

Letter to Shareholders

Dear Fellow shareholders,

Today, I'm pleased to report on our continued progress on building a better and a bigger business as reflected in our financial performance in the third quarter of 2023 and the positive momentum of our integration efforts since completing the acquisition of Moore Canada Corporation (MCC) just over six months ago.

Following are highlights of the four key areas our of integration focus:

Operations – During the third quarter, we took further steps to consolidate our operations footprint with the announcement of plans to close our Trenton, Ontario plant and to move production from our Thistle site into our nearby Toronto Commercial facility. These consolidations, combined with previously announced plans to close plants in Edmonton, Alberta and Fergus, Ontario will reduce our network from 14 to 10 key facilities across Canada over the next 18-24 months.

To date, operational initiatives completed including headcount reductions and the planned Edmonton plant closure represent annualized expected expense savings in 2024 of approximately \$3.75 million.

Organization - The integration of our DCM/MCC organizations is largely complete. Our new leadership teams are in place, and we've completed the organization design across key functions including our Commercial and Operations teams. Collectively, we expect annualized savings of approximately \$9.0 million in 2024 in SG&A expenses through our integration efforts to date, which are already resulting in productivity improvements. Our revenue per associate increased to \$306,000 in Q3 from \$301,000 pre-acquisition at the end of 2022, and is up over 35% since 2018.

Procurement - Our procurement team has made strong progress centralizing purchasing across the combined company and leveraging our expanded scale to achieve price synergies, standardizing SKUs to optimize our costs and centralizing outside and third-party purchasing. We expect to realize approximately \$4.75 million in purchasing synergies on an annualized basis in 2024 by the end of the year.

Revenue - Our combined Commercial team is driving our DCM "growth agenda" with a focus on i) expanding revenue with existing clients and winning new logos ii) applying a strategic revenue management approach to our solutions and iii) expanding our client offerings with a focus on leveraging DCM's workflow solutions and digital offerings. Since closing the MCC acquisition, we are pleased to report our collective sales pipeline has shown strong growth, and importantly we've secured a total of \$18 million of expansion revenue and new logo business.

Collectively, Operations, Organization and Procurement initiatives we have implemented to date are intended to drive more than \$17.5 million in expected annualized expense savings in 2024. Given our success to date, we are increasing our guidance of expected annualized synergies from the MCC acquisition to a range of \$30.0 to \$35.0 million from our previous guidance of \$25.0 to \$30.0 million over the next 18-24 months.

Building a Better and a Bigger Business

Turning to our financial performance, I'd like to remind you that the third quarter represents the first full quarter of consolidated "one company" results, following the completion of the MCC acquisition on April 24, 2023.

Revenues of \$122.7 million in the third quarter of 2023 were up +93.6%, or +\$59.3 million, compared to the third quarter of 2022. This marked our eight sequential quarter of year over year top-line growth. For the first nine months of 2023, revenues of \$317.8 million were up +58.3%, or +\$117.0 million year over year, with solid organic growth across both businesses.

Gross profit in the third quarter increased by +52.4%, or +\$10.4 million, to \$30.3 million compared to the same period last year. For the first nine months of 2023, gross profit grew by +42.0%, or +\$25.5 million, to \$86.2 million.

Gross profit as a percentage of revenues in the third quarter of 2023 came in at 24.7%, compared to 31.4% for DCM for the same period last year. For the first nine months, gross profit as a percentage of revenues was 27.1%, compared to 30.2% last year. As a reminder, the opportunity to enhance MCC profit margins was one of the key aspects of our acquisition deal logic and we have a clear plan in place to return our combined gross profit margins to pre-acquisition levels.

SG&A expenses were 20.4% of revenues in the third quarter, or \$25.1 million. This was improved from 21.5% of revenues last year. For the first nine months, SG&A expenses were \$61.9 million or 19.5% of revenues, compared to 20.3% of revenues last year.

2023 THIRD QUARTER REPORT

In connection with the MCC acquisition, we incurred \$0.2 million of one-time, non-recurring transaction expenses in the quarter, bringing the year-to-date total to \$10.2 million.

During the quarter, we accelerated our planned initiatives to drive savings, and recorded \$7.0 million of restructuring expenses associated with reducing the size of our combined team.

Our commitment to paying down debt remains a key priority. The balance of our total credit facilities at quarter end was \$117.7 million, down -18% since the MCC acquisition. Net debt, after deducting a \$22.3 million cash balance at quarter end from total credit facilities, was \$95.4 million, down -32% since that time. Notably, we have entered into purchase and sale agreements for our Fergus and Trenton facilities which are expected to close within the next three to six months. These transactions are expected to generate total net proceeds of approximately \$15 million, which is intended to be used to further reduce our debt.

Adjusted EBITDA for the quarter was \$11.8 million, up +28.2% from last year this time, and Adjusted EBITDA for the first half of 2023 was \$38.4 million, up +35.1% compared to last year. Adjusted EBITDA represented 9.6% of revenues this quarter, compared to 14.5% of revenues a year ago; and was 12.1% year to date, compared to 14.1% for the same period last year. Our strong Adjusted EBITDA performance was driven by the addition of the MCC business, continuing our focus on gross margin, and controlling our SG&A expenses.

We remain focused on delivering on our five-year objectives of a compound annual revenue growth rate of +5%, +14% Adjusted EBITDA margins, and +60% revenue growth rates in our marketing technology solutions. And our plans to repay our credit facilities is well ahead of plan.

For a full description of our financial results for the third quarter of fiscal 2023, please refer to our unaudited, condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and related management's discussion and analysis ("MD&A"), copies of which are available at www.sedar.com.

Certain statements in this letter 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. See "Forward-Looking Statements" in our MD&A. This letter also includes certain non-IFRS measures and ratios as supplementary information. See "Non-IFRS measures" and Table 2, 3 and 4 in our MD&A, each of which is incorporated by reference in this document.

Yours truly,

(Signed) "Richard Kellam"

Richard C. Kellam
President & CEO
DATA Communications Management Corp.
November 2023

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; OTCQX: DCMDF) and its subsidiary (referred to herein as "DCM" or the "Company") for the three and nine months ended September 30, 2023. This MD&A should be read in conjunction with the MD&A of DCM for the year ended December 31, 2022, the unaudited condensed interim consolidated financial statements and accompanying notes of DCM for the three and nine months ended September 30, 2023 and the audited consolidated financial statements and accompanying notes of DCM for the year ended December 31, 2022. 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 (the "Board"), on the recommendation of its Audit Committee, approved the contents of this MD&A on November 8, 2023. This MD&A reflects information as of November 8, 2023.

