2023 Annual Report

REFILED 2023 ANNUAL REPORT

NOTE TO READER: The management's discussion and analysis of financial condition and results of operations of DATA Communications Management Corp. for the year ended December 31, 2023 ("MD&A") and the consolidated audited annual financial statements of DATA Communications Management Corp. for the years ended December 31, 2023 and 2022 ("Annual Financial Statements") have been refiled to correct and replace the versions inadvertently filed earlier on March 20, 2024, which contained certain typographical errors. Accordingly, the 2023 annual report of DATA Communications Management Corp. (the "Annual Report"), which contains the MD&A and Annual Financial Statements, has been refiled to correct and replace the version inadvertently filed earlier on March 20, 2024. This Annual Report contains corrections to the following typographical errors in the MD&A:

- in Table 1 (free cash flow reconciliation) for the year ended December 31, 2022:
    - "Total cash generated from operating activities" has been corrected from "25,386" to "22,675"; and
    - "Free cash flow" has been corrected from "15,251" to "12,540".

- Under the heading "Cash Flow From Operations":
    - cash flows generated from operating activities during the year ended December 31, 2022 have been corrected from "$25.4 million" to "$22.7 million"; and
    - changes in working capital during the year ended December 31, 2022 have been corrected from "$3.6 million" to "$6.3 million".

No other changes have been made to the MD&A.

This Annual Report also contains corrections to the following typographical errors in the Annual Financial Statements:

- in the "consolidated statements of cash flows" table for the year ended December 31, 2022:
    - "Changes in non cash working capital (note 19)" have been corrected from "(3,632)" to "(6,343)";
    - "Total cash generated from operating activities" has been corrected from "25,386" to "22,675";
    - "change in cash and cash equivalents during the year" has been corrected from "5,979" to "3,268"; and
    - "cash and cash equivalents - end of year" has been corrected from "6,919" to "4,208".

- within the Note 17 "Shares and warrants", the table for change in number of issued and outstanding common shares during the year:
    - Amount for "Exercise of warrants – April 3, 2023" have been corrected from "167,000" to "167";
    - Amount for "Exercise of warrants – April 21, 2023" have been corrected from "1,191,000" to "1,191"; and
    - Amount for "Exercise of options – May 25, 2023" have been corrected from "1,422,000" to "1,422".

- within the Note 19 "Changes in working capital" table for the year ended December 31, 2022:
    - "Trade and accrued liabilities" have been corrected from "6,888" to "4,177"; and
    - the total has been corrected from "(3,632)" to "(6,343)".

No other changes have been made to the Annual Financial Statements.

Letter to shareholders

Dear Fellow Shareholders,

We are pleased to report on the results of our performance in 2023. This was a transformative year for DCM highlighted by the completion of our acquisition of Moore Canada Corporation (“MCC”) and the significant progress we made in our post-acquisition planning and execution.

Our focus throughout the year was to build on the positive momentum we experienced in our business prior to the announcement of the MCC acquisition and to set a clear direction for our entire team beginning on Day 1 of the combined business in late April. We moved quickly to bring our teams together, design our new organization and select key leadership to take us forward, prioritizing our large Commercial and Operations teams. We completed this effort within the first six months of Day 1.

We also moved quickly to complete a thorough analysis of our manufacturing footprint and announced a decision in early July to consolidate our plant network from 14 to 10 facilities to drive greater efficiencies in producing and delivering our products and services. We completed the closure of the first of these facilities in Edmonton, Alberta before the end of the year and are on track with our detailed plan to close the remaining three plants and transfer production to other facilities in our network.

Our Commercial team delivered solid performance throughout the year, expanding revenue with existing clients, winning new logos, and building a strong new business pipeline focused on the value we can deliver to clients with our combined product and service offerings. We are pleased to report that in a year of significant change, the team delivered organic year over year revenue growth of 2%, which we believe is a great start for this new team!

Turning to our financial performance for the full year:

- Revenues of $447.7 million were up +63.5%, or +$173.9 million vs. 2022.
- Gross profit of $118.9 million increased +41.2% or $34.7 million.
- Gross profit as a percentage of revenues came in at 26.6%, compared to 30.8% last year reflecting lower MCC gross profit margin contributions. As a reminder, the opportunity to enhance MCC gross profit margins was one of the key attributes of the MCC acquisition deal logic and improving our consolidated gross profit margins remains a strategic focus of our business.
- SG&A expenses were $87.2 million for the full year or 19.5% of revenues, compared to 19.9% of revenues in 2022.
- Adjusted EBITDA was $53.4 million for the full year, an increase of +30.3% vs. the prior year. Adjusted EBITDA represented 11.9% of revenues for the full year, compared to 15.0% for 2022. Our strong Adjusted EBITDA performance was driven by the addition of the MCC business, continuing our focus on improving gross profit margins, and controlling our SG&A expenses.

Looking at our performance in the fourth quarter, we delivered:

- Reported revenues of $130.0 million up +77.9%, or +$56.9 million, compared to the fourth quarter of 2022.
- Gross profit of $32.8 million, an increase of +39.1%, or +$9.2 million compared to the same period last year.
- Gross profit as a percentage of revenues of 25.2%, compared to 32.2% for DCM for the same period last year.
- SG&A expenses of 19.5% of revenues or $25.3 million, up modestly from 18.7% in the year-ago quarter,
- Adjusted EBITDA of $15.0 million, up +19.5% compared to the fourth quarter of 2022. This represented 11.6% of revenues compared to 17.2% of revenues last year.

As a reminder, the fourth quarter represents the second full quarter of consolidated “one company” results since the completion of the MCC acquisition on April 24, 2023.

In connection with the MCC acquisition, we incurred $0.7 million of one-time, non-recurring transaction expenses in the fourth quarter, bringing the full year total to $10.9 million. We recorded $10.6 million of restructuring expenses in the fourth quarter primarily associated with our future plans to close our Trenton and Fergus, Ontario facilities. For the full year, restructuring expenses were $20.3 million.

Our commitment to paying down debt remains a key priority. Total indebtedness outstanding under our credit facilities at year end was $101.9 million, down approximately -30.0% since the MCC acquisition. Net debt, after deducting a $16.1 million cash balance (net of bank overdraft), was $84.2 million, down -39.0% since that time.

As previously announced, we have completed the planned sale and leaseback of three facilities in Oshawa, Trenton and Fergus, Ontario, which were acquired in the MCC acquisition. These transactions generated a total of $39.8 million in gross proceeds and approximately $37.8 million in total net proceeds, which have been used to pay down acquisition-related financing.

For a full description of our financial results for fiscal 2023, please refer to our consolidated financial statements for the year ended December 31, 2023, and related management's discussion and analysis ("MD&A"), copies of which are available at www.sedarplus.ca.

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 Accounting Standards measures and ratios as supplementary information. See "Non-IFRS Accounting Standards measures" and Tables 1, 3, 4 and 5 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.

March 2024

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 subsidiaries (referred to herein as "DCM" or the "Company") for the years ended December 31, 2023 and 2022. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes of DCM for the years ended December 31, 2023 and 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.sedarplus.ca). Unless otherwise indicated, all amounts are expressed in Canadian dollars.

The Company's Board of Directors ("Board"), on the recommendation of its Audit Committee, approved the contents of this MD&A on March 20, 2024. This MD&A reflects information as of March 20, 2024.

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 Accounting Standards"). The accounting policies applied in these consolidated financial statements are based on IFRS Accounting Standards effective for the year ending December 31, 2023, as issued and outstanding as of March 20, 2024 the date the Board approved these financial statements.

Forward-looking statements

Certain statements in this MD&A constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of DCM, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect DCM's current views regarding future events and operating performance, are based on information currently available to DCM, and speak only as of the date of this MD&A.

