated may be impaired. The goodwill CGU recoverable amounts in the Company's previous annual impairment test, significantly exceeded the carrying amounts and in managements assessment, no events have occurred during the period that would eliminate those differences and require the recoverable amounts to be re-estimated.

In prior years the Company's goodwill was allocated to four cash generating units - DCM and its previously acquired businesses, DCM Burlington, Thistle and Perennial. In Q1 2021, the Company changed the structure of its internal organization and senior leadership team under the leadership of the new CEO as DCM continues to evolve into an integrated marketing and business solutions provider to its customers. As a consequence, DCM now has a single operating segment, being the Company as a whole, which is the level at which goodwill is now monitored for internal management purposes reflecting the way DCM is now managing its operations.

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***7 Provisions**

	<b>Termination provisions</b>
Balance – December 31, 2020	\$ 1,276
Additional charge during the period	7,409
Utilized during the period	(5,226)
Balance - September 30, 2021	\$ 3,459
Less: Current portion of provisions	(3,207)
Balance - Long-term portion of provisions	\$ 252
	Termination provisions
Balance – December 31, 2019	\$ 4,078
Additional charge during the period	2,073
Utilized during the period	(4,272)
Balance - September 30, 2020	\$ 1,879
Less: Current portion of provisions	(1,640)
Balance - Long-term portion of provisions	\$ 239

**TERMINATION PROVISIONS**

During the three and nine months ended September 30, 2021, DCM continued its restructuring and ongoing productivity improvement initiatives to reduce its cost of operations. During the three and nine months ended September 30, 2021, these initiatives resulted in \$3,084 and \$7,409 of additional restructuring expenses due to headcount reduction across DCM's operations including senior executive management in the condensed interim consolidated statement of operations.

During the three and nine months ended September 30, 2020, total restructuring initiatives resulted in costs incurred of \$1,065 and \$2,073 due to headcount reduction across DCM's operations.

During the nine months ended September 30, 2021, cash payments of \$5,226 (2020 - \$4,272) were made to former employees for severances and for other restructuring costs. The remaining severance and restructuring accruals of \$3,459 at September 30, 2021 are expected to be paid in 2021 and 2022.

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***8 Lease liabilities**

DCM currently leases office space, office equipment and production equipment. A lease liability has been recognized equal to the present value of remaining lease payments discounted at the interest rate implicit in the lease, or if that rate cannot be readily determined, DCM's weighted average incremental borrowing rate.

		Property		Office Equipment		Production Equipment		Total
Balance - Beginning of period	\$	39,033	\$	1,018	\$	8,302	\$	48,353
Additions during the period		574		96		—		670
Modifications during the period		(1,301)		(2)		228		(1,075)
Payments during the period		(4,820)		(737)		(2,946)		(8,503)
Interest charge for the period		1,575		26		320		1,921
Effect of movement in exchange rates		(11)		—		(2)		(13)
<b>As at September 30, 2021</b>	<b>\$</b>	<b>35,050</b>	<b>\$</b>	<b>401</b>	<b>\$</b>	<b>5,902</b>	<b>\$</b>	<b>41,353</b>

The contractual undiscounted cash flows of DCM's lease liabilities are as follows:

		Contractual Cash Flows		Extension Options		Total as at September 30, 2021
Not later than one year	\$	8,609	\$	—	\$	8,609
Later than one and not later than five years		21,586		1,708		23,294
Later than five years		735		25,465		26,200
Total undiscounted lease liabilities	\$	30,930	\$	27,173	\$	58,103
Discounted using the incremental borrowing rate						(16,750)
Lease liabilities					\$	41,353
Current					\$	6,629
Non-current					\$	34,724

All extension options that are reasonably certain to be exercised have been included in the measurement of the lease obligation. The Company reassesses the likelihood of extension option to be exercised when there was a significant event or change in circumstances. During the nine months ended September 30, 2021, extension options that are not reflected in the measurement of the lease liability total \$11,465 (December 31, 2020 - \$5,715).