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"). The condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 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 applied in those condensed interim consolidated financial statements are the same as those applied in DCM's consolidated financial statements for the year ending December 31, 2022, except for certain new accounting pronouncements which have been adopted by DCM on January 1, 2023 and disclosed in note 3 and for the application of IFRS 5 to certain assets being held for sale. 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 those condensed interim consolidated financial statements are based on IFRS effective for the year ending December 31, 2023, as issued and outstanding as of November 8, 2023, the date the Board approved those 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, and which could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements, include: our operating results are sensitive to economic conditions, which can have a significant impact on us, and uncertain economic conditions may have a material adverse effect on our business, results of operations and financial condition; our ability to successfully integrate the DCM and Moore Canada Corporation (“MCC”) businesses and realize anticipated synergies from the combination of those businesses, including revenue and profitability growth from an enhanced offering of products and services, larger customer base and cost reductions from synergies; the expected annualized synergies that the Company expects to derive from the MCC acquisition have been estimated by the Company based on its experience integrating previously acquired businesses, other facilities and completing restructuring initiatives, and includes estimated benefits expected to be derived from the acquisition, including those related to site sales and consolidations, operational improvements, eliminating redundant positions, and purchasing synergies; the expected annualized cost savings have not been prepared in accordance with IFRS, nor has a reconciliation to IFRS been provided and the Company evaluates its financial performance on the basis of these non-IFRS measures and therefore the Company does not consider their most comparable IFRS measures when evaluating prospective acquisitions; the acquisition of MCC involves a number of risks, including the possibility that the Company paid more than the acquired assets are worth, the Company may fail to realize the expected benefits from the acquisition, the additional expense and management resources associated with completing and integrating the MCC acquisition and amortizing any acquired intangible assets, the difficulty of integrating and assimilating the operations and personnel of the MCC business, the challenge of implementing uniform standards, controls procedures, systems, and policies throughout the business, the inability to integrate, train, retain and motivate key personnel of the MCC business, the potential disruption of the Company’s ongoing business and the distraction of management from its day-to-day operations, and the potential impairment of relationships with the Company’s employees, clients, suppliers and strategic partners; there is limited growth in the traditional printing business, which may impact our ability to grow our sales or even maintain historical levels of sales of printed business and marketing communications materials; competition from competitors supplying similar products and services, some of whom have greater economic resources than us and are well established suppliers; increases in the cost of, and supply constraints related to, paper, ink and other raw material inputs used by DCM, as well as increases in freight costs, may adversely impact the availability of raw materials and our production, revenues and profitability; our ability to meet our revenue, profitability and debt reduction targets; our ability to comply with our financial covenants under our credit facilities or to obtain financial covenant waivers from our lenders if necessary; our ability to complete the proposed sales and leasebacks of certain properties and substantially reduce our bank term loan and total indebtedness; we may not be successful in obtaining capital to fund our business plans on satisfactory terms (or at all), including, without, limitation, with respect to investments in digital innovation (such as the development and successful marketing and sale of new digital capabilities), and capital expenditures; all of our outstanding indebtedness under our bank credit facility is subject to floating interest rates, and therefore is subject to fluctuations in interest rates, an increase of which would increase our borrowing costs.

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 and ratios 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, integration costs, acquisition costs and the net fair value (gains) losses on financial liabilities at fair value through profit or loss for restricted share units ("RSUs") and deferred shared units ("DSUs"). Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, acquisition costs, integration costs, net fair value (gains) losses on financial liabilities at fair value through profit or loss for RSUs and DSUs 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. Adjusted EBITDA as a percentage of revenues means Adjusted EBITDA divided by revenues and Adjusted net income (loss) as a percentage of revenues means Adjusted net income (loss) divided by revenues, in each case for the same period. In addition to net income (loss), DCM uses non-IFRS measures and ratios, including Adjusted net income (loss), Adjusted net income (loss) per share, Adjusted net income (loss) as a percentage of revenues, EBITDA, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues 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. The Company's estimates as to expected annualized synergies have not been prepared in accordance with IFRS, nor has a reconciliation to IFRS been provided. The Company evaluates its financial performance on the basis of these non-IFRS measures and therefore the Company does not consider their most comparable IFRS measures when evaluating prospective acquisitions. 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, Adjusted EBITDA and synergy estimates, 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, Adjusted net income (loss) as a percentage of revenues, EBITDA, Adjusted EBITDA, Adjusted EBITDA as a percentage of revenues and synergy estimates 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, Adjusted net income (loss) as a percentage of revenues, EBITDA, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues 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 marketing and business communications partner that helps companies simplify the complex ways they communicate and operate, so they can accomplish more with fewer steps and less effort. For over 60 years, DCM has been serving major brands in vertical markets including financial services, retail, healthcare, energy, other regulated industries, and the public sector. We integrate seamlessly into our clients' businesses thanks to our deep understanding of their needs, transformative tech-enabled solutions, and end-to-end service offering. Whether we're running technology platforms, sending marketing messages, or managing print workflows, our goal is to make everything surprisingly simple.

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 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.

DCM has approximately 1,800 employees in Canada and the United States and had revenues of \$273.8 million in 2022. Website: www.datacm.com.

RECENT DEVELOPMENTS

POST-INTEGRATION OF MOORE CANADA CORPORATION ("MCC") ACQUISITION

As previously reported, DCM completed the acquisition of MCC on April 24, 2023. The third quarter of 2023 represents the first full quarter of consolidated DCM and MCC financial results.

Management to date has focused on four key areas of integration:

- Operational initiatives, including the planned consolidation of four plants;
- Organizational initiatives, including the alignment of key functions such as our Commercial and Operations teams;
- Procurement synergies, including consolidated purchasing initiatives; and
- Revenue growth focus, including expanding and leveraging our combined workflow solutions and digital offerings.

Collectively, initiatives implemented to date are expected to deliver more than \$17.5 million in annualized savings. DCM has increased its guidance of expected annualized synergies from the MCC acquisition to a range of \$30 million to \$35 million from our previous guidance of \$25 to \$30 million over the next 18-24 months.

The valuation report for certain aspects of the MCC acquisitions are still in progress, and therefore, the purchase price allocation remains preliminary. As such, there may be adjustments to the purchase accounting and those adjustments could be material. The post-closing adjustment for the MCC acquisition is expected to be completed during the fourth quarter of 2023.