These forward-looking statements involve a number of risks, uncertainties, and assumptions. They 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. We caution readers of this MD&A not to place undue reliance on our forward-looking statements since a number of factors could cause actual future results, conditions, actions, or events to differ materially from the targets, expectations, estimates or intentions expressed in these 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 but are not limited to the following:

- 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 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;
- 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 previous restructuring initiatives, and includes estimated benefits expected to be derived from the acquisition, including those related to facility sales and consolidations, operational improvements, eliminating redundant positions, and purchasing synergies;
- Our expected total annualized synergies estimates are principally based upon the following material factors and assumptions: (a) given the significant overlap in the nature of the two businesses, DCM will be able to eliminate duplication of overhead expenses across the combined DCM and MCC businesses in its SG&A functions; (b) given significant overlap in the nature of DCM's and MCC's production processes and available combined excess capacity, DCM will be able to consolidate manufacturing plants; (c) further operational and SG&A costs savings will be achievable once the above-noted initiatives are completed; (d) the combined business will achieve more favourable purchasing terms by virtue of the fact it is approximately twice the size of each of DCM and MCC pre-acquisition, and therefore able to command lower pricing from vendors based on larger volumes, and its expected ability to better harmonize purchasing strategies to leverage more favourable purchasing terms than each company had individually for similar goods or services; and (e) the combined business will be able to generate certain revenue synergies from cross-selling each other's broader, combined, suite of capabilities;
- Such expected annualized cost savings have not been prepared in accordance with IFRS Accounting Standards, nor has a reconciliation to IFRS Accounting Standards been provided, and the Company evaluates its financial performance on the basis of these non-IFRS Accounting Standards measures. Therefore, the Company does not consider their most comparable IFRS Accounting Standards measures when evaluating prospective acquisitions;
- The acquisition of MCC involves a number of risks, including:
  - the possibility that DCM paid more than the acquired assets are worth;
  - the Company may fail to realize the expected benefits and anticipated annualized synergies from the acquisition;
  - there may be additional unexpected expenses, capital investment, and management resources required to complete and integrate the MCC acquisition and amortizing any acquired intangible assets than anticipated;
  - the integration and consolidation of the operations of the MCC business is complex, and achieving improved operational efficiencies from such integration may not be realized as expected;

  - the challenge of implementing uniform standards, controls procedures, systems, and policies throughout the business;
  - the potential disruption of the Company's ongoing business and the distraction of management from its day-to-day operations;
  - the challenge of integrating, training, retaining and motivating key personnel of the MCC business; 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;
- 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 has in the past 24 months, and could in the future, 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.sedarplus.ca). 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 Accounting Standards measures

NON-IFRS ACCOUNTING STANDARDS AND OTHER FINANCIAL MEASURES

This MD&A includes certain non-IFRS Accounting Standards measures, ratios and other financial measures as supplementary information. This supplementary information does not represent earnings measures recognized by IFRS Accounting Standards and does not have any standardized meanings prescribed by IFRS Accounting Standards. Therefore, these non-IFRS Accounting Standards measures, ratios and other financial measures are unlikely to be comparable to similar measures presented by other issuers. Investors are cautioned that this supplementary information should not be construed as alternatives to net income (loss) determined in accordance with IFRS Accounting Standards as an indicator of DCM's performance.

DEFINITIONS OF NON-IFRS ACCOUNTING STANDARDS, FINANCIAL MEASURES AND RATIOS

We use **adjusted financial measures** because we believe they are useful for providing investors with supplemental measures of DCM's operating performance and highlight trends in our business that may not otherwise be apparent when relying solely on IFRS Accounting Standards financial measures. DCM also believes that securities analysts, investors, rating agencies and other interested parties frequently use such information in the evaluation of issuers. Further, DCM's management uses such adjusted information to facilitate operating performance comparisons from period to period, prepare annual operating budgets, assess its ability to meet future debt service, capital expenditure and working capital requirements and to evaluate potential acquisitions and the subsequent performance of completed acquisitions.

EBITDA means earnings before interest and finance costs, taxes, depreciation and amortization. The most comparable IFRS Accounting Standards measure for EBITDA is net income (loss). For a reconciliation of net income (loss) to EBITDA, see Table 5 below.

Adjusted EBITDA represents EBITDA, adjusted for acquisition and integration costs, restructuring expenses, 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") and other adjustments for other specific items that may be significant but are not reflective of our underlying operations, all on an after-tax basis. Specific items are subjective; however, we use our judgement and informed decision-making when identifying items to be excluded in calculating our adjusted measures. We use Adjusted EBITDA as a measure of pre-tax operating cash flow. The most comparable IFRS Accounting Standards measure of Adjusted EBITDA is net income (loss). For a reconciliation of net income (loss) to Adjusted EBITDA, see Table 6 below.

Adjusted net income (loss) represents net income (loss) before acquisition and integration costs, restructuring expenses, the net fair value (gains) losses on financial liabilities at fair value through profit or loss for RSUs and DSUs and other adjustments for other specific items that may be significant but are not reflective of our underlying operations, all on an after-tax basis. Specific items are subjective; however, we use our judgement and informed decision-making when identifying items to be excluded in calculating our adjusted net income (loss). We use adjusted net income (loss) as a measure of overall profitability. The most comparable IFRS Accounting Standards measure of adjusted net income is net income (loss). For a reconciliation of net income (loss) to Adjusted net income (loss), see Table 6 below.

Adjusted net income (loss) per share (EPS) (basic and diluted) is a non-IFRS Accounting Standards ratio calculated by dividing Adjusted net income (loss) (defined above) for a given period by the weighted average number of common shares of DCM (basic and diluted) outstanding, respectively, during the period.

Margin is calculated as a percentage of revenues, which is itself an IFRS Accounting Standards financial measure, and we monitor margins in comparison to our internal targets. Margin is a non-IFRS Accounting Standards ratio when applied to non-IFRS Accounting Standards financial measures.

Free cash flow is used to monitor the availability of discretionary cash as part of our capital management. It is defined as total cash generated from operating activities, less net capital expenditures (comprised of purchases of property, plant and equipment less proceeds on disposal of property, plant and equipment), less lease payments. A reconciliation of free cash flow to its most comparable IFRS Accounting Standards measure, total cash generated from operating activities, is included in “Additional Reconciliations of Non-IFRS Accounting Standards Financial Measures” in Table 1.

SUPPLEMENTARY FINANCIAL MEASURES

Annualized synergies is a non-IFRS Accounting Standards financial measure we use to evaluate the integration progress of our acquisition of MCC. These represent annualized operating savings management expects to derive from its post-acquisition integration activities relating to the acquisition. We believe these synergy estimates are important to investors and other stakeholders to inform on our potential and evaluate our progress on initiatives relating to management’s cost reduction and synergy objectives. These metrics were initially determined based on management’s own pre- and post-acquisition due diligence of the MCC business prior to closing and the advice of its external integration consultants and have subsequently been refined and tracked based on actual progress against such preliminary objectives. These are primarily based on expectations relating to (1) organizational savings through eliminating duplicative positions, (2) operational savings from initiatives including planned plant closures and optimization initiatives, and (3) procurement savings anticipated from a larger purchasing base and are expected by management to be achieved through the combination and integration of the two companies. From time to time, we also quantify the impacts of certain unusual, non-recurring events to provide useful information to investors to help better understand our financial outlook. Also see “Forward-looking statements”.

Compound Annual Growth Rate (CAGR) is a supplementary financial measure when applied to IFRS Accounting Standards financial measures.

Revenue per associate is a metric we use to evaluate the productivity of our employees, who we refer to as “associates”, and is a non-IFRS Accounting Standards financial measure. It is determined by taking revenues, an IFRS Accounting Standards financial measure, for a specific twelve-month period, typically being a fiscal year, or four consecutive fiscal quarters, divided by the total number of associates at the end of that period. Where the pro forma acquisition of MCC is referred to, revenues may not be representative of an IFRS Accounting Standards financial measure but are based on management’s informed analysis of the pro forma combined revenues as if MCC had been owned by DCM during the full respective period.