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***9 Credit facilities**

	September 30, 2021	December 31, 2020
Term loans		
- 6.10% term debt, maturing October 15, 2022, (FPD III Credit Facility)	\$ 2,003	\$ 2,760
- 6.95% term debt, maturing March 10, 2023, (FPD IV Credit Facility)	10,521	13,678
- 6.95% term debt, maturing May 15, 2023, (FPD V Credit Facility)	2,433	3,109
- 12.00% term debt, maturing May 7, 2023, (Crown Facility)	21,384	20,911
Revolving facilities		
- floating rate debt, maturing January 31, 2023, (Bank Credit Facility)	—	5,687
Credit facilities	\$ 36,341	\$ 46,145
Unamortized debt premiums and discount	456	921
Unamortized transaction costs	(889)	(1,327)
	\$ 35,908	\$ 45,739
Less: Current portion of Credit facilities	(6,494)	(6,172)
Credit facilities	\$ 29,414	\$ 39,567

**CREDIT AGREEMENTS****BANK FACILITIES**

DCM has established a revolving credit facility (as amended, the "Bank Credit Facility") pursuant to an agreement ("the Bank Credit Agreement") 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 \$35,000 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 \$35,000 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 0.6% for a rate of 3.05%. As at September 30, 2021, DCM had no borrowing under the Bank Credit Facility and had access to \$18,370 of available credit under the Bank Credit Facility. The bank overdraft of \$1,265 shown on the consolidated statement of financial position as at September 30, 2021 represents outstanding cheques, which when cashed, would be a draw on the Bank Credit Facility.

**FPD FACILITIES**

DCM has three amortizing term loan facilities ("the FPD Credit Facilities") with Fiera Private Debt Fund III L.P., Fiera Private Debt Fund IV L.P., and Fiera Private Debt V L.P., funds managed by Fiera Private Debt Fund GP Inc. ("FPD").

Under the terms of the credit agreements with FPD (the "FPD Credit Agreements"), the maximum aggregate principal amount which may be outstanding under the FPD Credit Facilities, the Bank Credit Facility and Crown Facility (as defined below), calculated on a consolidated basis, cannot exceed \$93,000.

**CROWN FACILITY**

DCM has a non-revolving term loan facility with Crown Capital Partner Funding, LP, a fund managed by Crown Capital LP Partner Funding Inc. The total advances under this facility is \$19,000. Interest of \$2,384 (2020 - \$1,911) has been deferred and capitalized to the outstanding principal obligation, increasing the total advances to \$21,384 (2020 - \$20,911). These advances are repayable on maturity on May 7, 2023 and currently bear interest at 12% per

**Notes to The Condensed Interim Consolidated Financial Statements**

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)*

annum, payable quarterly. DCM's obligations under the Crown Facility are subordinated to its other senior credit facilities and secured by a conventional security on all of the assets of DCM and its subsidiaries.

A total of 1,510,000 warrants were issued to Crown in connection with these loans which entitle Crown to acquire one DCM common share per warrant at an exercise price of \$0.26. The warrants expire on May 7, 2023.

The Crown Facility can be prepaid in full at any time. The prepayment fees are: (a) 2% prepayment penalty fee on the principal loan outstanding if the prepayment option is exercised prior to May 2022 or (b) 1% prepayment penalty fee on the principal loan outstanding if the prepayment option is exercised thereafter.

**AMENDMENT TO CREDIT FACILITIES**

On January 22, 2021, DCM entered into a ninth amendment to its Bank Credit Facility. The interest rate on DCM's borrowings under the Bank Credit Facility was reduced by 0.75% for an interest rate of 3.05% taking into account current floating reference rates and the applicable margin payable by DCM. The Minimum Cash Flow Requirement covenant (as defined in the Sixth Amending Agreement) has been terminated.

**COVENANT REQUIREMENTS**

Each of the Bank Credit Agreement, the FPD Credit Agreements and the Crown Facility contains customary representations and warranties, certain financial covenant requirements, as well as certain 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. As of September 30, 2021, DCM was in compliance with all of its financial covenants.

A failure by DCM to comply with its obligations under the Bank Credit Agreement, the FPD Credit Agreements or the Crown Facility, together with certain other events, including a change of control of DCM and a change in DCM's Chief Executive Officer, President or Chief Financial Officer (unless a replacement officer acceptable to FPD, acting reasonably, is appointed within 60 days of the effective date of such officer's resignation), could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under each of those agreements. DCM anticipates it will be in compliance with the covenants in its credit facilities for the next twelve months or that it shall be able to receive waivers from its lenders to the extent required; however there can be no assurance that DCM will be successful in achieving the results targeted in its operating plans or in complying with its covenants, or obtaining waivers from its lenders over the next twelve months (see note 1).