RESTRUCTURING INITIATIVES

DCM commenced its planned initiatives to drive synergies in connection with the acquisition of MCC, including initiatives to align its organizational structure and optimize its operational footprint. During the nine months ended September 30, 2023, the total head count of DCM and MCC was reduced by approximately 80 individuals, for a total restructuring expense of \$9.7 million. Additionally, DCM continues to evaluate its business for opportunities to enhance productivity and reduce its cost of operations.

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 (including technology enabled hardware solutions - see (e) below) For products that DCM purchases and resells to its customers, DCM is typically a principal in these arrangements as it is responsible for making key decisions over the purchasing of product and has the economic risks and rewards that are customary with control. Accordingly, third

party product revenue is typically presented on a gross basis in revenue with the corresponding product purchase cost and associated costs recognized in costs of revenue. DCM recognizes revenue when control over the product transfers to the customer, which is effectively transferred upon the completion of production or when resale product is purchased from a third party vendor and inducted into DCM's warehouses or shipped directly to customers from third party vendors due to the custom nature of the product, as it does not have an alternative use to DCM, such that DCM is entitled to payment once the quantity of product pursuant to an individual purchase order is produced or purchased from a third-party vendor and inducted into its warehouses. Given manufactured products are customized or purchased specifically at the customer's request, product returns are insignificant.

In some instances, DCM's customers obtain the product directly from DCM following the completion of production or directly from third-party vendors. 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 its customers related to product, certain of DCM's contracts with customers include the provision of warehousing, freight, marketing and other services, in addition to manufacturing or purchase from third-parties of customized products based on specifications pre-approved by its customers. For bundled pricing arrangements, DCM allocates the transaction price to each performance obligation based on their relative stand-alone selling prices. Management applied judgment and assumptions in determining the stand-alone selling prices in allocating revenue between the various performance obligations based on non-bundled pricing arrangements and comparable market data, where applicable. 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 re-direct the product nor use the product to fulfill another customer's product order under the contract. DCM recognizes product revenues when control has transferred over the product upon product manufacture by DCM or upon receipt of third-party product into DCM's warehouses. Based on the contractual terms with its customers, DCM either issues an invoice when product that is manufactured by DCM or purchased from third-party vendors is inducted into DCM's warehouse, or alternatively the invoice is issued for some customers when product is dispatched from, its warehouses. In instances where DCM issues an invoice on dispatch of product from its warehouses, rather than at the date of transfer of control, DCM is still entitled to payment for the purchased or manufactured product. Accordingly, revenue is recognized for the product manufactured by DCM or purchased from third parties and a corresponding balance for "unbilled receivables" are recognized within trade receivables in the consolidated statement of financial position. Unbilled receivables are transferred to accounts receivables when the invoices are issued to the customers. Deferred revenue represents amounts that have been invoiced to the customer but not yet recognized as revenue, including advance payments and billings in excess of revenue. Deferred revenue is recognized as revenue when DCM completes production of product or upon receipt of third-party product into its warehouses.

WAREHOUSING SERVICES

DCM provides custodial services to store customer product in its warehouse over a specified agreed upon period of time. For non-bundled pricing arrangements, warehousing revenues are recognized over the period that warehousing services are provided to the customer. For bundled pricing arrangements, DCM allocates a portion of the initial transaction price for warehousing services and recognizes revenue on a straight-line basis over the period of the warehousing as it best represents the pattern of performance. Amounts are typically invoiced as warehousing services are performed in accordance with agreed upon contractual terms at periodic intervals. When DCM receives advance payments or issues billings in excess of revenue, these are recognized as deferred revenue in the statement of financial position. Deferred revenue is recognized as revenue when or as DCM provides custodial services over the agreed upon warehouse term.

FREIGHT SERVICES

DCM has identified it has a distinct performance obligation for shipment of product for certain contracts where it has an obligation to arrange shipment services where control of the product has been transferred to the customer prior to shipment. DCM frequently contracts with third parties to deliver product. DCM is typically a principal for such shipment services as it is responsible for making key decisions over the shipment arrangements and has the economic risks and rewards associated with such control. As a principal DCM recognizes shipment revenues when performance of the shipping service has occurred as products are shipped.

OTHER SERVICES

This includes marketing services and other ancillary services such as fees related to financing charges associated with customers where DCM stores customer product in the warehouse over a period of time and invoices the customer when the product is dispatched from DCM's warehouse. Revenue from marketing services is recognized over time as the services are performed. Revenue for other ancillary services is recognized upon completion of the performance obligations to its customers. Financing income is recognized as DCM provides custodial services to its customers over the agreed upon warehouse term.

TECHNOLOGY-ENABLED HARDWARE SOLUTIONS

DCM procures certain products and services from third party providers to ensure that our clients' complete business and marketing communications needs are met while providing comprehensive vendor management strategies. Technology enabled hardware solutions include scanners, printers, tablets, and other technology applications, often with barcoding and RFID functionality, and together with our print consumables, create an integrated ecosystem. Tech-enabled hardware solutions represent a distinct performance obligation (from our print consumables) and revenue is recognized when the product is shipped from the vendor, or inducted into DCM warehouse.

TECHNOLOGY-ENABLED SUBSCRIPTION SERVICES AND FEES

DCM's tech-enabled subscription services and fees include the provision of marketing technology workflow applications and digital asset management ("DAM"), software subscription fees, managed technology services, program management services, professional services fees, and implementation and development fees. Typically, these services and fees are contracted on either a project basis in the case of professional services, implementation, and development services fees, or for periods of three to five-year terms, with one to two-year renewal options, in the case of software subscription fees and managed technology services. Revenue is measured based on the consideration DCM expects to be entitled to in exchange for providing services as they are delivered, or rateably over the term of the contract, and represent a distinct performance obligation.

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.

