

Condensed interim consolidated statements of financial position

<i>(in thousands of Canadian dollars, unaudited)</i>	September 30, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,878	\$ 17,652
Trade receivables (note 4)	95,933	117,956
Inventories	25,715	28,840
Prepaid expenses and other current assets	6,383	5,313
Income taxes receivable	3,533	2,640
Assets held for sale (note 12)	—	8,650
	140,442	181,051
NON-CURRENT ASSETS		
Other non-current assets	9,568	2,900
Deferred income tax assets	8,767	9,801
Property, plant and equipment	33,995	30,358
Right-of-use assets (note 5)	160,240	159,801
Pension assets	3,421	1,962
Intangible assets	9,651	10,616
Goodwill	22,265	22,265
	\$ 388,349	\$ 418,754
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	\$ —	\$ 1,564
Trade payables and accrued liabilities	59,216	75,766
Current portion of credit facilities (note 8)	13,359	6,333
Current portion of lease liabilities (note 7)	10,974	10,322
Provisions (note 6)	9,007	16,325
Deferred revenue	3,927	6,221
	96,483	116,531
NON-CURRENT LIABILITIES		
Provisions (note 6)	1,907	1,004
Credit facilities (note 8)	71,553	93,918
Lease liabilities (note 7)	152,727	144,993
Pension obligations	18,907	26,386
Other post-employment benefit plans	3,876	3,606
Asset retirement obligation	3,524	3,552
	\$ 348,977	\$ 389,990
EQUITY		
SHAREHOLDERS' EQUITY		
Shares (note 9)	\$ 284,592	\$ 283,738
Warrants (note 9)	219	219
Contributed surplus	3,008	3,135
Translation Reserve	202	177
Deficit	(248,649)	(258,505)
	\$ 39,372	\$ 28,764
	\$ 388,349	\$ 418,754

Commitments and contingencies (note 13) and Subsequent events (note 17)

Approved by Board of Directors



Director



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>	For the three months ended September 30, 2024		For the three months ended September 30, 2023	
REVENUES (note 14)	\$	108,726	\$	122,721
COST OF REVENUES		80,717		92,380
GROSS PROFIT		28,009		30,341
EXPENSES				
Selling, commissions and expenses		9,930		10,010
General and administration expenses		12,500		15,055
Restructuring expenses (note 6)		1,160		7,009
Acquisition and integration costs		2,077		244
Net fair value losses on financial liabilities at fair value through profit or loss (note 9)		108		717
		25,775		33,035
INCOME (LOSS) BEFORE FINANCE AND OTHER COSTS, AND INCOME TAXES		2,234		(2,694)
FINANCE COSTS AND OTHER COSTS				
Interest expense on long term debt and pensions, net		2,108		2,550
Interest expense on lease liabilities		3,165		2,522
Amortization of transaction costs		140		141
		5,413		5,213
LOSS BEFORE INCOME TAXES		(3,179)		(7,907)
INCOME TAX (RECOVERY)				
Current		647		(1,495)
Deferred		(1,158)		(2,227)
		(511)		(3,722)
NET LOSS FOR THE PERIOD	\$	(2,668)	\$	(4,185)
BASIC LOSS PER SHARE (note 10)	\$	(0.05)	\$	(0.08)
DILUTED LOSS PER SHARE (note 10)	\$	(0.05)	\$	(0.08)

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>	For the nine months ended September 30, 2024		For the nine months ended September 30, 2023	
REVENUES (note 14)	\$	363,731	\$	317,761
COST OF REVENUES		264,077		231,610
GROSS PROFIT		99,654		86,151
EXPENSES				
Selling, commissions and expenses		30,972		28,181
General and administration expenses		40,704		33,763
Restructuring expenses (note 6)		3,346		9,738
Acquisition and integration costs		2,603		10,199
Net fair value losses on financial liabilities at fair value through profit or loss (note 9)		1,915		8,078
		79,540		89,959
INCOME (LOSS) BEFORE FINANCE AND OTHER COSTS AND INCOME TAXES		20,114		(3,808)
FINANCE AND OTHER COSTS				
Interest expense on long term debt and pensions, net		6,913		5,573
Interest expense on lease liabilities (note 7)		9,279		4,081
Amortization of transaction costs, net of debt extinguishment gain (note 8)		420		320
		16,612		9,974
INCOME (LOSS) BEFORE INCOME TAXES		3,502		(13,782)
INCOME TAX EXPENSE (RECOVERY)				
Current		2,005		842
Deferred		(1,374)		(5,128)
		631		(4,286)
NET INCOME (LOSS) FOR THE PERIOD	\$	2,871	\$	(9,496)
BASIC EARNINGS (LOSS) PER SHARE (note 10)	\$	0.05	\$	(0.19)
DILUTED EARNINGS (LOSS) PER SHARE (note 10)	\$	0.05	\$	(0.19)

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

Condensed interim consolidated statements of comprehensive loss

<i>(in thousands of Canadian dollars, unaudited)</i>	For the three months ended September 30, 2024		For the three months ended September 30, 2023	
NET LOSS FOR THE PERIOD	\$	(2,668)	\$	(4,185)
OTHER COMPREHENSIVE INCOME (LOSS):				
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET (LOSS)				
Foreign currency translation		(19)		(2)
		(19)		(2)
ITEMS THAT WILL NOT BE RECLASSIFIED TO NET (LOSS)				
Re-measurements of pension and other post-employment benefit obligations (note 3)		625		1,022
Taxes related to pension and other post-employment benefit adjustment above		(160)		(280)
		465		742
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	\$	446	\$	740
COMPREHENSIVE LOSS FOR THE PERIOD	\$	(2,222)	\$	(3,445)