Margin (defined above) is a supplementary financial measure when applied to IFRS Accounting Standards measures.

Net Debt to Adjusted EBITDA (net of Lease Payments) is a non-IFRS Accounting Standards ratio used as part of our assessment of our capital structure. It is defined as the sum of (1) the total balance of our credit facilities less cash and equivalents at a given period (net of bank overdraft), divided by (2) adjusted EBITDA less lease payments

for the four quarters then ended. Net debt to adjusted EBITDA (net of Lease Payments) is quantified in "Additional Reconciliations of Non-IFRS Accounting Standards Financial Measures" in Table 2.

Working capital is a supplementary financial measure that we use as a measure for assessing overall liquidity. It is calculated by subtracting current liabilities from current assets.

ADDITIONAL RECONCILIATIONS OF NON-IFRS ACCOUNTING STANDARDS FINANCIAL MEASURES

TABLE 1 The following table sets out free cash flow for the periods noted.

Free Cash Flow reconciliation

(in thousands of Canadian dollars, unaudited)	**For the year ended December 31, 2023**	For the year ended December 31, 2022
Total cash generated from operating activities	**32,803**	22,675
Less: Purchase of property, plant and equipment	**(4,222)**	(1,475)
(Net of): Proceeds on disposal of property, plant and equipment	**1,282**	70
Less: Lease payments	**(13,321)**	(8,730)
Free cash flow	**$ 16,542**	$ 12,540

TABLE 2 The following table sets out net debt to adjusted EBITDA for the periods noted.

Net debt to adjusted EBITDA

(in thousands of Canadian dollars, except net Debt to Adjusted EBITDA, unaudited)	**For the year ended December 31, 2023**	For the year ended December 31, 2022
Total credit facilities	**101,866**	27,318
Less: Cash and equivalents (net of bank overdraft)	**(16,088)**	(4,208)
Net Debt	**$ 85,778**	$ 23,110
Adjusted EBITDA	**53,390**	40,965
Less: Lease payments	**(13,321)**	(8,730)
Adjusted EBITDA (net of Lease Payments)	**$ 40,069**	$ 32,235
Net Debt to Adjusted EBITDA (net of Lease Payments)	**2.14x**	0.72x

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, our technology-enabled solutions, and our end-to-end service offering. Whether we are running technology platforms, sending marketing messages, or managing print workflows, our goal is to make everything surprisingly simple.

DCM's manufacturing operations are characterized by a high degree of complexity, as our products and services are customized to meet the unique requirements of each customer. The end products are derived through integrated production processes spanning multiple product categories and revenue streams. These processes typically involve various stages of work across multiple plants, culminating in the delivery of a finished product. As a result of the complex nature of this production landscape, conventional metrics such as selling prices and the volume or quantity of products or services are challenging to discern and are not relevant other than in the aggregate in management's view.

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

DCM's revenue is subject to the 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 due to 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 $447.7 million in 2023.

RECENT DEVELOPMENTS

MOORE CANADA CORPORATION ("MCC") ACQUISITION

On April 24, 2023, DCM acquired all of the outstanding shares of MCC, an Ontario corporation, for a total cash purchase price of $130.8 million and a total of $135.8 million after post-closing working capital and other customary adjustments. Upon completion of the acquisition, MCC became a wholly-owned subsidiary of DCM. MCC's business is substantially similar to the business carried on by DCM. The MCC acquisition was funded through (i) a revolving, floating rate credit facility from a Canadian chartered bank (the "Bank"), which includes up to $90 million of revolving credit capacity; (ii) a $30 million floating rate term loan from the Bank; and (iii) a new $50 million fixed rate credit facility from Fiera Private Debt Fund VI, as described in further detail under "Credit Facilities". The identifiable assets acquired and liabilities assumed, with limited exceptions are measured at their fair values at the acquisition date with the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed being recognized as goodwill. The fair value of the identifiable assets acquired included $41.4 million related to properties (including $25.8 million classified as assets held for sale, which was the subject of a sale and leaseback agreement) and $26.1 million related to presses and printing equipment, office furniture and equipment and leasehold improvements. Management applied significant judgment in estimating the fair value of the acquired properties, plant and equipment.

The year ended December 31, 2023 represents the first year of consolidated DCM and MCC financial results, commencing from the acquisition date of April 24, 2023.

Management to date has focused on four key areas of post-merger integration in connection with the MCC acquisition:

- Operational initiatives primarily intended to drive higher levels of gross profit as a percentage of revenues by reducing our overall cost of goods sold and implementing operating efficiencies, including the planned consolidation of four plants;
- Organizational initiatives primarily intended to drive both higher levels of gross profit as a percentage of revenues and lower levels of SG&A expenses as a percentage of revenues, including the integration of key functional teams, particularly our Commercial and Operations teams, and reducing duplicative positions;
- Procurement initiatives, primarily intended to lower our consolidated purchasing costs and secure improved purchasing terms; and
- Revenue growth focus, primarily through aligning our commercial selling efforts, including expanding and leveraging our combined print and communications workflow solutions and our digital offerings.

DCM currently expects to realize total annualized synergies from the MCC acquisition of between $30 million to $35 million from integration initiatives related to a reduction in our operational and organizational expenses and improved purchasing practices, to be substantially realized over the next 12 months.

RESTRUCTURING INITIATIVES

Following the completion of the MCC acquisition, DCM commenced its planned initiatives to drive synergies in connection with the acquisition, including initiatives to align its organizational structure and optimize its operational footprint. During the year ended December 31, 2023, the total head count of DCM and MCC was reduced by approximately 95 individuals, which resulted in a total restructuring expense of $12.8 million. These workforce initiatives primarily related to reductions in our Commercial team, following a comprehensive re-alignment of account coverage, and operational reductions related to the closure of our Edmonton facility. Additionally, a restructuring expense amounting to $7.5 million is associated with the anticipated closure costs for our Fergus and Trenton plants. While the closures of the Fergus and Trenton plants are still pending completion, the restructuring expense has been substantially determined. In total, $20.3 million of restructuring expenses were taken in 2023. In addition to these restructuring initiatives, DCM continues to evaluate its business for opportunities to enhance productivity and reduce its cost of operations.

PRIVATE PLACEMENT

On May 25, 2023, DCM completed a private placement of common shares (the “Offering”), pursuant to which it issued 8,707,200 common shares at a price per share of $3.00 for gross proceeds of $26.1 million. The net proceeds of the Offering were used for general corporate and working capital purposes. Insiders of DCM, including senior members of the Company’s leadership team, subscribed for $0.4 million of the Offering. Also, in connection with the Offering, the Company issued broker warrants entitling the agents who participated in the Offering to acquire, in the aggregate, up to 261,216 common shares of the Company at a price of $3.16 per share for a period of two years following the closing of the Offering.

PLANT CONSOLIDATION EDMONTON FACILITY

DCM announced its strategic plan in July 2023 to close its Edmonton facility and shift production operations to the Company’s Calgary facility by the end of 2023. During the year ended December 31, 2023, the Edmonton plant was successfully closed, and its operations were substantially consolidated into our Calgary facility. In response to this consolidation, new production orders are now being redirected primarily to our Calgary facility, which is staffed and equipped to efficiently handle the additional volume previously managed by the Edmonton facility.