**INTER-CREDITOR AGREEMENT**

DCM's obligations under its Credit Facilities are secured by conventional security charging all of the property and assets of DCM and its subsidiaries. DCM entered into an inter-creditor agreement between the Bank, FPD III, FPD IV, FPD V, and Crown, respectively, which, among other things, establishes the rights and priorities of the respective liens of the Bank, FPD III, FPD IV, FPD V, and Crown on the present and after-acquired property of DCM and its subsidiaries.

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)*

The movement in credit facilities during the nine months ended September 30, 2021 and for the year ended December 31, 2020 are as follows:

	September 30, 2021	December 31, 2020
Balance - Beginning of period / year, net of transaction costs and debt premiums and discounts	\$ 45,739	\$ 78,647
<b>Changes from financing cash flows</b>		
Repayment of credit facilities	(10,277)	(32,865)
Transaction costs	—	(227)
Total change from financing cash flows	35,462	45,555
<b>Non-cash movements</b>		
Amortization of transaction costs	438	553
Debt modification losses	—	634
Accrued interest	473	1,911
Accretion of premium and discount	(465)	(2,914)
Balance - End of period / year, net of transaction costs and debt premiums and discounts	\$ 35,908	\$ 45,739

The scheduled principal repayments on the long-term debt are as follows:

	September 30, 2021
2021	\$ 1,582
2022	7,267
2023	27,492
	<b>\$36,341</b>

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***10 Shares and warrants****SHARES**

DCM is authorized to issue an unlimited number of common shares. The common shares have a stated capital of one dollar. Each common share is entitled to one vote at any meeting of shareholders. Each holder of the common shares will be entitled to receive dividends if, as and when declared by the Board. In the event of the liquidation, dissolution, winding up of DCM or other distribution of assets of DCM among its shareholders for the purpose of winding up its affairs, the holders of the common shares will be entitled to receive assets of DCM upon such a distribution. Such distribution will be made in equal amounts per share on all the common shares at the time outstanding without preference or distinction.

The following summarizes the change in number of issued and outstanding common shares during the periods below:

	<b>Number of Common shares</b>		<b>Amount</b>
Balance – January 1, 2021	43,867,030	\$	256,260
Shares issued - January 18, 2021	35,725		20
Shares issued - February 18, 2021	35,725		20
Exercise of warrants - June 20, 2021	15,351		21
Exercise of warrants - July 5, 2021	109,000	\$	157
<b>Balance – September 30, 2021</b>	<b>44,062,831</b>	<b>\$</b>	<b>256,478</b>

	<b>Number of Common shares</b>		<b>Amount</b>
Balance – January 1, 2020 and September 30, 2020	43,047,030	\$	256,045

**WARRANTS**

A summary of warrant activities for the nine months ended September 30, 2021 and the year ended December 31, 2020 is as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Number of Warrants</b>	<b>Weighted average Exercise Price</b>	<b>Number of Warrants</b>	<b>Weighted average Exercise Price</b>
Warrants outstanding - beginning of period / year	1,920,092	\$ 0.33	1,688,571	\$ 0.35
Granted	67,866	0.32	715,450	0.19
Anti-dilution adjustment	—	—	16,071	0.99
Exercised	(124,351)	(0.95)	(500,000)	(0.19)
Warrants outstanding - end of period / year	1,863,607	\$ 0.28	1,920,092	\$ 0.33

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)*

The outstanding warrants had an exercise price range as follows:

	<b>September 30, 2021</b>	December 31, 2020
	<b>Number of Warrants</b>	Number of Warrants
\$0.99	<b>77,078</b>	194,642
\$0.32	<b>61,079</b>	—
\$0.26	<b>1,510,000</b>	1,510,000
\$0.185	<b>215,450</b>	215,450
<b>Warrants outstanding</b>	<b>1,863,607</b>	1,920,092

On February 3, 2021, DCM issued 67,866 warrants in connection with the Related Party Promissory Notes. Each warrant entitles the holder to acquire one Common Share at an exercise price of \$0.32 for a period of 2.25 years, commencing on February 3, 2021. The fair value of the warrants issued was estimated to be \$40 using the Black-Scholes option-pricing model, assuming a risk-free interest of 0.58%, a weighted average life of 2.25 years, a dividend yield of nil and an expected volatility of 40.00% based on comparable companies and adjusted using a discount rate of 5% for the statutory hold period.