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

Condensed interim consolidated statements of comprehensive income (loss)

<i>(in thousands of Canadian dollars, unaudited)</i>	For the nine months ended September 30, 2024		For the nine months ended September 30, 2023	
NET INCOME (LOSS) FOR THE PERIOD	\$	2,871	\$	(9,496)
OTHER COMPREHENSIVE INCOME (LOSS):				
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME (LOSS)				
Foreign currency translation		25		(3)
		25		(3)
ITEMS THAT WILL NOT BE RECLASSIFIED TO NET INCOME (LOSS)				
Re-measurements of pension and other post-employment benefit obligations (note 3)		9,393		2,459
Taxes related to pension and other post-employment benefit adjustment above		(2,408)		(655)
		6,985		1,804
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	\$	7,010	\$	1,801
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$	9,881	\$	(7,695)

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

Condensed interim consolidated statements of changes in shareholders' equity

<i>(in thousands of Canadian dollars, unaudited)</i>	Shares	Warrants	Contributed surplus	Translation reserve	Deficit	Total equity
Balance as at December 31, 2022	\$ 256,478	\$ 869	\$ 3,131	\$ 207	\$ (237,838)	\$ 22,847
Net loss for the period	—	—	—	—	(9,496)	(9,496)
Other comprehensive income (loss) for the period	—	—	—	(3)	1,804	1,801
Total comprehensive loss for the period	—	—	—	(3)	(7,692)	(7,695)
Issuance of common shares (note 9)	24,480	219	—	—	—	24,699
Exercise of warrants (note 9)	1,358	(869)	—	—	—	489
Exercise of options (note 9)	1,422	—	(671)	—	—	751
Share-based compensation expense (note 9)	—	—	524	—	—	524
BALANCE AS AT SEPTEMBER 30, 2023	\$ 283,738	\$ 219	\$ 2,984	\$ 204	\$ (245,530)	\$ 41,615
BALANCE AS AT DECEMBER 31, 2023	\$ 283,738	\$ 219	\$ 3,135	\$ 177	\$ (258,505)	\$ 28,764
Net income for the period	—	—	—	—	2,871	2,871
Other comprehensive income for the period	—	—	—	25	6,985	7,010
Total comprehensive income for the period	—	—	—	25	9,856	9,881
Exercise of options (note 9)	854	—	(517)	—	—	337
Share-based compensation expense (note 9)	—	—	390	—	—	390
BALANCE AS AT SEPTEMBER 30, 2024	\$ 284,592	\$ 219	\$ 3,008	\$ 202	\$ (248,649)	\$ 39,372

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>	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
		<i>(Revised - Note 16)</i>
CASH PROVIDED BY		
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 2,871	\$ (9,496)
<i>Items not affecting cash</i>		
Depreciation of property, plant and equipment	5,138	4,107
Amortization of intangible assets	1,516	2,052
Depreciation of right-of-use-assets (note 5)	13,488	8,012
Share-based compensation expense	390	524
Net fair value losses on financial liabilities at fair value through profit or loss (note 9)	1,915	8,078
Pension expense	1,415	837
Gain on sale and leaseback	(11)	—
Gain on disposal of property, plant and equipment	(54)	—
Provisions (note 6)	3,346	9,738
Amortization of transaction costs, net of debt extinguishment gain (note 8)	421	320
Accretion of asset retirement obligations, net of any changes in estimate	(28)	19
Other post-employment benefit plan expense	447	385
Income tax expense (recovery)	631	(4,286)
Right-of-use assets impairment (note 5)	97	—
Changes in working capital (note 11)	3,107	5,710
Contributions made to pension plans	(960)	(837)
Contributions made to other post-employment benefit plans	(177)	(207)
Provisions paid (note 6)	(8,804)	(2,580)
Income taxes paid	(2,898)	(3,854)
Total cash generated from operating activities	21,850	18,522
INVESTING ACTIVITIES		
Net cash consideration for acquisition of MCC	—	(130,953)
Proceeds on sale and leaseback transaction (note 5)	10,218	24,091
Purchase of property, plant and equipment	(9,709)	(2,419)
Purchase of intangible assets	(551)	(112)
Purchase of non-current assets	(8,013)	—
Proceeds on disposal of property, plant and equipment	440	242
Total cash used in investing activities	(7,615)	(109,151)
FINANCING ACTIVITIES		
Issuance of common shares and broker warrants, net (note 9)	—	24,221
Exercise of warrants (note 9)	—	489
Exercise of options (note 9)	337	751
Proceeds from credit facilities (note 8)	58,145	155,640
Repayment of credit facilities (note 8)	(73,905)	(65,260)
Decrease in bank overdrafts	(1,564)	—
Transaction costs (note 8)	—	(1,802)
Principal portion of lease payments (note 7)	(6,055)	(5,299)

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Total cash (used in) provided by financing activities		(23,042)		108,740
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(8,807)		18,111
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	\$	17,652	\$	4,208
EFFECTS OF FOREIGN EXCHANGE ON CASH BALANCES		33		(9)
CASH AND CASH EQUIVALENTS – END OF PERIOD	\$	8,878	\$	22,310

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, 2024 and 2023

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

DATA Communications Management Corp. ("DCM" or the "Company") is a leading Canadian tech-enabled provider of print and digital solutions that help simplify complex marketing communications and operations workflow. DCM serves over 2,500 clients including 70 of the 100 largest Canadian corporations and many leading government agencies. Our core strength lies in delivering individualized services to our clients that simplify their communications, including customized printing, highly personalized marketing communications, campaign management, digital signage and digital asset management. From omnichannel marketing campaigns to large-scale print and digital workflows, our goal is to make complex tasks surprisingly simple, allowing our clients to focus on what they do best.