SALE AND LEASEBACK OF OSHAWA AND FERGUS FACILITIES

In June 2023 and December 2023, DCM completed the sale and leaseback of its Oshawa, Ontario warehouse facility and its Fergus, Ontario manufacturing facility, respectively, each of which was acquired as part of the Company's acquisition of MCC. The total gross proceeds from these transactions amounted to $30.5 million and after deducting closing commissions, rent deposit, and other associated expenses, total net proceeds were $29.5 million. These proceeds were utilized to re-pay the term loan obtained from Canadian chartered bank to finance a portion of the MCC acquisition. In addition, $1.5 million in proceeds is being held in escrow by the landlord of the Oshawa, Ontario warehouse facility to secure the completion of specific building maintenance, repairs, and capital improvements outlined by DCM. The leaseback terms differ for the two facilities. The Oshawa, Ontario warehouse facility has a lease term of twenty years, encompassing an initial lease term of ten years with two additional five year extension options. In contrast, the Fergus, Ontario manufacturing facility leaseback spans two years, including an initial lease term of one year with two additional six month extension options to allow the Company sufficient time to complete the closure of this facility.

SALE AND LEASEBACK OF TRENTON FACILITY

On January 11, 2024, DCM completed the sale and leaseback of its Trenton, Ontario manufacturing facility, which was acquired as part of the Company's acquisition of MCC. DCM realized gross proceeds on the sale of $9 million, and, after deducting closing commissions, rent deposit, and other expenses, net proceeds of $8.5 million have been applied towards paying down the New Bank Credit Facility (defined below). DCM intends to close the Trenton, Ontario facility and to move production to other DCM plants. In connection with the sale transaction, the Company entered into a one-year lease of the facility. Under the terms of the lease, the Company has two options to extend the lease term, each in three-month increments, for a total additional term of up to six months to allow the Company sufficient time to complete the closure of this facility.

STRATEGIC PLANS

Following the close of the MCC acquisition, in May 2023 we announced the following updated five-year strategic financial objectives:

- Grow organic revenue at a CAGR of +5% per year;
- Achieve Adjusted EBITDA margins of +14%;
- Grow our marketing technology solutions revenue at a CAGR of +60%;
- Total net debt of less than 1.0x Adjusted EBITDA (net of lease payments); and
- Realize total annualized post-acquisition synergies in the range of $25 to $30 million over the next 18 – 24 months.

We believe we are substantially on track to achieve these objectives.

- Our consolidated revenue grew +63.5% in 2023 compared to 2022, which was largely attributable to the acquisition of MCC in April 2023. Our organic revenue, assuming we owned MCC for the full 2023 fiscal year, grew approximately 2% year over year. While organic growth was below our +5% CAGR target, given the significant demands on management in connection with the integration of the MCC business, we are pleased with this performance of the combined business. We anticipate lower organic revenue growth rates in the first 12 to 24 months following the completion of the MCC acquisition, as we intend to focus heavily on margin improvement in the MCC business during this initial period and we expect that organic revenue will

accelerate at a CAGR that is more consistent with our organic revenue growth target in the latter part of our five-year plan. During the latter parts of this five-year period, we anticipate revenue synergies, as further discussed below, to accelerate, and together with an organic revenue growth focus, enable us to meet our five-year target.

- We achieved an Adjusted EBITDA margin of 11.9% in fiscal 2023, and 9.6% and 11.6% in the third and fourth quarters, respectively, which represent the first full quarters with MCC results. Our fourth quarter financial results indicated positive trends with respect to Adjusted EBITDA margin objectives. We currently expect to achieve the +14% Adjusted EBITDA margin within the next two years, primarily as a result of our synergies target plan, as further described below. This compares favourably with the 15.0% Adjusted EBITDA margin DCM achieved in 2022 prior to our acquisition of MCC.
- Our technology-enabled subscription services fee revenue grew 176.9% in the year compared to the same period in 2022, with contributions from MCC's professional services revenue. We have an active new product development pipeline which we expect will contribute to further growth in this category.
- Total net debt to Adjusted EBITDA (net of lease payments) was 2.14x at the end of 2023. Following the year, we applied the net proceeds from the sale of our Trenton facility to repay outstanding debt. This year, the repayment of our FPD VI acquisition facility will commence and, together with expected free cash flow contributions and anticipated Adjusted EBITDA margin growth, as further described below, we believe we will achieve this target in the near term.
- In November 2023, we updated our expected annualized post-acquisition synergies to a range of $30 to $35 million over the next 18 - 24 months, and that we had implemented initiatives expected to deliver annualized savings of approximately $17.5 million in 2024. We are updating that outlook. Based on initiatives implemented to date, we currently expect implemented synergy initiatives to generate annualized savings of approximately $22 million on an annualized basis, and continue to expect to realize total annualized synergies in a range of $30 to $35 million over the next twelve months. A significant proportion of the balance of our annualized synergies are expected to come from the planned closure of our Fergus and Trenton plants towards the end of this twelve month period.

Our expected annual organic revenue growth objectives, total annualized synergies estimates, and Adjusted EBITDA margin objectives, are principally based on the following material factors and assumptions: (1) given the significant overlap of the two businesses, DCM will be able to eliminate duplication of overhead expenses across the combined DCM and MCC businesses in its SG&A functions; (2) given significant overlap in the nature of DCM's and MCC's production processes and combined excess capacity, DCM will be able to consolidate manufacturing plants; (3) further operational and SG&A costs savings will be achievable once the above-noted initiatives are completed; (4) the combined business will achieve more favourable purchasing terms by virtue of the fact it is approximately twice the size of each of DCM and MCC pre-acquisition, and therefore able to command lower pricing from vendors based on larger volumes, and its expected ability to harmonize purchasing strategies to leverage more favourable purchasing terms than each company had individually for similar goods or services; and (5) the combined business will be able to generate certain revenue synergies from cross-selling each other's broader, combined, suite of capabilities; and (6) the risks set forth in this MD&A under the heading "Forward-Looking Statements".

REVENUE RECOGNITION POLICY

DCM recognizes revenue when control of the products or services it provides to its customers has been transferred. The recent acquisition of MCC did not affect this policy as their products and services are similar to those of DCM. The following is a description of the 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 product to its customers, including technology-enabled hardware solutions (see "Technology-enabled hardware solutions" below). For products that DCM purchases and resells to its customers, DCM is typically a principal in these arrangements and 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 effectively occurs upon the completion of production or when a resale product is purchased from a third-party vendor and inducted into DCM's warehouses or shipped directly by the vendor to the DCM customers due to the custom nature of the product. In the case of custom third-party products that do not have an alternative use to DCM, 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 warehouses. Given the fact that DCM's 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. Certain of DCM's contractual arrangements with its customers related to product, include the provision of warehousing, freight and financing 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 applies judgment and assumptions when determining stand-alone selling prices and allocating revenue between the various performance obligations based on non-bundled pricing arrangements and comparable market data, where applicable. In some cases, 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. 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 the production of product or upon receipt of third-party product in its warehouses or when warehousing and freight services are provided (see "Warehousing Services" and "Freight Services" below).

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 agreed 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 frequently contracts with third parties to deliver product to its customers. 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. In those cases where DCM has identified it has a distinct performance obligation to arrange product shipment services and control of the product has been transferred to the customer prior to shipment, DCM recognizes shipment revenues when the performance of the shipping service has occurred as products are shipped.

MARKETING AND OTHER SERVICES

Marketing services include fee-for-service marketing strategy, creative and other marketing services fees, and other ancillary services include 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 procure 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 digital signage applications. Such products typically complement our product sales, and other services, and are sold to clients as part of an integrated offering. Technology-enabled hardware solutions represent a distinct performance obligation from our "Product Sales" and "Marketing and Other Services", and revenue is recognized when the product is shipped from the vendor or inducted into DCM's warehouse.

TECHNOLOGY-ENABLED SUBSCRIPTION SERVICES AND FEES

DCM's technology-enabled subscription services and fees include the provision of marketing technology workflow applications and digital asset management ("DAM") solutions, software subscription fees, managed technology services, program management services, professional services fees, content management 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 ratably over the term of the contract, and represents a distinct performance obligation.