**SHARE-BASED COMPENSATION**

DCM has adopted a Long-Term Incentive Plan ("LTIP") to: recruit and retain highly qualified directors, officers, employees and consultants (the "Participants"); provide Participants with an incentive for productivity and an opportunity to share in the growth and the value of DCM; and, align the interests of Participants with those of the shareholders of DCM. Awards to Participants are primarily based on the financial results of DCM and services provided. The aggregate maximum number of common shares available for issuance from DCM's treasury under the LTIP is 4,406,283 common shares or 10% of the issued and outstanding common shares of DCM. The shares to be awarded will be authorized and unissued shares.

DCM's share-based compensation plan consists of five types of awards: restricted share unit ("RSUs"), options, deferred share unit ("DSUs"), restricted shares or stock appreciation right ("SARs") awards. No SARs have been granted to date.

## (a) Restricted share unit ("RSU")

Under the RSU portion of the LTIP, selected employees are granted RSUs where each RSU represents the right to receive a distribution from DCM in an amount equal to the fair value of one DCM common share. RSUs granted are performance and non-performance based. The performance component is based on Company specific financial targets approved by the Board and the non-performance component is based on continued employment. RSUs generally vest over three years, require continued employment with DCM for the duration of the vesting period and settle in cash upon final vesting.

A liability for RSUs is measured at fair value on the grant date and is subsequently adjusted for changes in fair value. The liability is recognized on a graded vesting basis over the vesting period, with a corresponding charge to compensation expense, as a component of costs of revenues, selling, commissions and expenses, and general and administration expenses. The RSUs payable are included in trade payables and accrued liabilities. Compensation expenses for RSUs incorporate an estimate for expected forfeiture rates based on which the fair value is adjusted.

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)*

	September 30, 2021	December 31, 2020
	Number of RSUs	Number of RSUs
Balance - beginning of period/year	2,662,561	707,950
Units granted	1,452,990	7,054,214
Units forfeited	(688,500)	(4,941,372)
Units paid out	(1,001,782)	(158,231)
Balance - end of period/year	2,425,269	2,662,561

During the nine months ended September 30, 2021, the Chief Executive Officer ("CEO") of DCM was granted 302,529 RSUs (2020 – 2,799,707 RSUs) and 1,150,461 RSUs (2020 – 4,254,507 RSUs) were awarded to other members of DCM's management.

Of the total outstanding RSUs at September 30, 2021, nil (December 31, 2020 – nil) have vested and are payable. The carrying amount of the liability relating to the RSUs at September 30, 2021 was \$1,281 (December 31, 2020 – \$769).

During the nine months ended September 30, 2021, compensation expense of \$932 (2020 – \$332) was recognized in the interim condensed statement of operations related to vesting of RSUs granted, and fair value adjustments. RSUs and DSUs are categorized as level 2 inputs in the fair value hierarchy given their valuations include inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly. There were no transfers between levels 1, 2 or 3 during the period.

*(b) Options ("Options")*

A summary of Options activities for the nine months ended September 30, 2021 and the year ended December 31, 2020 is as follows:

	2021		2020	
	Number of Options	Weighted average Exercise Price	Number of Options	Weighted average Exercise Price
Options outstanding - beginning of period/year	1,587,486	\$ 1.33	1,456,409	\$ 1.45
Granted	2,625,000	0.70	—	—
Expired/forfeited	(218,000)	(1.29)	131,077	1.33
Options outstanding - end of period/year	3,994,486	\$ 0.92	1,587,486	\$ 1.33
Exercisable	2,362,219	\$ 1.06	1,522,087	\$ 1.44

The outstanding Options had an exercise price range as follows:

	September 30, 2021	December 31, 2020
	Number of Options	Number of Options
\$0.69	2,500,000	—
\$0.85	125,000	—
\$1.38	671,886	671,886
\$1.29	697,600	915,600
Options outstanding	3,994,486	1,587,486