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 Accounting Standards") 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 common shares of DCM are listed on the Toronto Stock Exchange ("TSX") under the symbol "DCM" and trade on OTCQX under the symbol "DCMDF". 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 12, 2024.

2 Material 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 (IASB) ("IFRS Accounting Standards"). These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial reports under 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, 2023, except for certain new accounting pronouncements which have been adopted by DCM on January 1, 2024 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 Accounting Standards effective for the year ending December 31, 2024, as issued and outstanding as of November 12, 2024, 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, 2023 which have been prepared in accordance with IFRS Accounting Standards.

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***3 Change in accounting policies, significant accounting estimates, assumptions and judgements***a) New and amended standards adopted***AMENDMENTS TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT, AND NON-CURRENT LIABILITIES WITH COVENANTS**

In January 2020 the IASB issued an amendment to 'Classification of Liabilities as Current or Non-current (2020 Amendments)'. This standard was amended 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. In October 2022 the IASB issued a further amendment 'Non-current Liabilities with Covenants' (2022 amendments) which also deferred the effective date of the 2020 amendments). The 2022 amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The amendments were adopted effective January 1, 2024 and did not have an impact on the condensed interim consolidated financial statements (see note 8 for details of the financial covenants that DCM is required to comply with over the next twelve months).

AMENDMENTS TO IFRS 16 LEASES: LEASE LIABILITY IN A SALE AND LEASEBACK

In September 2022 the IASB has issued narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 explaining how a seller-lessee accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or a rate are impacted. The amendments were adopted January 1, 2024 and did not have any significant impact on the condensed interim consolidated financial statements.

AMENDMENTS TO IAS 7 STATEMENT OF CASH FLOWS AND IFRS 7 FINANCIAL INSTRUMENTS: SUPPLIER FINANCING AGREEMENTS

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, addressing the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements. The disclosure requirements in the amendments enhance the previous requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments were adopted January 1, 2024. and did not have any significant impact on the condensed interim consolidated financial statements.

*b) Future accounting standards not yet adopted***AMENDMENTS TO IAS 21: LACK OF EXCHANGEABILITY**

In August 2023, the IASB amended IAS 21 to address challenges in determining exchangeability between currencies and establishing the spot exchange rate in cases where exchangeability is lacking. Previously, IAS 21 provided guidance for situations of temporary lack of exchangeability but did not address scenarios of non-temporary lack of exchangeability. The amendments are effective for reporting periods beginning on or after January 1, 2025. DCM is currently evaluating the impact but does not expect these amendments to have any significant impact on the condensed interim consolidated financial statements.

NEW STANDARD: IFRS 18: PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

In April 2024 the IASB issued a new standard, IFRS 18 "Presentation and Disclosure in Financial Statements". This standard will replace IAS 1 and (i) provides a defined structure for the statement of profit or loss and will require items

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

in the statement to be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations, (ii) requires enhanced disclosures within the notes to the financial statements for certain non-GAAP profit or loss performance measures (management defined performance measures, "MPM") that are reported outside an entity's financial statements including a reconciliation between the MPM and the most similar specified subtotal in IFRS Accounting Standards, and (iii) provides clarification on aggregation and disaggregation in the primary financial statements and note disclosures. The new standard will apply to reporting periods beginning on or after January 1, 2027 and will apply to comparative information. Management is currently evaluating the impact of this future policy on the consolidated financial statements.

AMENDMENTS TO IFRS 9 and IFRS 7: CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

In May 2024, the IASB amended IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures". The amendments (i) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (ii) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (iii) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and (iv) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The amendments are effective for reporting periods beginning on or after January 1, 2026. DCM is currently evaluating the impact on the condensed interim consolidated financial statements.

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

*c) Change in accounting estimates***DEFINED BENEFIT OBLIGATIONS**

During the three and nine months ended September 30, 2024, DCM recorded re-measurements of pension obligations gains of \$625 and \$9,393 in the condensed interim consolidated statements of comprehensive income (loss). The \$8,768 remeasurement gains prior to this quarter were primarily as a result of an increase in the discount rate from 4.6% at December 31, 2023 to 5% at June 30, 2024 to reflect changes in Canadian economic conditions and long-term interest rates. The \$625 remeasurement gains in the third quarter reflected asset returns in excess of the discount rate which were largely offset by remeasurement losses due to a reduction in the discount rate back to 4.6% at September 30, 2024.