COST OF REVENUES AND OTHER EXPENSES

DCM's cost of revenues primarily consists of raw materials, manufacturing salaries and health 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 other expenses primarily 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 the 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 a summary of consolidated financial information and supplemental information for the periods indicated. The summary annual financial information for each of fiscal 2023, fiscal 2022 and fiscal 2021 has been derived from DCM's audited consolidated financial statements, prepared in accordance with IFRS Accounting Standards. 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.

The principal factors that caused period to period variations in the financial information set forth in Table 3 below are as follows:

- Increases in revenues, cost of revenues, gross profit and SG&A expenses in 2023, primarily attributed to the acquisition of MCC in April 2023;
- Increases in revenues, cost of revenues, gross profit and SG&A expenses in 2022, primarily attributed to the strong performance of the Company following the return to more normal levels of operations following the easing of restrictions in travel, retail store operations, gatherings, and otherwise which were implemented to combat COVID-19;

- Acquisition costs in 2023 and 2022, along with the return of restructuring expenses in 2023 related to the acquisition of MCC and subsequent initiatives intended to derive post-merger integration synergies;
- Restructuring initiatives in 2021, initiated in response to the negative impacts from COVID-19 on the business in 2020 and which continued into 2021;
- Debt modification losses and prepayment fees in 2021 related to credit agreement amendments and repayment of certain credit facilities following the Company's significant improvement in financial liquidity in 2020;
- Increases in the Canadian prime interest rate commencing in March 2022, in concert with a general global tightening of policy by central banks, which subsequently increased the cost of our borrowing of floating rate debt and our overall cost of new capital;
- Market concerns about recessionary pressures as a result of such monetary policies, which, however, did not materially negatively impact the Company; such monetary tightening and recessionary concerns appear to be moderating currently as they relate to our business;
- Unusually high inflationary trends in North America, and related supply chain disruptions, following the economic recovery post- COVID-19 as related restrictions eased in late 2021 and into 2022, which particularly negatively impacted pricing and availability of raw materials such as paper, ink and freight, and which subsequently provided an opportunity for the Company to pass price increases on to its clients; these inflationary and availability restrictions substantially subsided in 2023, however we have experienced, and expect to receive, further raw material pricing increases early in 2024, particularly with regards to specialty product substrates, albeit at more modest levels than experienced in 2022;
- Net fair value losses on financial liabilities at fair value through profit or loss in 2021, 2022 and 2023 attributed to increases in the common share price of DCM in each of the periods;
- Other income in 2021 from one-time benefits from (1) the termination of an option agreement previously entered into by the Company and (2) the settlement of outstanding litigation; and
- Government grant income related to CEWS and CERS grants received in recognition of the significant negative business impacts of COVID-19 commencing in 2020 which continued in 2021.

There have been no material changes in accounting principles in our financial reporting over the three most recently completed financial years.

TABLE 3 The following table sets out selected historical consolidated financial information for the periods noted.

For the years ended December 31, 2023, 2022 and 2021 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**January 1 to December 31, 2023**	January 1 to December 31, 2022	January 1 to December 31, 2021
Revenues	**$ 447,725**	$ 273,804	$ 235,331
Cost of revenues	**328,814**	189,580	165,796
Gross profit	**118,911**	84,224	69,535
Selling, general and administrative expenses	**87,244**	54,439	53,655
Restructuring expenses	**20,308**	—	9,691
Acquisition and integration costs	**10,903**	1,870	—
Net fair value losses on financial liabilities at fair value through profit or loss	**7,122**	2,711	2,302
	125,577	59,020	65,648
(Loss) income before finance costs, other income, and income taxes	**(6,666)**	25,204	3,887
Finance costs			
Interest expense, net	**15,321**	4,965	5,839
Debt modification losses and prepayment fees	**—**	—	473
Amortization of transaction costs	**457**	344	941
	15,778	5,309	7,253
Other Income			
Other income	**—**	—	1,452
Government grant income	**—**	—	4,558
(Loss) income before income taxes	**(22,444)**	19,895	2,644
Income tax (recovery) expense			
Current	**1,209**	5,456	2,238
Deferred	**(7,799)**	473	(1,159)
	(6,590)	5,929	1,079
Net (loss) income for the year	**$ (15,854)**	$ 13,966	$ 1,565
Basic earnings per share	**$ (0.31)**	$ 0.32	$ 0.04
Diluted earnings per share	**$ (0.31)**	$ 0.30	$ 0.03
Weighted average number of common shares outstanding, basic	**50,832,543**	44,062,831	43,993,494
Weighted average number of common shares outstanding, diluted	**50,832,543**	46,572,066	46,136,507
As at December 31, 2023 and 2022 *(in thousands of Canadian dollars, unaudited)*	**As at December 31, 2023**	As at December 31, 2022	As at December 31, 2021
Current assets	**$ 181,051**	$ 82,057	$ 68,041
Current liabilities	**$ 116,531**	$ 69,479	$ 62,845
Total assets	**$ 418,754**	$ 149,481	$ 140,084
Total non-current liabilities	**$ 273,459**	$ 57,155	$ 69,198
Shareholders' equity	**$ 28,764**	$ 22,847	$ 8,041

TABLE 4 The following table sets out selected historical consolidated financial information for the periods noted. See the "Non-IFRS Accounting Standards Measures" section above for more details and Tables 3 and 4 below for reconciliations of net income to Adjusted EBITDA and net income to Adjusted net income.

For the years ended December 31, 2023, 2022 and 2021 *(in thousands of Canadian dollars, except percentage amounts, unaudited)*	**January 1 to December 31, 2023**	January 1 to December 31, 2022	January 1 to December 31, 2021
Revenues	**$ 447,725**	$ 273,804	$ 235,331
Gross profit	**$ 118,911**	$ 84,224	$ 69,535
As a percentage of revenues	**26.6 %**	30.8 %	29.5 %
Selling, general and administrative expenses	**$ 87,244**	$ 54,439	$ 53,655
As a percentage of revenues	**19.5 %**	19.9 %	23.8 %
Adjusted EBITDA (see Table 5)	**$ 53,390**	$ 40,965	$ 35,588
As a percentage of revenues	**11.9 %**	15.0 %	14.1 %
Net income (loss) for the year	**$ (15,854)**	$ 13,966	$ 1,565
Adjusted net income (see Table 6)	**$ 12,827**	$ 17,388	$ 9,394
As a percentage of revenues	**2.9 %**	6.4 %	3.3 %

TABLE 5 The following table provides reconciliations of net income to EBITDA and of net income to Adjusted EBITDA for the periods noted. See "Non-IFRS Accounting Standards Measures" section above for more details.

EBITDA and Adjusted EBITDA reconciliation

For the years ended December 31, 2023, 2022 and 2021 *(in thousands of Canadian dollars, unaudited)*	**January 1 to December 31, 2023**	January 1 to December 31, 2022	January 1 to December 31, 2021
Net income for the year	**$ (15,854)**	$ 13,966	$ 1,565
Interest expense, net	**15,321**	4,965	5,839
Debt modification losses and prepayment fees	**—**	—	473
Amortization of transaction costs	**457**	344	941
Current income tax expense	**1,209**	5,456	2,238
Deferred income tax expense (recovery)	**(7,799)**	473	(1,159)
Depreciation of property, plant and equipment	**6,165**	2,965	3,133
Amortization of intangible assets	**2,881**	1,606	3,589
Depreciation of the ROU Asset	**12,677**	6,609	8,428
EBITDA	**$ 15,057**	$ 36,384	$ 25,047
Acquisition and integration costs	**10,903**	1,870	—
Restructuring expenses	**20,308**	—	9,691
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	**7,122**	2,711	2,302
Other income	—	—	(1,452)
Adjusted EBITDA	**$ 53,390**	$ 40,965	$ 35,588

TABLE 6 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 Accounting Standards Measures" section above for more details.