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)*

The Black-Scholes option-pricing model inputs used to compute compensation expense for the options granted under the fair value-based method are as follows:

	<b>September 30, 2021</b>
Expected life (years)	<b>7.0</b>
Expected volatility	<b>40 %</b>
Dividend yield	<b>— %</b>
Risk free rate of return	<b>1.23</b>
Weighted average fair value of options granted	<b>\$0.36</b>
Forfeiture rate	<b>10 %</b>

During the nine months ended September 30, 2021, options to purchase up to 125,000 common shares were awarded to the Chief Financial Officer ("CFO"). Once vested, the options are exercisable for a period of seven years from the grant date at an exercise price of \$0.85 per share, representing the fair value of the Common Shares on the date of grant. All 125,000 options vest at a rate of 1/3 each year beginning on May 14, 2022.

During the nine months ended September 30, 2021, compensation expense of \$420 (2020 – \$49) was recognized in the condensed interim consolidated statement of operations related to the vesting of options granted.

*(c) Deferred share unit ("DSU")*

Each director is required to receive at least half of his or her annual retainer in DSUs and has the option to elect to receive all or part of his or her other compensation in DSUs.

Each DSU represents the right to receive a distribution from DCM in an amount equal to the fair value of one DCM common share on the date of the termination of service of the respective director. The number of DSUs payable to each director is determined by multiplying the total Director Fees payable by the percent elected to be paid in DSUs and dividing the product by the Fair Value of one DCM common share on the grant date. A liability for DSUs is measured at fair value on the grant date and is subsequently adjusted for changes in fair value. The DSUs payable is included in trade payables and accrued liabilities.

During the nine months ended September 30, 2021, 237,972 (2020 - 1,218,157) DSUs were granted and 183,510 were paid out (2020 - nil). The carrying amount of the liability relating to the 2,010,033 DSUs outstanding at September 30, 2021 was \$2,010 (December 31, 2020 – \$1,232 and 1,955,571 DSUs outstanding).

During the nine months ended September 30, 2021, an expense of \$1,154 (2020 – \$409) was recognized in the condensed interim consolidated statement of operations related to DSUs granted, and fair value adjustments.

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***11 Earnings per share**

	<b>For the three months ended September 30, 2021</b>	For the three months ended September 30, 2020
<b>BASIC EARNINGS PER SHARE</b>		
Net income for the period attributable to common shareholders	\$ 573	\$ 2,139
Weighted average shares	44,056,907	43,047,030
Basic earnings per share	\$ 0.01	\$ 0.05

<b>DILUTED EARNINGS PER SHARE</b>		
Net income for the period attributable to common shareholders	\$ 573	\$ 2,139
Weighted average shares	46,477,944	43,227,051
Diluted earnings per share	\$ 0.01	\$ 0.05

	<b>For the nine months ended September 30, 2021</b>	For the nine months ended September 30, 2020
<b>BASIC EARNINGS PER SHARE</b>		
Net income for the period attributable to common shareholders	\$ 2,072	\$ 8,581
Weighted average shares	43,970,128	43,047,030
Basic earnings per share	\$ 0.05	\$ 0.20

<b>DILUTED EARNINGS PER SHARE</b>		
Net income for the period attributable to common shareholders	\$ 2,072	\$ 8,581
Weighted average shares	46,025,059	43,138,431
Diluted earnings per share	\$ 0.05	\$ 0.20

For the three and nine months ended September 30, 2021, options to purchase up to 1,369,486 common shares where the average market price of the common shares was less than the exercise price were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive. For three and nine months ended September 30, 2020, warrants to purchase up to nil and 77,078 common shares, respectively, were excluded from the computation of diluted earnings per share as they were out-of-the-money as of September 30, 2021.

For the three and nine months ended September 30, 2020, options to purchase up to 1,587,486 common shares where the average market price of the common shares was less than the exercise price were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive. Warrants to purchase up to 1,704,642 common shares were excluded from the computation of diluted earnings per share as they were out-of-the-money as of September 30, 2020.