4 Trade receivables

	September 30, 2024	December 31, 2023
Trade receivables	\$ 97,832	\$ 119,676
Provision for expected credit losses	(1,899)	(1,720)
	\$ 95,933	\$ 117,956

As at September 30, 2024, trade receivables include unbilled receivables of \$36,286 (2023 – \$32,490), net of an expected credit loss allowance of \$1,012 (2023 – \$1,197).

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

*(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, 2024:

		Property	Office Equipment	Production Equipment	Total
Balance - Beginning of period	\$	153,465	\$ 2,288	\$ 4,048	\$ 159,801
Impairment		(81)	—	(16)	(97)
Additions for the period		1,484	2,441	12,128	16,053
Modifications for the period		(1,612)	6	(447)	(2,053)
Depreciation for the period		(10,584)	(777)	(2,127)	(13,488)
Effect of movement in exchange rates		25	—	(1)	24
Closing net book value	\$	142,697	\$ 3,958	\$ 13,585	\$ 160,240
As at September 30, 2024					
Cost	\$	178,128	\$ 8,988	\$ 31,726	\$ 218,842
Accumulated depreciation		(35,431)	(5,030)	(18,141)	(58,602)
Net book value	\$	142,697	\$ 3,958	\$ 13,585	\$ 160,240

During the three and nine months ended September 30, 2024, DCM modified certain leases by entering into renewal and/or amending agreements to extend lease terms and/or increase/reduce the lease payments.

On January 11, 2024, DCM completed a sale and leaseback of its Trenton, Ontario manufacturing facility. Gross proceeds realized on the sale were \$9 million, and, after deducting closing commissions, rent deposit, and other expenses, net proceeds were \$8.5 million. This transaction includes a one year leaseback arrangement with extension options for up to an additional six months to allow the Company sufficient time to complete the planned closure of the facility.

On June 28, 2024, DCM delivered a Termination of Lease Agreement (the "Lease Termination Notice") to the landlord related to the leased facility in Edmonton, Alberta. As of this date, DCM recorded a total impairment of the ROU asset of \$0.1 million recorded as restructuring expense on the condensed interim consolidated statements of operations. Upon final negotiations, DCM signed a Termination of Lease Agreement (the "Lease Termination Agreement") on August 27, 2024 with the landlord, effective August 31, 2024 (the "Effective Date"). The Lease Termination Agreement required DCM to pay an aggregate of \$800 in consideration of terminating the lease, payable on the effective date on August 31, 2024 resulting in a modification loss of \$409 which was recorded as restructuring expense in the condensed interim consolidated statement of operations for the nine months ended September 30, 2024.

During the nine months ended September 30, 2024, DCM reduced the lease term of Fergus, Ontario and Trenton, Ontario leased facilities to exclude extension options as management determined that it was no longer considered reasonably certain that they would be exercised.

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***6 Provisions**

	Termination provisions	Plant Closure	Total
Balance – December 31, 2023	\$ 16,809	\$ 520	\$ 17,329
Additional charge during the period	1,911	1,435	3,346
Loss on disposal of fixed assets during the period	—	(548)	(548)
Modification loss on termination of lease	—	(409)	(409)
Utilized during the period	(7,806)	(998)	(8,804)
Balance - September 30, 2024	\$ 10,914	\$ —	\$ 10,914
Less: Current portion of provisions	(9,007)	—	(9,007)
Balance - Long-term portion of provisions	\$ 1,907	\$ —	\$ 1,907

	Termination provisions	Plant Closure	Total
Balance – December 31, 2022	\$ 1,316	\$ —	\$ 1,316
Acquisition of MCC	680	—	680
Additional charge during the period	9,738	—	9,738
Utilized during the period	(2,580)	—	(2,580)
Balance - September 30, 2023	\$ 9,154	\$ —	\$ 9,154
Less: Current portion of provisions	(7,712)	—	(7,712)
Balance - Long-term portion of provisions	\$ 1,442	\$ —	\$ 1,442

TERMINATION PROVISIONS

During the three and nine months ended September 30, 2024, DCM continued its planned initiatives to align its organizational structure and optimize its operational footprint.

During the three and nine months ended September 30, 2024, these initiatives resulted in \$1,160 and \$3,346 of restructuring expenses due to headcount reduction and consolidation of plants across DCM's operations. During the nine months ended September 30, 2024, cash payments of \$7,806 (2023 - \$2,580) were made to former employees for severances and other restructuring costs. The remaining severance and restructuring accruals are expected to be paid in 2024, 2025 and 2026.

7 Lease liabilities

DCM currently leases manufacturing, warehouse and 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	148,669	2,575	4,071	155,315
Additions during the period	1,484	2,441	12,128	16,053
Modifications during the period	(1,203)	6	(447)	(1,644)
Payments during the period	(11,840)	(830)	(2,664)	(15,334)
Interest charge for the period	8,773	108	398	9,279
Effect of movement in exchange rates	58	(5)	(21)	32
As at September 30, 2024	\$ 145,941	\$ 4,295	\$ 13,465	\$ 163,701

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

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

	Contractual Cash Flows	Extension Options	Total as at September 30, 2024
Not later than one year	\$ 17,973	\$ 421	\$ 18,394
Later than one and not later than five years	71,618	8,980	80,598
Later than five years	74,883	110,493	185,376
Total undiscounted lease liabilities	\$ 164,474	\$ 119,894	\$ 284,368
Discounted using the incremental borrowing rates			(120,667)
Lease liabilities			\$ 163,701
Current			\$ 10,974
Non-current			\$ 152,727

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, 2024, extension options that are not reflected in the measurement of the lease liability total \$8,725 (December 31, 2023 - \$7,834).