Adjusted net income reconciliation

For the years ended December 31, 2023, 2022 and 2021 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*		**January 1 to December 31, 2023**		January 1 to December 31, 2022		January 1 to December 31, 2021
Net income for the year	**$**	**(15,854)**	$	13,966	$	1,565
Acquisition and integration costs		**10,903**		1,870		—
Restructuring expenses		**20,308**		—		9,691
Net fair value (gains) losses on financial liabilities at fair value through profit or loss		**7,122**		2,711		2,302
Other Income		**—**		—		(1,452)
Tax effect of the above adjustments		**(9,652)**		(1,159)		(2,712)
Adjusted net income for the year	**$**	**12,827**	$	17,388	$	9,394
Adjusted net income per share, basic	**$**	**0.25**	$	0.39	$	0.21
Adjusted net income per share, diluted	**$**	**0.25**	$	0.37	$	0.20
Weighted average number of common shares outstanding, basic		**50,832,543**		44,062,831		43,993,494
Weighted average number of common shares outstanding, diluted		**50,832,543**		46,572,066		46,136,507
Number of common shares outstanding, basic		**55,022,883**		44,062,831		44,062,831
Number of common shares outstanding, diluted		**50,832,543**		46,572,066		46,205,844

Results of operations

REVENUES

For the year ended December 31, 2023, DCM recorded revenues of $447.7 million, an increase of $173.9 million or 63.5% compared with the same period in 2022. The revenue increase primarily reflects the MCC acquisition, which contributed $173.6 million in revenues in 2023. Excluding the MCC acquisition, DCM organic revenue increased by $0.3 million compared to the same period in 2022. This increase is due to expansion revenue from existing clients, new business wins, and aligning the commercial sales teams under common leadership. However, this increase was offset by particularly strong comparable revenues in 2022, which were 16.3% higher than in 2021, and which benefited from renewed levels of client purchases post-COVID-19, and clients seeking to advance product purchases, given a challenging supply chain environment to offset risks securing available raw materials and finished goods.

DCM revenue is comprised of six revenue streams: product sales, technology-enabled subscription service fees, freight services, warehousing services, technology-enabled hardware solutions, and marketing and other services.

		January 1 to December 31, 2023		January 1 to December 31, 2022
Product sales	**$**	**396,316**	$	239,355
Technology-enabled subscription services and fees		**14,721**		5,317
Freight services		**13,247**		8,402
Warehousing services		**12,173**		7,325
Technology-enabled hardware solutions		**8,516**		12,156
Marketing and other services		**2,752**		1,249
	$	**447,725**	$	273,804

For fiscal 2023, in aggregate, revenue grew by 63.5%, compared to fiscal 2022. The primary driver behind this substantial growth was the acquisition of MCC, with its results being included in DCM's financial results from April 24, 2023. Notably, product sales grew 65.6% year over year, primarily due to the MCC acquisition. The larger operational footprint enabled us to better meet customer demands and orders than would have been feasible as separate entities and to remove certain production bottlenecks. Inter-company and inter-plant production of finished goods accelerated through the year, allowing us to more efficiently allocate production, begin to insource production that was previously outsourced, and reduce backlog at certain MCC plants. Accordingly, management does not distinguish between "DCM" and "MCC" production, rather focusing on individual plant and related revenue streams on a consolidated basis. Additionally, technology-enabled subscription services and fees grew 176.9% year over year, primarily due to the MCC acquisition and its higher levels of professional services fees associated with its transactional print services, which are charged separately from product sales on a fee-for-service basis. Freight Services and Warehousing Services grew by 57.7% and 66.2%, respectively, year over year, generally performing in line with growth in product sales. These categories support the overall business of the Company, providing distribution and logistics services to our clients. Marketing and other services grew 120.3% year over year, primarily due to organic growth in marketing services revenue. MCC typically did not offer marketing services on a fee-for-services basis.

COST OF REVENUES AND GROSS PROFIT

For the year ended December 31, 2023, DCM recorded cost of revenues of $328.8 million, an increase of $139.2 million or 73.4% from $189.6 million for the same period in 2022.

Gross profit for the year ended December 31, 2023 was $118.9 million, an increase of $34.7 million or 41.2% from $84.2 million for the same period in 2022. Gross profit as a percentage of revenues decreased to 26.6% for the year ended December 31, 2023, compared to 30.8% for the same period in 2022.

The increase in cost of revenues on a year-over-year basis was primarily a result of the acquisition of MCC in April 2023 and the inclusion of its operations from the date of acquisition in DCM's consolidated financial results. Inflation increases experienced in 2022, as well as supply chain challenges, significantly moderated in 2023. As a result,

more modest levels of inflationary impact were experienced on raw materials and freight, along with planned wage increases in line with recent years.

Gross profit as a percentage of revenues for the year ended December 31, 2023 decreased from the prior period due to the acquisition of MCC as its average gross profit as a percentage of revenues has typically been lower than that of DCM's historical business. This is primarily attributed to relatively higher raw material costs as a percent of revenues, and lower relative sell prices for finished goods, at MCC, as well as higher relative fixed overhead expenses. DCM has commenced its planned initiatives to drive operating efficiencies in connection with the acquisition of MCC to optimize its operational footprint, and harmonize pricing strategies, which are intended to improve consolidated gross profit 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, procurement synergies derived through improved purchasing practices including more favourable pricing, 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 year ended December 31, 2023 were $87.2 million, or 19.5% of total revenues, an increase of $32.8 million or 60.3%, from $54.4 million, or 19.9% of total revenues, for the same period in 2022.

SG&A expenses for the year ended December 31, 2023 increased from the prior period, however SG&A as a percentage of revenues declined. The increase in SG&A (in dollars) 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 revenues compared to that of DCM's historical business. Notably, selling expenses saw a decline in the latter half of the year, as a result of a strategic reorganization of the sales team. This decline benefited from certain restructuring initiatives related to SG&A completed to date and was partially offset by merit-based salary increases and higher consulting fees related to a one-time project.

ACQUISITION AND INTEGRATION COSTS

DCM incurred $10.9 million for one-time, non-recurring acquisition and integration costs related to the MCC acquisition. Of those amounts, a total of $5.6 million related specifically to acquisition costs, including fees related to due diligence costs of its operational, legal and financial advisors and other direct acquisition costs, including fees to our senior lenders for the year ended December 31, 2023. The remaining $5.3 million was related to one-time, non-recurring integration fees, including additional audit support, plant closure, asset valuation analysis, equipment moves, strategic advisory fees and other post-transaction integration consulting.

RESTRUCTURING EXPENSES

DCM incurred total one-time, non-recurring restructuring expenses of $20.3 million for the year ended December 31, 2023 compared to nil for the same periods in 2022, all of which related to post-acquisition integration initiatives following the MCC acquisition. DCM commenced its planned initiatives to drive synergies in connection with the acquisition of MCC in the second quarter of 2023 and accelerated those initiatives in the third and fourth quarters of

2023, including initiatives to reduce headcount while aligning its organizational structure and optimizing its operational footprint. The restructuring expenses include headcount reductions in various functions, including operations, senior executive management, sales and other SG&A functional roles, and costs to move equipment and inventory from the closed facilities. Additionally, these one-time charges account for the closure of the Edmonton facility, accompanying facility closure costs and the associated expenses incurred in relocating equipment and inventory from the closed facilities. Restructuring costs of $7.5 million for the year ended December 31, 2023 related primarily to the Fergus and Trenton facilities provision for anticipated plant closure costs. This provision was established as the expected severance costs for these employees became substantially determinable in the fourth quarter of 2023.