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 the three and nine months periods in 2023 and 2022 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, 2023 and 2022 <i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
		<i>(Restated)</i>		<i>(Restated)</i>
Revenues	\$ 122,721	\$ 63,399	\$ 317,761	\$ 200,759
Cost of revenues	92,380	43,495	231,610	140,089
Gross profit	30,341	19,904	86,151	60,670
Selling, general and administrative expenses	25,065	13,656	61,944	40,803
Restructuring expenses	7,009	—	9,738	—
Acquisition and integration costs	244	—	10,199	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	717	1,208	8,078	1,486
	33,035	14,864	89,959	42,289
Income (loss) before finance and other costs and income taxes	(2,694)	5,040	(3,808)	18,381
Finance and other costs				
Interest expense, net	5,072	1,233	9,654	3,831
Amortization of transaction costs net of debt extinguishment gain	141	84	320	257
	5,213	1,317	9,974	4,088
(Loss) income before income taxes	(7,907)	3,723	(13,782)	14,293
Income tax (recovery) expense				
Current	(1,495)	1,143	842	3,803
Deferred	(2,227)	(236)	(5,128)	204
	(3,722)	907	(4,286)	4,007
Net (loss) income for the period	\$ (4,185)	\$ 2,816	\$ (9,496)	\$ 10,286
Basic (loss) earnings per share	\$ (0.08)	\$ 0.06	\$ (0.19)	\$ 0.23
Diluted (loss) earnings per share	\$ (0.08)	\$ 0.06	\$ (0.19)	\$ 0.22
Weighted average number of common shares outstanding, basic	55,022,883	44,062,831	49,420,414	44,062,831
Weighted average number of common shares outstanding, diluted	55,022,883	46,501,606	49,420,414	46,516,249

As at September 30, 2023 and December 31, 2022 <i>(in thousands of Canadian dollars, unaudited)</i>	As at September 30, 2023	As at December 31, 2022
Current assets	\$ 186,372	\$ 82,057
Current liabilities	108,322	69,479
Total assets	424,372	149,481
Total non-current liabilities	274,435	57,155
Shareholders' equity	41,615	22,847

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. See the “Non-IFRS Measures” section above for more details and Tables 3 and 4 below for reconciliations of net (loss) income to Adjusted EBITDA and net (loss) income to Adjusted net income.

For the periods ended September 30, 2023 and 2022 <i>(in thousands of Canadian dollars, unaudited)</i>	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Revenues	\$ 122,721	\$ 63,399	\$ 317,761	\$ 200,759
Gross profit	30,341	19,904	86,151	60,670
Gross profit, as a percentage of revenues	24.7 %	31.4 %	27.1 %	30.2 %
Selling, general and administrative expenses	25,065	13,656	61,944	40,803
As a percentage of revenues	20.4 %	21.5 %	19.5 %	20.3 %
Adjusted EBITDA (see Table 3)	11,790	9,196	38,378	28,400
As a percentage of revenues	9.6 %	14.5 %	12.1 %	14.1 %
Net (loss) income for the period	(4,185)	2,816	(9,496)	10,286
Adjusted net income (see Table 4)	1,778	3,719	11,465	11,396
As a percentage of revenues	1.4 %	5.9 %	3.6 %	5.7 %

TABLE 3 The following table provides reconciliations of net (loss) income to EBITDA and of net (loss) income 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, 2023 and 2022 <i>(in thousands of Canadian dollars, unaudited)</i>	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net (loss) income for the period	\$ (4,185)	\$ 2,816	\$ (9,496)	\$ 10,286
Interest expense, net	5,072	1,233	9,654	3,831
Amortization of transaction costs net of debt extinguishment gain	141	84	320	257
Current income tax expense	(1,495)	1,143	842	3,803
Deferred income tax (recovery) expense	(2,227)	(236)	(5,128)	204
Depreciation of property, plant and equipment	2,051	760	4,107	2,321
Amortization of intangible assets	888	402	2,052	1,213
Depreciation of the ROU Asset	3,575	1,786	8,012	4,999
EBITDA	\$ 3,820	\$ 7,988	\$ 10,363	\$ 26,914
Acquisition and integration costs	244	—	10,199	—
Restructuring expenses	7,009	—	9,738	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	717	1,208	8,078	1,486
Adjusted EBITDA	\$ 11,790	\$ 9,196	\$ 38,378	\$ 28,400

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

Adjusted net income reconciliation

For the periods ended September 30, 2023 and 2022 <i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net (loss) income for the period	\$ (4,185)	\$ 2,816	\$ (9,496)	\$ 10,286
Acquisition and integration costs	244	—	10,199	—
Restructuring expenses	7,009	—	9,738	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	717	1,208	8,078	1,486
Tax effect of the above adjustments	(2,007)	(305)	(7,054)	(376)
Adjusted net income	\$ 1,778	\$ 3,719	\$ 11,465	\$ 11,396
Adjusted net income per share, basic	0.03	0.08	0.23	0.26
Adjusted net income per share, diluted	0.03	0.08	0.23	0.24
Weighted average number of common shares outstanding, basic	55,022,883	44,062,831	49,420,414	44,062,831
Weighted average number of common shares outstanding, diluted	55,022,883	46,501,606	49,420,414	46,516,249
Number of common shares outstanding, basic	55,022,883	44,062,831	55,022,883	44,062,831
Number of common shares outstanding, diluted	55,022,883	46,501,606	55,022,883	46,516,249

Results of operations

REVENUES

For the three months ended September 30, 2023, DCM recorded revenues of \$122.7 million, an increase of \$59.3 million or 93.6% compared with the same period in 2022. For the nine months ended September 30, 2023, DCM recorded revenues of \$317.8 million, an increase of \$117.0 million or 58.3% compared with the same period in 2022. This revenue growth was primarily driven by additional revenues from the operations of MCC. In addition, DCM added expansion revenue from existing clients, and new business wins, while aligning its commercial sales teams under a common leadership team and implementing a streamlined “one company” account coverage strategy.

COST OF REVENUES AND GROSS PROFIT

For the three months ended September 30, 2023, DCM recorded cost of revenues of \$92.4 million, an increase of \$48.9 million or 112.4% from \$43.5 million for the same period in 2022. Gross profit for the three months ended September 30, 2023 was \$30.3 million, an increase of \$10.4 million or 52.4% from \$19.9 million for the same period in 2022. Gross profit as a percentage of revenues decreased to 24.7% for the current period, compared to 31.4% for the same period in 2022.

For the nine months ended September 30, 2023, DCM recorded cost of revenues of \$231.6 million, an increase of \$91.5 million or 65.3% from \$140.1 million for the same period in 2022. Gross profit for the nine months ended September 30, 2023 was \$86.2 million, an increase of \$25.5 million or 42.0% from \$60.7 million for the same period in 2022. Gross profit as a percentage of revenues decreased to 27.1% for the nine months ended September 30, 2023, compared to 30.2% for the same period in 2022.