8 Credit facilities

	September 30, 2024	December 31, 2023
Term loans		
- 5.95% term debt, maturing December 17, 2026 (FPD VI Credit facility)	6,679	7,857
- 8.08% term debt, maturing April 21, 2028 (FPD VI New Credit facility)	47,024	50,000
Revolving facility		
- floating rate debt, maturing April 24, 2026 (Bank Credit Facility)	27,759	44,009
Leasing facility		
- Interim Funding, maturing January 2, 2025 (Bank Leasing Facility)	4,644	—
Credit facilities	\$ 86,106	\$ 101,866
Unamortized transaction costs	(1,194)	(1,615)
	\$ 84,912	\$ 100,251
Less: Current portion of Credit facilities	(13,359)	(6,333)
Credit facilities	\$ 71,553	\$ 93,918

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

DCM has established a revolving credit facility (the "Bank Credit Facility") pursuant to a third amended and restated credit agreement (the "Bank Credit Agreement") with a Canadian chartered bank (the "Bank"). Under the terms of the amended Bank Credit Agreement, the maximum principal amount available under the Bank Credit Facility is \$90,000. The Bank Credit Facility also includes an "accordion" feature, which can provide up to an additional \$20,000 of capacity under the revolving facility. The Bank Credit Facility matures on April 24, 2026. This facility is available to DCM in the form of a Loan Facility (Revolving Facility and/or Term Facility), a Hedging Facility, a Leasing Facility and a MasterCard Facility.

The Loan Facility is available to be drawn by way of either Prime Rate loans, Base Rate loans, Canadian Overnight Repo Rate Average (CORRA) loans, Secured Overnight Financing Rate (SOFR) loans, and/or Letters of Credit.

Prime rate loans charge interest based on the Canadian 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 adjusted Term CORRA for a period of one month plus 100 basis points per annum. Currently, advances under the Bank Credit Facility may not, at any time, exceed the lesser of \$90,000 and a fixed percentage of DCM's aggregate accounts receivable and inventory (less certain amounts). Advances under the Bank Credit Facility of \$9,759 as at September 30, 2024 are currently subject to floating interest rates based upon the Canadian prime rate plus an applicable margin of 1.00% for a total interest rate of 7.45% as of September 30, 2024.

Base Rate loans is the rate of interest on US dollar denominated loans plus applicable margin. SOFR loans is the secured overnight financing rate published by the Federal Reserve Bank of New York on the next succeeding Business Day. DCM has a discretion of availing CORRA loan advances under the Loan Facility for 1, 2 and 3 month terms ("CORRA loan").

As at September 30, 2024, DCM had \$18,000 advances under CORRA loan, but doesn't have any advances under SOFR and Base Rate loans. As at September 30, 2024, three advances were made under the CORRA loan for an amount of \$4,000 ("CORRA Loan I"), \$7,000 ("CORRA Loan II) and \$7,000 ("CORRA Loan III"). The applicable CORRA loan interest rate on these terms is calculated as adjusted Term CORRA plus an applicable margin for total interest of 7.08%, 7.40% and 6.83%, respectively.

In April 2024, DCM signed an Interim Funding Agreement ("IFA") with the Bank using the available Leasing Facility (Bank Leasing Facility) to finance the equipment purchases. According to the terms of the credit agreement, the maximum principal amount available under the IFA is \$8,155, with the facility expiring on January 2, 2025 (amended on October 8, 2024 from the original expiration date of October 10, 2024). The interest fee on the IFA is charged based on one-month forward looking term rate based on the CORRA published on such determination date, plus a margin of 3.75%. During the period, \$4,644 was drawn to partially fund \$6,811 in installment payments for equipment. These payments are recorded as other non-current assets on the condensed interim consolidated statement of financial position as at September 30, 2024 as the equipment is intended to be leased to the Bank upon completion of installation.

On June 5, 2024, DCM entered into an amendment to its Bank Credit Agreement. The applicable Canadian Dollar Offered Rate ("CDOR") was replaced by the CORRA plus 0.3%.

On July 24, 2024, DCM completed its' first sale and leaseback transaction for various equipment with the Bank under the Bank Leasing Facility for total proceeds of \$1,557. In conjunction with this transaction on July 30, 2024, DCM entered into an Amendment to the Interim Funding Agreement ("Amended IFA") to reduce the maximum principal amount available under the IFA from \$8,155 to \$6,598 to reflect the completed sale and leaseback transaction.

In January 2024, DCM completed a sale and leaseback for its Trenton, Ontario manufacturing facility for net proceeds of \$8,500 (after deducting rent deposits paid), which were applied towards paying down the Bank Credit Facility.

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

As at September 30, 2024, DCM had access to \$22,406 of available credit under the Bank Credit Facility and had cash and cash equivalents of \$8,878 as shown on the condensed interim consolidated statement of financial position as at September 30, 2024.

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”). On October 22, 2024 a second amended and restated credit agreement was entered into to align the financial covenants on the term loans with those on the Bank revolving facility. The amended covenants are reflected in the table below.

COVENANT REQUIREMENTS

Each of the Bank Credit Agreement and the FPD Credit Agreement contains customary representations and warranties, certain financial covenant requirements (see below), 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.