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

The trading price of our common share increased by 80.7% during the year ended 2023, from $1.45 as of January 01, 2023 to $2.62 as of December 31, 2023. Accordingly, we incurred an expense of $7.1 million for the year ended December 31, 2023, compared to $2.7 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 RSUs and DSUs.

EBITDA AND ADJUSTED EBITDA

For the year ended December 31, 2023, EBITDA was $15.1 million or 11.7% of revenues compared to $36.4 million or 13.3% of revenues in the same period in 2022. For the year ended December 31, 2023, Adjusted EBITDA was $53.4 million or 11.9% of revenues after adjusting EBITDA for $20.3 million of restructuring costs, $10.9 million in acquisition costs and integration costs and $7.1 million of net fair value (gains) losses on financial liabilities at fair value through profit or loss, compared to $41.0 million or 15.0% of revenues after adjusting EBITDA for acquisition costs and integration costs of $1.9 million and $2.7 million of net fair value (gains) losses on financial liabilities at fair value through profit or loss for the same period in 2022.

The increase in Adjusted EBITDA for the year ended December 31, 2023 compared to the prior two years in 2022 was due to an increase in overall revenues and gross profit contributions from the operations of MCC in DCM's consolidated financial results from the date of completion of the MCC acquisition, and MCC's lower relative SG&A as a percentage of revenue. Adjusted EBITDA margin declined for the year ended December 31, 2023 due to the lower average gross margins of MCC. DCM believes it is well-advanced on 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 margin. For a description of the material factors and assumptions on which we have based our expected total annualized synergies estimates, see "Forward-looking statements" and "Recent Developments – Moore Canada Corporation (MCC) Acquisition".

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 year ended December 31, 2023, DCM incurred $15.8 million of finance costs compared to $5.3 million for

the same period in 2022. The increase in finance costs on a year-over-year basis was largely attributable to the indebtedness DCM incurred in April 2023 to fund the acquisition of MCC.

Interest expense for the year ended December 31, 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 $22.4 million and a net income tax recovery of $6.6 million for the year ended December 31, 2023 compared to income before income taxes of $19.9 million and net income tax expense of $5.9 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 year ended December 31, 2023 was $15.9 million compared to a net income of $14.0 million for the same period in 2022.

The decrease in comparable profitability for the year ended December 31, 2023 to the previous year ended December 31, 2022 was due to restructuring costs of $20.3 million, one-time acquisition and integration costs of $10.9 million, net fair value losses on financial liabilities at fair value through profit or loss of $7.1 million, and increased interest expense from higher levels of debt incurred to finance the MCC acquisition.

ADJUSTED NET INCOME

Adjusted net income for the year ended December 31, 2023 was $12.8 million compared to $17.4 million for the same period in 2022. For a reconciliation of net income (loss) to Adjusted net income for the periods noted, see Table 6 above.

The decrease in comparable profitability for the year ended December 31, 2023 was primarily due to the restructuring costs, one-time acquisition and integration costs associated with the integration of the MCC business, and increased interest expense from higher levels of debt incurred to finance the MCC acquisition. This was offset by an increase in overall revenues and gross margin dollars from the acquisition of MCC.

Liquidity and capital resources

LIQUIDITY

DCM's strategic allocation of funds has been guided by a comprehensive approach encompassing various financial priorities. The primary focus areas for fund utilization have encompassed working capital needs, capital investments, business acquisitions, organic growth initiatives, and the repayment of outstanding indebtedness. DCM has funded

these liquidity requirements primarily with cash generated from operating activities and funds drawn from its unused committed credit facilities and long-term debt. Additionally, the Company has supplemented its financial resources through the net proceeds derived from asset sales.

In assessing its ongoing liquidity requirements, DCM conducts a comprehensive analysis, considering its current cash position, anticipated cash inflows from operational activities, projected availability of funds from unused credit facilities, cash from investing activities such as sales of real estate acquired with the acquisition of MCC and of redundant assets, access to the capital markets and expected reductions resulting from existing restructuring activities, as well as its ongoing cash needs for its existing operations.

DCM's working capital requirements consist primarily of the costs associated with manufacturing and delivering its products and services. These include expenditures related to wages, facility operations, payments to suppliers for raw materials, debt repayments, and other operational necessities. DCM's working capital requirements are primarily affected by the level of operating activities, including the length of the Company's operating cycles, printed products inventory turnover, and collection of accounts receivable.

Looking ahead, DCM anticipates that a combination of cash reserves, future operational cash flows, and access to committed credit facilities will enable the Company to meet its projected operating requirements for the next 12 months. This includes generating adequate levels of working capital, funding expenditures related to its growth strategy, expenses related to ongoing restructuring initiatives (particularly related to severance payments), investments in productivity improvement initiatives, contributions to its pension plans, payment of income tax liabilities, financing of planned capital expenditures, and fulfilling debt repayment obligations. To the extent required, the Company also believes it has access to equity markets to fund additional capital needs.

DCM believes the following factors could adversely impact cash flows from operations, primary sources of liquidity and operational capabilities in the future: diminished demand for the Company's products and services, including, in particular, decreased demand for traditional business forms and print-related products; pricing pressures from both existing and new customers; competition; rising manufacturing, distribution and other operating costs, including increases in the costs of freight, paper, ink, and other raw material inputs used by DCM in the conduct of its business, including as a result of continued inflationary pressures, and higher wages; interest rate increases, which have, and may in the future, adversely affect the borrowing costs associated with DCM's floating rate indebtedness; supply chain disruptions; seasonal variations in customer spending; and higher wage costs; and restructuring expenses.

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 million of capacity under the revolving facility. The New Bank Credit Facility matures on April 24, 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 December 31, 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 $30.0 million, one-year committed senior secured credit facility (the "Real Estate Bridge Loan"). The Real Estate Bridge Loan was available by way of Prime Rate loans and CDOR loans and was subject to a floating interest rate based upon the Canadian prime rate plus an applicable margin of 1.5% increasing to 1.75% by the time the loan was fully repaid in December from the proceeds of the sale and leaseback of the Oshawa and Fergus properties.

Subsequent to fiscal 2023, DCM also entered into a sale and leaseback agreement of its Trenton, Ontario facility, which was completed in January 2024 (note 27) and the proceeds from the sale of $8.5 million were 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 as part of a refinancing of a credit facility previously with Crown Credit Partners. The Bank Term Loan was subject to a floating interest rate based upon the Canadian prime rate plus an applicable margin of 3.50% and was repaid as part of the acquisition.

As at December 31, 2023, DCM had access to $26.2 million of available credit under the New Bank Credit Facility and had cash and cash equivalents, net of bank overdraft, of $16.1 million as shown on the consolidated statement of financial position as at December 31, 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 $50.0 million committed term loan with FPD VI ("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 VI 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. The associated transaction costs of this new loan were $0.7 million.

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%. These loans were fully repaid during the year 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 December 31, 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 2024 budget and forecasts through to March 31, 2025 includes 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 is 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.

For purposes of the Bank Credit Agreement, the FPD Credit Agreements, "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 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.

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.

INTER-CREDITOR AGREEMENT

DCM's obligations under the New Bank Credit Facility 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 year ended December 31, 2023, cash flows generated by operating activities were $32.8 million compared to cash flows generated by operating activities of $22.7 million during the same period in 2022. The current period cash flow from operations, before adjusting for changes in working capital, generated a total of $26.9 million compared with $29.0 million for the same period last year. 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, higher depreciation and amortization expense due to MCC acquisition, 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 during the year ended December 31, 2023 generated $5.9 million in cash compared with $6.3 million of cash used in the prior year. During the year ended December 31, 2023, DCM had a cash outflow of $3.6 million from trade receivables compared to an outflow of $3.1 million for the same period in 2022. Changes in working capital further increased by a cash inflow of $14.4 million from inventories compared to an outflow of $8.1 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 year ended December 31, 2023, $104.5 million in cash flows were used for investing activities compared with $1.5 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 $29.5 million realized in connection with the sale and leaseback of its Oshawa, Ontario and Fergus, Ontario facilities, which were acquired as part of the MCC acquisition. The remaining balance relates to $4.2 million in purchases of new equipment.