Gross profit as a percentage of revenues for the three and nine months ended September 30, 2023 decreased from the prior period due to the acquisition of MCC as its average gross profit as a percentage of revenues is typically lower than that of DCM's historical business. DCM has commenced its planned initiatives to drive synergies in connection with the acquisition of MCC to optimize its operational footprint, which is expected to improve consolidated gross margins. The decrease in gross profit as a percentage of revenues was partially offset by higher levels of client demand, favourable product mix (higher margin resales revenue realized), increased margins for freight and warehousing revenue, and further progress passing on paper price increases to our customers.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative ("SG&A") expenses for the three months ended September 30, 2023 were \$25.1 million, or 20.4% of revenues, an increase of \$11.4 million compared to \$13.7 million, but improved from 21.5% of total revenues for the same period in 2022. For the nine months ended September 30, 2023, SG&A expenses were \$61.9 million, or 19.5% of revenues, an increase of \$21.1 million compared to \$40.8 million, but improved from 20.3% of total revenues for the same period in 2022. The increase in SG&A for the three and nine months ended September 30, 2023 was primarily attributable to the addition of MCC's SG&A expenses. The decrease in SG&A as a percentage of revenues was primarily driven by the lower relative SG&A expense of MCC's business as a percentage of revenue compared to that of DCM's historical business. This decline benefited from certain restructuring initiatives related to SG&A completed to date, and offset by inflationary salary increases, and additional consulting fees for a one-time project.

ACQUISITION AND INTEGRATION COSTS

DCM incurred \$0.2 million and \$10.2 million for the three and nine months ended September 30, 2023, respectively, for one-time, non-recurring acquisition and integration costs related to the MCC acquisition. Of those amounts, a total of \$0.2 million and \$5.5 million related specifically to acquisition costs for the three and nine months ended September 30, 2023, respectively, and the balance to integration costs.

RESTRUCTURING EXPENSE

DCM incurred restructuring expenses of \$7.0 million and \$9.7 million for the three and nine months ended September 30, 2023 compared to nil for the same periods in 2022. DCM commenced its planned initiatives to drive synergies in connection with the acquisition of MCC in Q2 2023, and accelerated those initiatives in Q3 2023, including initiatives to align its organizational structure and optimize its operational footprint. The restructuring expenses include headcount reductions in various functions, including operations, senior executive management, sales and other SG&A functional roles.

NET FAIR VALUE (GAINS) LOSSES ON FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Given there was a modest change in our Common Share price as it increased by 1.7% during the third quarter of 2023, from \$2.91 as of June 30, 2023 to \$2.96 as of September 30, 2023, compared to the 104.1% increase in our share price during the first three quarters of 2023, from \$1.45 as of December 31, 2022. Accordingly, we incurred an expense of \$0.7 million and \$8.1 million for the three and nine months ended September 30, 2023, respectively, compared to \$1.2 million and \$1.5 million for the same periods in 2022. DCM recorded these non-cash accruals for mark-to-market expense and the normal vesting expense for outstanding long-term incentive compensation in the form of restricted share units ("RSUs") and deferred shared units ("DSUs").

EBITDA AND ADJUSTED EBITDA

For the three months ended September 30, 2023, EBITDA was \$3.8 million or 3.1% of revenues compared to \$8.0 million or 12.6% of revenues for the same period in 2022. During this period, Adjusted EBITDA was \$11.8 million, or 9.6% of revenues, after adjusting EBITDA for \$7.0 million of restructuring costs, \$0.2 million of acquisition and integration costs and \$0.7 million of net fair value (gains) losses on financial liabilities at fair value through profit or loss, compared to \$9.2 million or 14.5% of revenues for the same period in 2022.

For the nine months ended September 30, 2023, EBITDA was \$10.4 million or 3.3% of revenues, compared to \$26.9 million or 13.4% of revenues in the same period in 2022. During this period Adjusted EBITDA was \$38.4 million, or 12.1% of revenues, after adjusting EBITDA for \$9.7 million of restructuring costs, \$10.2 million of acquisition and integration costs and \$8.1 million of net fair value (gains) losses on financial liabilities at fair value through profit or loss, compared to \$28.4 million or 14.1% of revenues for the same period in 2022.

The increase in Adjusted EBITDA for the three and nine months ended September 30, 2023 compared to the prior period in 2022 was due to an increase in overall revenues and gross margin dollars from the acquisition of MCC, and MCC's lower relative SG&A as a percentage of revenue. Adjusted EBITDA as a percentage of revenues declined for the three and nine months ended September 30, 2023 due to the lower average gross margins of MCC. DCM has commenced its planned initiatives to drive synergies in connection with the acquisition of MCC to optimize its operational footprint, which we expect will improve Adjusted EBITDA as a percentage of revenues.

FINANCE AND OTHER COSTS

Finance costs include interest on debt outstanding under DCM's credit facilities, interest accretion expense related to certain debt obligations discounts / premiums, interest on pension obligations, debt extinguishment gains, amortization of debt transaction costs, loss on accounting sale and leaseback and interest expense on lease liabilities

under IFRS 16. For the three and nine months ended September 30, 2023, DCM incurred \$5.2 million and \$10.0 million of finance and other costs, respectively, compared to \$1.3 million and \$4.1 million for the same period in 2022.

Interest expense for the three and nine months ended September 30, 2023 increased due to additional debt incurred by DCM to finance the acquisition of MCC. The additional debt bears interest at higher rates than DCM's other outstanding debt, which, together with increases in the prime rate applicable to DCM's floating rate debt, contributed to the increase in interest expense. This was offset by a decrease in interest expense from the extinguishment of DCM's former Bank term loan and repayment of the FPD IV and FPD V loans.

INCOME TAXES

DCM reported a loss before income taxes of \$7.9 million and a net income tax expense of \$3.7 million for the three months ended September 30, 2023 compared to income before income taxes of \$3.7 million and a net income tax expense of \$0.9 million for the same period in 2022. DCM reported a loss before income taxes of \$13.8 million and a net income tax expense of \$4.3 million for the nine months ended September 30, 2023 compared to income before income taxes of \$14.3 million and a net income tax expense of \$4.0 million for the same period in 2022.

The deferred income tax expense was adjusted for any changes in estimates of future reversals of temporary differences.

NET (LOSS) INCOME

Net loss for the three months ended September 30, 2023 was \$4.2 million compared to a net income of \$2.8 million for the same period in 2022. Net loss for the nine months ended September 30, 2023 was \$9.5 million compared to a net income of \$10.3 million for the same period in 2022.