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***12 Changes in working capital**

	<b>For the nine months ended September 30, 2021</b>	For the nine months ended September 30, 2020
Trade receivables	\$ 10,905	\$ 7,722
Inventories	(1,708)	1,439
Prepaid expenses and other current and non current assets	(202)	(545)
Trade and accrued liabilities	(6,297)	(2,617)
Deferred revenue	(665)	(862)
	<b>\$ 2,033</b>	<b>\$ 5,137</b>

**13 Commitments and Contingencies**

DCM and its subsidiaries are subject to various claims, potential claims and lawsuits. While the outcome of these matters is not determinable, DCM's management does not believe that the ultimate resolution of such matters will have a material adverse impact on DCM's financial position.

Directors and officers are indemnified by the Company for various items including, but not limited to, costs to settle lawsuits or actions due to their association with the Company, subject to certain restrictions. DCM has purchased directors' and officers' liability insurance to mitigate the costs of any potential future lawsuits or actions. The term of the indemnification covers the period during which the indemnified party served as a director or officer of the Company.

In the normal course of business, DCM has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, leasing contracts and license agreements. These indemnification arrangements may sometimes require such third parties to compensate counterparties for losses as a result of breaches in representations, covenants and warranties provided by the Company or as a result of litigation or other third party claims or statutory sanctions that may be suffered by the counterparties as a consequence of the relevant transaction. In some instances, the terms of these indemnities are not explicitly defined. No accruals have been required to be made as at September 30, 2021 with respect to these agreements.

Executive employment agreements allow for additional payments of approximately \$1,785 if the individuals are terminated without cause, and approximately \$1,785 in the event of a change in control.

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***14 Related party transactions**

In January 2020, DCM disposed of its' wholly owned subsidiary Perennial Brands Inc. ("PBI"), a non-core developer of branded products, to a former employee and entered into an option agreement to purchase an equity interest in PBI on or before December 31, 2021. In January 2021, the option agreement was terminated (note 16).

**COMPENSATION OF KEY MANAGEMENT**

Key management personnel are deemed to be Directors on DCM's Board, the CEO, the President, the Chief Financial Officer and other members of the senior executive team. Compensation awarded to key management personnel, excluding compensation awarded to Directors which are described below, included:

	<b>For the nine months ended September 30, 2021</b>	<b>For the nine months ended September 30, 2020</b>
Salaries and other short-term employee benefits	<b>\$ 2,122</b>	\$ 2,093
Termination and retirement benefits	<b>2,726</b>	—
Post-employment benefits	<b>20</b>	18
Share-based compensation expense	<b>1,154</b>	117
<b>Total</b>	<b>\$ 6,022</b>	\$ 2,228

During the nine months ended September 30, 2021, key management personnel (excluding compensation awarded to Directors) were granted 844,996 RSUs (2020 – 6,395,348 RSUs), and 479,265 RSUs (2020 – nil RSUs) were forfeited. Key management personnel (excluding compensation awarded to Directors) were also granted options to purchase up to 2,625,000 Common Shares (2020 – 64,533 Common Shares) (see note 10). During the nine months ended September 30, 2021, DCM's general and administration expenses include a charge of \$418 (2020 – \$42) for these share-based compensation awards.

During the nine months ended September 30, 2021, DCM's general and administration expenses include a charge of \$1,153 (2020 – \$409) for the duties performed by DCM's Board, of which an expense of \$818 (2020 – \$291) relates to DSU expense (note 10). Directors were also granted options to purchase up to nil Common Shares (2020 - 66,544 Common Shares) (see note 10). During the nine months ended September 30, 2021, DCM's general and administration expenses include a charge of \$2 (2020 – \$7) for these share-based compensation awards.

**15 Segmented information**

The CEO of DCM is the chief operating decision maker ("CODM").

Previously the Company had separate operating segments for DCM and its previously acquired businesses, DCM Burlington, Thistle and Perennial. The print businesses (DCM, DCM Burlington and Thistle) were aggregated into one reportable segment as they had similar economic characteristics as they offer a portfolio of similar products and services, alike customers, and similar production processes and distribution methods. Perennial, a design firm focused on creating and delivering design strategies for major retail brands was considered a separate operating segment but was not disclosed separately as it did not meet the quantitative thresholds stipulated by IFRS 8.