Borrowings subject to financial covenants	Financial Covenant	Frequency Tested	Ratios to be compliant	Ratios at September 30, 2024
Term loans	Total Funded Debt to Adjusted EBITDA	Quarterly	From September 30, 2024 to December 30, 2025 < 3.50 : 1.00 From December 31, 2025 to loan maturity < 2.75 : 1.00	1.97 : 1.00
	Fixed charge coverage ratio	Quarterly	For September 30, 2024 > 1.25 : 1.00 From December 31, 2024 to loan maturity > 1.10 : 1.00	2.09 : 1.00
	Working capital ratio	Quarterly	At all times > 1.10 : 1.00	1.64 : 1.00
Revolving facility	Fixed charge coverage ratio	Monthly	At all times > 1.10 : 1.00	2.09 : 1.00

For purposes of the Bank Credit Agreement and the FPD Credit Agreement, “EBITDA” means net income or net loss for the relevant period, calculated on a consolidated basis, plus amounts deducted, or minus amounts added, in calculating net income or net loss in respect of: (a) the aggregate expense incurred for interest on debt and other costs of obtaining credit; (b) income taxes, whether or not deferred; (c) depreciation and amortization; non-cash expenses resulting from employee or management compensation, including the grant of stock options or restricted options to employees; any gain or loss attributable to the sale, conversion or other disposition of property out of the ordinary course of business; interest or dividend income; foreign exchange gain or loss; gains resulting from the write up of property and losses resulting from the write-down of property (except allowances for doubtful accounts receivable and non-cash reserves for obsolete inventory); any gain or loss on the repurchase or redemption of any securities (including in connection with the early retirement or defeasance of any debt); goodwill and other intangible asset write-downs; lease payments to convert on a pre-IFRS 16 basis; and any other extraordinary, nonrecurring or unusual items such as restructuring costs (as agreed to by the lender) provided the amounts added back pursuant to clause (c) above in respect of cash expenses (other than acquisition, integration and restructuring costs related to the April 2023 MCC acquisition) are capped at 15% of unadjusted EBITDA. The pro forma financial results from any acquisitions completed by DCM during a given year are included on a trailing twelve month basis effective as of the closing date of the acquisitions for the purposes of DCM’s covenant calculations.

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

As of September 30, 2024, DCM was in compliance with all 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 2024 budget and forecasts through to December 31, 2025 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 fifteen months.

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, would result in the interest rate on borrowings increasing by 2% while in default and could result in the indebtedness outstanding becoming immediately due and payable under each of those agreements if called by the lenders.

INTER-CREDITOR AGREEMENT

DCM's obligations under the Bank Credit Facility, and the FPD VI Credit Facilities are secured by conventional security charging all 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.

The movement in credit facilities during the nine months ended September 30, 2024 and for the year ended December 31, 2023 are as follows:

	September 30, 2024	December 31, 2023
Balance – Beginning of period / year, net of transaction costs and debt premiums and discounts	\$ 100,251	\$ 27,047
Changes from financing cash flows		
Proceeds from credit facilities	58,145	162,140
Repayment of credit facilities	(73,905)	(87,592)
Finance costs	—	(1,801)
Balance after the changes in financing cash flows	84,491	99,794
Non-cash movements		
Amortization of transaction costs, net of debt modification gain	421	457
Balance – End of period / year, net of transaction costs	\$ 84,912	\$ 100,251

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

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

	September 30, 2024
2024	2,179
2025 ⁽¹⁾	13,358
2026	39,617
2027	7,143
2028	23,809
	\$ 86,106

⁽¹⁾ Includes the \$4,644 for interim funding received to date under the leasing facility which is expected to be converted into a lease liability on execution of the lease agreement by 2025.

9 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:

	Number of Common shares		Amount
Balance – December 31, 2023	55,022,883	\$	283,738
Exercise of options – April 12, 2024	218,000	\$	654
Exercise of options – May 16, 2024	68,069	\$	200
Balance – September 30, 2024	55,308,952	\$	284,592

	Number of Common shares		Amount
Balance – December 31, 2022	44,062,831	\$	256,478
Exercise of warrants - April 3, 2023	138,157	\$	167
Exercise of warrants - April 21, 2023	1,510,000	\$	1,191
Exercise of options - May 23, 2023	60,374	\$	128
Exercise of options - May 23, 2023	544,321	\$	1,294
Shares issued - May 25, 2023	8,707,200	\$	24,480
Balance – September 30, 2023	55,022,883	\$	283,738

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

A summary of warrant activities for the nine months ended September 30, 2024 and the year ended December 31, 2023 is as follows:

	Nine months ended September 30, 2024		Year ended December 31, 2023	
	Number of Warrants	Weighted average Exercise Price	Number of Warrants	Weighted average Exercise Price
Warrants outstanding – beginning of period	261,216	\$ 3.16	1,648,157	\$ 0.30
Granted	—	—	261,216	3.16
Exercised	—	—	(1,648,157)	0.30
Warrants outstanding – end of period	261,216	\$ 3.16	261,216	\$ 3.16

The outstanding warrants had an exercise price range as follows:

	September 30, 2024 Number of Warrants	December 31, 2023 Number of Warrants
\$3.16	261,216	261,216
Warrants outstanding	261,216	261,216

During the nine months ended September 30, 2024, nil (nine months ended September 30, 2023 - 1,648,157) warrants were exercised for total proceeds of nil (nine months ended September 30, 2023 - \$489).