The decrease in comparable profitability for the three months ended September 30, 2023 was due to restructuring costs of \$7.0 million, one-time acquisition and integration costs of \$0.2 million, net fair value losses on financial liabilities at fair value through profit or loss of \$0.7 million, and increased interest expense from higher levels of debt incurred to finance the MCC acquisition.

The decrease in comparable profitability for the nine months ended September 30, 2023 was due to restructuring costs of \$9.7 million, one-time acquisition and integration costs of \$10.2 million, net fair value losses on financial liabilities at fair value through profit or loss of \$8.1 million, and increased interest expense from higher levels of debt incurred to finance the MCC acquisition.

ADJUSTED NET INCOME

Adjusted net income was \$1.8 million, or 1.4% of revenues, compared to \$3.7 million or 5.9% of revenues for the same period in 2022. Adjusted net income was \$11.5 million, or 3.6% of revenues, compared to \$11.4 million or 5.7% of revenues for the same period in 2022.

The decrease in Adjusted net income for the for the three months ended September 30, 2023 was due to the restructuring costs, one-time acquisition and integration costs, and increased interest expense from higher levels of debt to finance the MCC acquisition.

The increase in Adjusted net income for the for the nine months ended September 30, 2023 was due to the increase in overall revenues and gross margin dollars from the acquisition of MCC. This was offset by an increased interest expense from higher levels of debt incurred to finance the MCC acquisition.

Liquidity and capital resources

CREDIT AGREEMENTS

BANK FACILITIES

DCM has established a revolving credit facility (the "New Bank Credit Facility") pursuant to a third amended and restated credit agreement (the "Bank Credit Agreement") with a Canadian chartered bank (the "Bank") as part of the financing of the acquisition of MCC on April 24, 2023. Under the terms of the amended Bank Credit Agreement, the maximum principal amount available under the New Bank Credit Facility was increased from \$15.0 million to \$90.0 million. The New Bank Credit Facility also includes an "accordion" feature which can provide up to an additional \$20.0 million of capacity under the revolving facility. The New Bank Credit Facility matures on November 8, 2026. The New Bank Credit Facility is available to be drawn by way of either Prime Rate loans, Base Rate loans, Canadian Dollar Offered Rate ("CDOR") loans, Secured Overnight Financing Rate (SOFR loans), and/or Letters of Credit. Prime rate loans charge interest based on the prime rate plus a margin whereby the prime rate is the greater of the Bank's published reference rate on Canadian Dollar denominated commercial loans and the CDOR rate for a period of 30 days plus 100 basis points per annum. Under the Bank Credit Agreement, the Canadian Overnight Repo Rate Average (CORRA) plus 0.3% will replace the CDOR rate when the CDOR rate ceases at the end of June 2024. Currently, advances under the New Bank Credit Facility may not, at any time, exceed the lesser of \$90.0 million and a fixed percentage of DCM's aggregate accounts receivable and inventory (less certain amounts). Advances under the New Bank Credit Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin of 1.25% for a rate of 8.45% as at September 30, 2023. The amendment to the revolving credit facility was accounted for as an extinguishment of the previous facility which was derecognized along with the remaining unamortized balance of prior transaction costs and unamortized debt premium and the new debt was then recorded at fair value along with associated transaction costs of \$1.1 million.

As part of the refinancing of the MCC acquisition, DCM also established a \$30 million, one-year committed senior secured credit facility (the "Real Estate Bridge Loan") which is intended to be repaid from the proceeds of the sale and leaseback of the acquired real estate properties or at the first anniversary of the acquisition close. The Real Estate Bridge Loan is available by way of Prime Rate loans and CDOR loans. The Real Estate Bridge Loan matures on April 24, 2024 and is subject to a floating interest rate based upon the Canadian prime rate plus an applicable margin of 1.75% for a rate of 8.95%.

In June 2023, DCM entered into a sale and leaseback for its Oshawa facility for net proceeds of \$23.1 million, which proceeds were used to partially repay the loan, the balance of which as of September 30, 2023 was \$6.9 million. DCM has entered into agreements of purchase and sale of its Fergus and Trenton, Ontario facilities, each of which is

expected to be completed within the next three to six months. The expected net proceeds from the sale of each, being approximately \$6.5 million and \$8.7 million, respectively, are intended to be applied firstly to pay off the balance of the Real Estate Bridge Loan, and the balance to be applied towards paying down the New Bank Credit Facility.

On November 8, 2021, DCM established a term loan (“Bank Term Loan”) with the Bank for \$10.0 million to partially refinance a partial facility with Crown Credit Partners. The Bank Term Loan was repaid as part of the acquisition and was subject to a floating interest rate based upon the Canadian prime rate plus an applicable margin of 3.50%.

As at September 30, 2023, DCM had access to \$15.5 million of available credit under the New Bank Credit Facility and had cash and cash equivalents of \$22.3 million as shown on the condensed interim consolidated statement of financial position as at September 30, 2023.

FPD FACILITIES

DCM has two amortizing term loan facilities (the “FPD VI Credit Facilities”) with Fiera Private Debt VI L.P. (“FPD VI”), which is a fund managed by Fiera Private Debt Fund GP Inc. (“FPD”) pursuant to an amended and restated credit agreement dated as of April 24, 2023 (the “FPD Credit Agreement”).

DCM established a new \$50 million committed term loan with Fiera Private Debt VI L.P. (“FPD VI New Term Loan”) and, together with the New Bank Credit Facility and the Bank Term Loan, the “Credit Facilities”) at an interest rate of 8.08% to partially finance the acquisition of MCC. 71.5% of the FPD New Term Loan must be repaid in fifty-nine (59) equal monthly payments of principal plus accrued interest on the outstanding principal amount and the remaining 28.5%, together with accrued interest, must be repaid on the maturity date on April 21, 2028. DCM elected to defer principal payments on this facility for the first twelve months following the closing of the MCC acquisition.

As part of the MCC acquisition, in April 2023, the maturity dates of pre-existing loans with FPD IV and FPD V, two other funds managed by Fiera Private Debt GP Inc. were extended to December 31, 2023 at an interest rate of 8.08%. As of September 30, 2023, the balances of these loans were fully repaid using the proceeds from the Offering.

COVENANT REQUIREMENTS

Each of the Bank Credit Agreement and the FPD Credit Agreement 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 and FPD VI, as applicable. As of September 30, 2023, DCM was in compliance with all of its financial covenants.