In Q1 2021, the Company changed the structure of its internal organization and senior leadership team under the leadership of the new CEO as DCM continues to evolve into an integrated marketing and business solutions provider to its customers. As a consequence, DCM now has a single operating segment, being the Company as a whole, reflecting the manner in which the operating results are being reviewed by the CODM to make decisions about resources to be allocated and to assess the Company's performance.

## Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)*

Management evaluates the performance of the reportable segments based on income before finance costs, other income and income taxes. Corporate expenses, certain non-recurring expenses, interest expense, finance costs and income taxes are not taken into account in the evaluation of the performance of the reporting segment.

All significant external sales are to customers located in Canada. DCM established operations in Chicago, Illinois in order to service the U.S. operations of a large customer and is seeking to grow its U.S. sales, however at June 30, 2021, U.S. sales were not significant to disclose separately.

DCM has disclosed revenue on a disaggregated basis based on the nature of the major products and services it provides to its customers as follows:

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>For the three months ended September 30, 2021</b>	For the three months ended September 30, 2020
Product sales	\$ 51,614	\$ 51,873
Warehousing services	1,835	1,787
Freight services	1,513	1,751
Marketing and other services	1,930	1,963
	<b>\$ 56,892</b>	<b>\$ 57,374</b>

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>For the nine months ended September 30, 2021</b>	For the nine months ended September 30, 2020
Product sales	\$ 157,436	\$ 179,972
Warehousing services	5,704	5,747
Freight services	5,001	6,398
Marketing and other services	6,319	6,608
	<b>\$ 174,460</b>	<b>\$ 198,725</b>

## 16 Government Grant Income

On April 11, 2020, the Canadian government launched the CEWS, an emergency economic relief program to lessen the financial fallout on Canadian businesses from the effects of COVID-19.

The CEWS program is designed to help businesses struggling with the economic effects of the coronavirus retain and/or rehire their employees. The subsidy is intended to make it easier for eligible employers to avoid laying off or terminating employees, as well as to bring back staff that were laid-off due to COVID-19 by significantly lessening the organization's payroll costs.

The CEWS applied from March 15, 2020 through to October 22, 2021. The CEWS is a program that subsidizes a portion of eligible remuneration paid by an eligible employer that qualifies, to each eligible employee.

DCM also applied for the CERS during 2021.

DCM qualified for subsidies of approximately \$4,503 (2020 - \$6,100), of which \$184 relates to the third quarter, \$2,411 relates to the second quarter and \$1,908 relates to the first quarter of 2021.

**Notes to The Condensed Interim Consolidated Financial Statements**

For the periods ended September 30, 2021 and 2020

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***17 Other income**

On January 4, 2021, DCM entered into an agreement with PBI, an arms' length third party and former subsidiary of DCM, pursuant to which DCM agreed to terminate an option to purchase an equity interest in PBI acquired by DCM in connection with the prior disposition of PBI. DCM received total gross proceeds of \$1,152 as consideration for terminating the option.

In February 2021, DCM settled an outstanding litigation for total proceeds of \$300.

**18 Subsequent events**

DCM entered into an amended and restated credit facility (the "Amended Bank Facility") with the Bank. The Amended Bank Facility includes a revolving credit facility of up to \$15,000, a term loan of \$10,000 and an "accordion" which can provide of up to \$10,000 of additional capacity under the revolving facility. The term loan will amortize in equal monthly payments over 30 months. The maturity date of the Amended Bank Facility has been extended from January 31, 2023 to November 8, 2024. The revolving facility is available to finance the working capital needs of the Company. Advances under the Amended Bank Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin of 50 basis points and 350 basis points for the revolving and term components, respectively.

DCM has also entered into a commitment letter with Fiera Private Debt Fund VI LP ("FPD VI"), by its general partner, FPD, pursuant to which FPD has committed to provide an \$11,000 term facility, with a term of 60 months from closing. The FPD VI term loan will amortize in equal monthly principal payments over 84 months, with the remaining 24 payments at maturity due in a bullet payment. A fixed interest rate of 5.95% per annum is payable on the FPD VI term loan. Closing of the FPD VI facility is expected in November 2021.

Collectively, the proceeds from new term loans provided by the Bank and FPD will be used to repay the \$21,400 Crown Facility.