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 5,530,895 common shares or 10% of the issued and outstanding common shares of DCM.

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

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

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.

	September 30, 2024	December 31, 2023
	Number of RSUs	Number of RSUs
Balance - beginning of period	2,197,937	3,154,305
Units granted	227,872	348,110
Units forfeited	(12,848)	(115,920)
Units paid out	(1,026,344)	(1,188,558)
Balance - end of period	1,386,617	2,197,937

During the nine months ended September 30, 2024, the Chief Executive Officer ("CEO") of DCM was granted 94,972 RSUs (nine months ended September 30, 2023 – 143,506 RSUs) and 132,900 RSUs (nine months ended September 30, 2023 – 204,604 RSUs) were awarded to other members of DCM's management.

Of the total outstanding RSUs at September 30, 2024, nil (December 31, 2023 – nil) have vested and are payable. The carrying amount of the liability relating to the RSUs at September 30, 2024 was \$2,953 (December 31, 2023 – \$4,814).

During the three and nine months ended September 30, 2024, compensation expense of \$190 and \$1,450 (three and nine months ended September 30, 2023 – \$519 and \$3,982) was recognized in the condensed interim consolidated 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, 2024, and the year ended December 31, 2023 is as follows:

	Nine months ended September 30, 2024		Year ended December 31, 2023	
	Number of Options	Weighted average Exercise Price	Number of Options	Weighted average Exercise Price
Options outstanding - beginning of period	4,529,000	\$ 1.18	4,700,886	\$ 0.97
Granted	—	—	750,000	3.42
Exercised	(305,200)	1.29	(671,886)	1.38
Expired/forfeited	—	—	(250,000)	3.42
Options outstanding - end of period	4,223,800	\$ 1.18	4,529,000	\$ 1.18
Exercisable	3,723,800	\$ 1.02	2,987,333	\$ 0.89

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

The outstanding Options had an exercise price range as follows:

	September 30, 2024	December 31, 2023
	Number of Options	Number of Options
\$0.69	2,500,000	2,500,000
\$0.85	125,000	125,000
\$1.29	348,800	654,000
\$1.30	750,000	750,000
\$3.42	500,000	500,000
Options outstanding	4,223,800	4,529,000

During the nine months ended September 30, 2024, 305,200 options were exercised in exchange for 286,069 common shares (as a result of the net settlement of certain options) for total proceeds of \$337.

During the three and nine months ended September 30, 2024, compensation expense of \$69 and \$390 (three and nine months ended September 30, 2023 – \$255 and \$524) 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 any other 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, 2024, 94,376 (nine months ended September 30, 2023 - 142,113) DSUs were granted. The carrying amount of the liability relating to the 2,723,780 DSUs outstanding at September 30, 2024 was \$7,354 (December 31, 2023 – \$6,889 and 2,629,404 DSUs outstanding).

During the three and nine months ended September 30, 2024, a recovery of \$82 and an expense of \$465 (three and nine months ended September 30, 2023 – expense of \$198 and \$4,096) was recognized in the net fair value (gains) losses on financial liabilities at fair value through profit or loss 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, 2024 and 2023

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***10 Earnings (Loss) per share**

	For the three months ended September 30, 2024	For the three months ended September 30, 2023
BASIC LOSS PER SHARE		
Net (loss) for the period attributable to common shareholders	\$ (2,668)	\$ (4,185)
Weighted average shares	55,308,952	55,022,883
Basic loss per share	\$ (0.05)	\$ (0.08)
DILUTED LOSS PER SHARE		
Net (loss) for the period attributable to common shareholders	\$ (2,668)	\$ (4,185)
Weighted average shares	55,308,952	55,022,883
Adjustments for calculation of diluted earnings per share:		
Options	—	—
Warrants	—	—
Weighted average number of shares in calculating diluted earnings per share	55,308,952	55,022,883
Diluted loss per share	\$ (0.05)	\$ (0.08)
	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
BASIC EARNINGS (LOSS) PER SHARE		
Net income (loss) for the year attributable to common shareholders	\$ 2,871	\$ (9,496)
Weighted average shares	55,192,969	49,420,414
Basic earnings (loss) per share	\$ 0.05	\$ (0.19)
DILUTED EARNINGS (LOSS) PER SHARE		
Net income (loss) for the year attributable to common shareholders	\$ 2,871	\$ (9,496)
Weighted average shares	55,192,969	49,420,414
Adjustments for calculation of diluted earnings per share:		
Options	2,591,489	—
Warrants	—	—
Weighted average number of shares in calculating diluted earnings per share	57,784,458	49,420,414
Diluted earnings (loss) per share	\$ 0.05	\$ (0.19)

For the three months ended September 30, 2024, options to purchase up to 4,223,800 common shares and warrants to purchase up to 261,216 common shares were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive.

For the nine months ended September 30, 2024, options to purchase up to 500,000 common shares and warrants to purchase up to 261,216 common shares were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive.

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

For the three and nine months ended September 30, 2023, options to purchase up to 4,779,000 common shares and warrants to purchase up to 261,216 common shares were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive.