The continued ability to comply with financial covenants under the Company’s credit facilities for at least the next twelve months is contingent on management’s ability to meet budgeted revenue, profitability and working capital targets. The estimate of future cash flows in the Company’s 2023 budget include a number of key assumptions to support the financial covenant calculations, specifically related to forecast revenues and gross margins (which in turn impact earnings before interest, income taxes, depreciation and amortization (EBITDA)). Management are satisfied

that the Company's forecasts and projections, taking account of reasonably possible changes in results and other uncertainties will not result in any breach of the financial covenants on its credit facilities within the next year.

A failure by DCM to comply with its obligations under the Bank Credit Agreement or the FPD Credit Agreement, 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.

INTER-CREDITOR AGREEMENT

DCM's obligations under the New Bank Credit Facility, the Real Estate Bridge Loan and the FPD VI Credit Facility are secured by conventional security charging all of the property and assets of DCM and its subsidiaries. DCM has entered into an inter-creditor agreement between the Bank and FPD VI which, among other things, establishes the rights and priorities of the respective liens of the Bank and FPD VI on the present and after-acquired property of DCM and its subsidiaries.

CASH FLOW FROM OPERATIONS

During the nine months ended September 30, 2023, cash flows generated by operating activities were \$22.6 million compared to \$11.0 million during the same period in 2022. Current period cash flow from operations, before adjusting for changes in working capital, generated a total of \$8.8 million compared with \$21.1 million for the same period in 2022. The change in the current period cash flow from operations is primarily related to the net loss incurred during the period, the net fair value (gains) losses on financial liabilities at fair value through profit or loss, restructuring costs, one-time acquisition and integration costs, and increased interest expense from higher levels of debt to finance the MCC acquisition.

Changes in working capital, excluding the purchase price accounting of MCC (see note 4 in the Condensed interim consolidated statements of comprehensive (loss) income) during the nine months ended September 30, 2023, generated \$13.8 million in cash compared with \$10.1 million of cash used for the same period in 2022. During the nine months ended September 30, 2023, DCM had a cash inflow of \$10.3 million from trade receivables compared to an outflow of \$2.8 million for the same period in 2022. The outflow in the prior period was a direct result of a higher level of uncollected billings resulting in a higher trade receivables balance as of September 30, 2022 when compared to December 31, 2021. In the current period, receivables decreased compared to December 31, 2022 as collections have increased during the period. Changes in working capital further increased by a cash inflow of \$8.1 million from inventories compared to an outflow of \$9.2 million for the same period in 2022. Lower inventory levels were achieved as the availability of, and access to, paper and other raw material inputs improved, strong production levels consumed inventory, and an improving supply chain environment has meant lower stocks are required to be maintained.

INVESTING ACTIVITIES

For the nine months ended September 30, 2023, \$109.2 million in cash flows were used for investing activities compared with \$0.9 million during the same period in 2022. Total cash consideration for the acquisition of MCC was \$131.0 million, net of \$4.8 million of cash acquired. This was offset by an inflow of \$24.1 million as DCM entered into a sale and leaseback of its Oshawa, Ontario warehouse facility, which was acquired as part of the acquisition of MCC. The remaining balance relates to \$2.4 million of purchase of new equipment.

FINANCING ACTIVITIES

For the nine months ended September 30, 2023, the cash flow provided by financing activities was \$104.7 million compared with \$9.1 million used during the same period in 2022. In total, DCM borrowed \$155.6 million under its Credit Facilities, of which \$132.2 million related to the acquisition of MCC and associated transaction costs. During the same period, DCM repaid \$65.3 million of outstanding debt, of which \$29.0 million related to repayments on the New Bank Credit Facility and the prior credit facility with the Bank, \$23.1 million were repayments on the Real Estate Bridge Loan from proceeds on the Oshawa sale and leaseback transaction, \$6.1 million were full repayments on the FPD IV and FPD V term loans, with the remaining balance for regular principal repayments on term loans. This was offset by \$24.2 million of net proceeds realized from a private placement of Common Shares completed during the second quarter of 2023.

Lease payments increased from \$6.6 million to \$9.4 million in the current period as a result of the acquisition of MCC. Lastly, an exercise of warrants to purchase Common Shares resulted in a cash inflow of \$0.5 million while an exercise of options to purchase Common Shares resulted in a cash inflow of \$0.8 million.

Outstanding share data

At November 8, 2023 and September 30, 2023, there were 55,022,883 and 55,022,883, respectively, Common Shares outstanding. At December 31, 2022, there were 44,062,831 Common Shares outstanding.

At November 8, 2023 and September 30, 2023, there were options outstanding to purchase up to 4,779,000 and 4,779,000 Common Shares, respectively. At December 31, 2022, there were options outstanding to purchase up to 4,700,886 Common Shares.

At November 8, 2023 and September 30, 2023, there were warrants outstanding to purchase up to 261,216 and 261,216 Common Shares, respectively. At December 31, 2022, there were warrants outstanding to purchase up to 1,648,157 Common Shares.

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 projected contractual obligations as they become due. Contractual obligations have been defined as contractual commitments in existence but not paid for as at September 30, 2023.

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)

	2023			2022				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	\$122,721	\$118,963	\$76,077	\$73,045	\$63,399	\$68,103	\$69,257	\$60,871
Net income (loss) attributable to shareholders	(4,185)	(2,879)	(2,431)	3,680	2,816	3,757	3,713	(1,857)
Basic earnings (loss) per share	(0.08)	(0.06)	(0.06)	0.08	0.06	0.09	0.08	(0.04)
Diluted earnings (loss) per share	(0.08)	(0.06)	(0.06)	0.08	0.06	0.08	0.08	(0.04)

The variations in DCM's quarterly revenues and net income (loss) over the eight quarters ended September 30, 2023 can be attributed to several principal factors: the post-recovery impact of COVID-19 which commenced in the second quarter of 2020, the acquisition of MCC as of April 24, 2023, increases in the costs of freight, paper, ink, and other raw material inputs used by DCM in the conduct of its business; supply chain disruptions which impacted operations in 2021 and 2022; 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; fair value (gains) losses on financial liabilities at fair value through profit or loss for RSUs and DSUs; acquisition and integration costs; and restructuring expenses related to DCM's ongoing productivity improvement and cost reduction initiatives.

DCM's net income for the third quarter of 2023 included higher revenues and gross margins in dollars due to the acquisition of MCC, one-time costs related to restructuring expenses of \$7.0 million and acquisition and integration costs of \$0.2 million, and fair value (gains) losses on financial liabilities at fair value through profit or loss for RSUs and DSUs of approximately \$0.7 million. DCM's net income for the third quarter of 2022 included higher gross margin as a percentage of revenues, and no one-time costs.

DCM's net income for the second quarter of 2023 included higher revenues and gross margins in dollars due to the acquisition of MCC, acquisition and integration costs of \$3.8 million, one-time net fair value (gains) losses on financial liabilities at fair value through profit or loss for RSUs and DSUs of approximately \$2.3 million and restructuring

expenses of \$2.7 million. DCM's net income for the second quarter of 2022 included higher gross margin as a percentage of revenues, and no one-time costs.

DCM's net income for the first quarter of 2023 included improved revenues and margins, acquisition and integration costs of \$6.1 million, one-time net fair value (gains) losses on financial liabilities at fair value through profit or loss for RSUs and DSUs of approximately \$5.0 million included in cost of sales and SG&A and no restructuring expenses. DCM's net income for the first quarter of 2022 included improved revenues and margins, and no one-time costs.

DCM's net income for the fourth quarter of 2022 included improved revenues and margins (offset by supply chain disruptions which impacted operations), acquisition costs of \$1.9 million and no restructuring expenses. DCM's net income for the fourth quarter of 2021 included improved margins due to cost saving initiatives, increases in the costs of freight, paper, ink, and other raw material inputs used by DCM in the conduct of its business; supply chain disruptions which impacted operations, receipt of CEWS COVID-19 wage and rent subsidies of \$0.1 million, and restructuring expenses of \$2.3 million.

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 2023 which are outlined in note 3 of the Notes to the condensed interim consolidated financial statements of DCM for September 30, 2023 for the application of IFRS 5 to certain assets being held for sale.

ASSETS HELD FOR SALE

As at September 30, 2023, DCM has assets that meet the held for sale criteria as disclosed in note 13. Pursuant to IFRS 5, non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such an asset, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale is highly probable to complete within one year from the date of classification, except as permitted under certain events and circumstances. If the aforesaid criteria are no longer met, DCM ceases to classify the asset as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are presented separately in the Statement of Financial Position. DCM does not depreciate or amortize a non-current asset while it is classified as held for sale. Immediately before the initial classification of the assets as held for sale, the carrying amounts of the asset are measured in accordance with applicable IFRS. Non-current assets are not classified as held for sale within the comparative period presented for the Statement of Financial Position.

a) *New and amended standards adopted***IFRS 7 NET FAIR VALUE (GAINS) LOSSES ON FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

In accordance with IAS 8 to provide more reliable and relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows, DCM applied IFRS 7 paragraph 20 to disclose net gains or net losses on financial assets or financial liabilities measured at fair value through profit or loss separately on the condensed interim consolidated statement of operations.

The following table summarizes the impact on DCM's condensed interim consolidated statement of operations for the three months ended September 30, 2022:

	Period ended September 30, 2022 prior to the adoption		Impact	Period ended September 30, 2022 after the adoption	
Selling, commissions and expenses	\$	7,175	\$	(61)	\$ 7,114
General and administration expenses	\$	7,689	\$	(1,147)	\$ 6,542
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	\$	—	\$	1,208	\$ 1,208

The following table summarizes the impact on DCM's condensed interim consolidated statement of operations for the nine months ended September 30, 2022:

	Period ended September 30, 2022 prior to the adoption		Impact	Period ended September 30, 2022 after the adoption	
Selling, commissions and expenses	\$	21,467	\$	(92)	\$ 21,375
General and administration expenses	\$	20,822	\$	(1,394)	\$ 19,428
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	\$	—	\$	1,486	\$ 1,486

b) *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. On October 31, 2022, the IASB published an amendment to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after January 1, 2024. DCM is currently evaluating the 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.

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) ("DC&P") 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 of DCM and the Chief Financial Officer ("CFO") of DCM are responsible for designing disclosure controls and procedures of DCM to provide reasonable assurance that (i) material information relating to DCM was made known to management and (ii) information required to be disclosed by DCM in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

MANAGEMENT'S ANNUAL 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. DCM's internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO, or persons performing similar functions, and effected by DCM's Board of Directors, management and other personnel. DCM's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of DCM's annual or interim financial statements will not be prevented or detected on a timely basis.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As at September 30, 2023, except as set forth below in the immediately following sentence, there were no changes in the Company's internal control over financial reporting that occurred during the nine months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, DCM's internal control over financial

reporting. The CEO and CFO have limited the scope of their design of DC&P and ICFR to exclude control, policies and procedures of MCC. Set forth below is summary financial information about MCC that has been consolidated in the Company's financial statements for the three and nine months ended September 30, 2023.

The revenue and net loss contributed by MCC for the three months ended September 30, 2023 were \$63 million and \$3.4 million and for the nine months ended September 30, 2023 were \$113.5 million and \$5 million respectively. If the acquisition had occurred on January 1, 2023, the estimated revenue and net income contributed by MCC for the nine months ended September 30, 2023 would have been approximately \$203.9 million and \$9.2 million respectively, adjusting net income for additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2023 together with the consequential tax effect.

Outlook

During the third quarter, we took further steps to consolidate our operations footprint with the announcement of plans to close our Trenton, Ontario plant and to move production from our Thistle site into our nearby Toronto Commercial facility. These consolidations, combined with previously announced plans to close plants in Edmonton, Alberta and Fergus, Ontario will reduce our network from 14 to 10 key facilities across Canada over the next 18-24 months.

Further, we have entered into purchase and sale agreements for our Fergus and Trenton facilities which are expected to close within the next three to six months. These transactions are expected to generate total net proceeds of approximately \$15 million, which will be used to further reduce our debt.

Collectively, we've implemented initiatives to date which are intended to drive more than \$17.5 million in annualized savings. Given our progress to date, we are increasing our guidance of expected annualized synergies from the MCC acquisition to a range of \$30 to \$35 million from our previous guidance of \$25 to \$30 million over the next 18-24 months.

We remain focused on delivering on our five-year objectives of a compound annual revenue growth rate of +5%, +14% adjusted EBITDA margins, and +60% revenue growth rates in our marketing technology solutions. Our five-year target of total net debt as a multiple of Adjusted EBITDA to less than 1.0x is well ahead of plan.

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.