11 Changes in working capital

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Trade receivables	\$ 22,023	\$ 10,254
Inventories	3,125	8,140
Prepaid expenses and other current and non-current assets	(1,282)	(2,231)
Trade and accrued liabilities (note 16)	(18,465)	(9,486)
Deferred revenue	(2,294)	(967)
	\$ 3,107	\$ 5,710

12 Assets Held for sale

	For the nine months ended September 30, 2024
Balance - December 31, 2023	\$ 8,650
Disposal	(8,650)
Balance - September 30, 2024	\$ —

In January 2024, DCM completed a sale and leaseback of its Trenton, Ontario manufacturing facility (see note 5).

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

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

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

these indemnities are not explicitly defined. No accruals have been required to be made as at September 30, 2024 with respect to these agreements.

Executive employment agreements allow for additional payments of approximately \$5,062 if the individuals are terminated without cause, or in the event of a change in control.

14 Segmented information

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

DCM 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.

Revenue on a disaggregated basis based on the nature of the major products and services DCM provides to its customers is set out below:

<i>(in thousands of Canadian dollars, unaudited)</i>	For the three months ended September 30, 2024	For the three months ended September 30, 2023
Product sales	\$ 94,417	\$ 107,976
Technology-enabled hardware solutions	1,811	2,319
Warehousing services	4,524	3,752
Freight services	3,366	3,617
Marketing and other services	751	523
Technology-enabled subscription services and fees	3,857	4,534
	\$ 108,726	\$ 122,721

<i>(in thousands of Canadian dollars, unaudited)</i>	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Product sales	\$ 317,054	\$ 281,695
Technology-enabled hardware solutions	5,993	7,616
Warehousing services	11,554	8,274
Freight services	10,917	9,041
Marketing and other services	2,252	1,849
Technology-enabled subscription services and fees	15,961	9,286
	\$ 363,731	\$ 317,761

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***15 Related party transactions****COMPENSATION OF KEY MANAGEMENT**

Key management personnel are deemed to be Directors on DCM's Board, the CEO and 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:

	For the three months ended September 30, 2024	For the three months ended September 30, 2023
Salaries and other short-term employee benefits	\$ 836	\$ 502
Post-employment benefits	2	—
Share-based compensation expense	177	529
Total	\$ 1,015	\$ 1,031

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Salaries and other short-term employee benefits	\$ 2,425	\$ 2,493
Post-employment benefits	14	10
Share-based compensation expense	1,232	2,997
Total	\$ 3,671	\$ 5,500

During the three months ended September 30, 2024, key management personnel (excluding compensation awarded to Directors) were granted nil RSUs (2023 - nil), and nil RSUs (2023 - nil) were forfeited. During the three months ended September 30, 2024, there were no options granted (2023 - nil) to purchase Common Shares to key management personnel (excluding compensation awarded to Directors). During the three months ended September 30, 2024, DCM's general and administration expenses include a charge of \$11 (2023 - \$227) for these past share-based compensation awards related to options.

During the three months ended September 30, 2024, DCM's general and administration expenses include a net recovery of \$82 (2023 - \$176) for the duties performed by DCM's Board, of which a recovery of \$82 (2023 - \$28) relates to DSU fair value expense (note 9).

During the nine months ended September 30, 2024, key management personnel (excluding compensation awarded to Directors) were granted 172,073 RSUs (2023 - 252,260 RSUs), and nil RSUs (2023 - nil RSUs) were forfeited. During the nine months ended September 30, 2024, there were no grant of options to purchase Common Shares to key management personnel (excluding compensation awarded to Directors). During the nine months ended September 30, 2023, key management personnel (excluding compensation awarded to Directors) were granted options to purchase up to 750,000 Common Shares. During the nine months ended September 30, 2024, DCM's general and administration expenses include a charge of \$58 (2023 - \$409) for these past share-based compensation awards related to options.

During the nine months ended September 30, 2024, DCM's general and administration expenses include a net charge of \$465 (2023 - \$4,096) for the duties performed by DCM's Board, of which \$170 (2023 - \$3,621) relates to DSU fair value expense (note 9).

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2024 and 2023

*(in thousands of Canadian dollars, except percentages, shares and per share amounts, unaudited)***16 Comparative figures**

To align with the presentation adopted in the current period the comparative figures in the cash flow statement have been revised to (1) reclassify the \$4,081 interest portion of lease payments from financing activities to operating activities to be consistent with the presentation of interest payments on the credit facilities and (2) present the \$8,078 net fair value losses on financial liabilities at fair value through profit and loss separately from the other changes in trade and accrued liabilities within changes in working capital (note 11).

17 Subsequent event

On November 4, 2024, DCM announced the acquisition of 100% of the shares of Zavy Limited ("Zavy"), in an all-cash transaction of approximately \$830, subject to post-closing working adjustments. With the completion of the acquisition, Zavy is a wholly-owned subsidiary of DCM. Zavy is a New Zealand-based Software-as-a-Service ("SaaS") marketing technology ("martech") company that helps companies optimize their social media effectiveness. DCM plans to integrate Zavy into its suite of martech offerings, with the goal of helping customers simplify complexity and increase productivity in their marketing processes.

Acquisition costs recognized in the three months ended September 30, 2024 was approximately \$200.

As disclosed in note 8, on October 22, 2024 a second amended and restated credit agreement was entered into with FPD to align the financial covenants on the term loans with those on the Bank revolving facility.