FINANCING ACTIVITIES

For the year ended December 31, 2023, the cash flow generated by financing activities was $85.2 million compared with $17.9 million used during the same period in 2022.

A total of $87.6 million was repaid in the year ended December 31, 2023 on DCM's credit facilities compared to a repayment of $12.6 million during the same period in 2022. In total, DCM borrowed $162.1 million under its Credit Facilities, of which $132.2 million was related to the acquisition of MCC and associated transaction costs. During the same period, DCM repaid $87.6 million of outstanding debt, of which $44.0 million was related to repayments on the New Bank Credit Facility and the prior credit facility with the Bank, $30 million were repayments on the Real Estate Bridge Loan using proceeds of $29.5 million from the sale and leaseback transaction of Oshawa, Ontario and Fergus, Ontario facilities and $0.5 million from working capital, $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 of the Company completed during the second quarter of 2023.

Lease payments increased from $8.7 million to $13.3 million in the current period as a result of the MCC acquisition and as a result of the sale and leaseback transaction of Oshawa, Ontario and Fergus, Ontario facilities. Lastly, an exercise of warrants to purchase common shares of the Company resulted in a cash inflow of $0.5 million, while an exercise of options to purchase common shares of the Company resulted in a cash inflow of $0.8 million.

Outstanding share data

At March 20, 2024 and December 31, 2023, there were 55,022,883 and 55,022,883 common shares of DCM outstanding, respectively. At December 31, 2022, there were 44,062,831 common shares of the Company outstanding.

At March 20, 2024 and December 31, 2023, there were options outstanding to purchase up to 4,529,000 and 4,529,000 common shares of the Company, respectively. At December 31, 2022, there were options outstanding to purchase up to 4,700,886 common shares of the Company.

During the year ended December 31, 2023, options to purchase up to 750,000 common shares were awarded to a member of management. Once vested, the options are exercisable for a period of seven years from the grant date at an exercise price of $3.42 per share, representing the fair value of the common shares of the Company on the date of grant. 250,000 of these options were forfeited during the year and the remaining 500,000 options vest at a rate of 1/2 each year beginning on April 27, 2024.

At March 20, 2024 and December 31, 2023, there were warrants outstanding to purchase up to 261,216 and 261,216 common shares of the Company, respectively. At December 31, 2022, there were warrants outstanding to purchase up to 1,648,156 common shares, all of which were exercised during fiscal 2023.

Financial instruments and Risk management

DCM’s financial instruments consist of cash, trade receivables, bank overdraft, trade payables and accrued liabilities, credit facilities, and lease liabilities. All of DCM's financial instruments are non-derivative in nature and DCM does not enter into financial instruments for trading or speculative purposes.

FAIR VALUE

DCM's non-derivative financial instruments are comprised of cash, trade receivables, bank overdraft, trade payables and accrued liabilities, credit facilities, and lease liabilities. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments at fair value through the profit and loss include restricted share units and director share units, which are recorded as a liability at fair value on the grant date and are subsequently adjusted for changes in the price of DCM's common shares through the consolidated statements of operations.

The fair value for other non-derivative financial instruments such as cash, trade receivables, bank overdraft, trade payables and accrued liabilities approximates their carrying value because of the short-term maturity of these instruments. Credit facilities are initially recognized at the discounted present value of the amounts required to be paid to derive their fair value and are then measured at amortized costs using the effective interest method. The fair values are not materially different from their carrying amounts since the interest payable on these borrowings is close to market rates.

CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subjected DCM to credit risk consisted of cash and trade receivables.

DCM grants credit to customers in the normal course of business. DCM typically does not require collateral or other security from customers; however, credit evaluations are performed prior to the initial granting of credit terms when warranted and periodically thereafter. Normal credit terms for amounts due from customers call for payment within 0 to 60 days.

DCM has trade receivables from clients engaged in various industries, including financial institutions, insurance, healthcare, lottery and gaming, retailing, not-for-profit, energy and governmental agencies that are not concentrated in any specific geographic area. DCM does not believe that any single industry or geographic region represents significant credit risk. DCM’s large client base mitigates credit risk concentration with respect to trade receivables.

To measure the estimated credit losses (“ECL”), trade receivables, including unbilled receivables, have been grouped based on similar credit risk characteristics, past due status and other relevant factors. The expected default rates are calculated based on management’s estimate as well as historical credit losses. The historical loss rates are adjusted

to reflect current and forward-looking information on economic factors affecting the ability of the customers to settle the trade receivable.

On that basis, the loss allowance as at December 31, 2023 was determined using default rates under the provision matrix for an amount of $1.7 million (2022 – $1.6 million), of which $1.2 million (2022 – $1.2 million) relates to unbilled receivables.

The following default rates are used to calculate the ECLs on billed receivables as at December 31, 2023 and December 31, 2022, respectively:

December 31, 2023 (in thousands of Canadian dollars, except percentage amounts)	**Total**	**Current period**	**Over 30 days**	***Over 60 days***	**Over 90 days**
Default rates		0.11%	0.22%	0.30%	9.66%
Billed receivables balance	**$85,989**	$49,828	$23,055	$9,048	$4,058
Billed receivables ECL	**$523**	$54	$50	$27	$392

December 31, 2022 (in thousands of Canadian dollars, except percentage amounts)	**Total**	**Current period**	**Over 30 days**	***Over 60 days***	**Over 90 days**
Default rates		0.13%	0.13%	0.33%	22.60%
Billed receivables balance	$41,554	$26,316	$10,369	$3,291	$1,578
Billed receivables ECL	$415	$34	$13	$11	$357

December 31, 2021 (in thousands of Canadian dollars, except percentage amounts)	**Total**	**Current period**	**Over 30 days**	***Over 60 days***	**Over 90 days**
Default rates		0.32%	0.57%	0.65%	13.14%
Billed receivables balance	$35,643	$19,351	$10,429	$2,863	$3,000
Billed receivables ECL	$533	$61	$59	$19	$394

The following default rates are used to calculate the ECLs on unbilled receivables as at December 31, 2023 and December 31, 2022, respectively:

December 31, 2023 (in thousands of Canadian dollars, except percentage amounts)	**Total**	**Less than 30 days**	**Over 30 days**	**Over 60 days**	**Over 90 days**
Unbilled receivables		0.81%	0.91%	1.03%	13.44%
Unbilled receivables balance	**$33,687**	22,308	2,753	1,358	7,268
Unbilled receivables ECL	**$1,197**	$181	$25	$14	$977

December 31, 2022 (in thousands of Canadian dollars, except percentage amounts)	**Total**	**Current period**	**Over 30 days**	**Over 60 days**	**Over 90 days**
Default rates		0.86%	1.56%	1.28%	15.75%
Unbilled receivables balance	$14,641	$3,840	$2,765	$1,327	$6,709
Unbilled receivables ECL	$1,150	$33	$43	$17	$1,057

December 31, 2021 (in thousands of Canadian dollars, except percentage amounts)	**Total**	**Current period**	**Over 30 days**	**Over 60 days**	**Over 90 days**
Default rates		0.22%	0.47%	1.07%	9.14%
Unbilled receivables balance	$17,207	$5,111	$2,245	$2,138	$7,713
Unbilled receivables ECL	$750	$11	$11	$23	$705

At the end of each reporting period, management reassesses the default rates. Default rates are applied to the billed and unbilled receivable balances to calculate the credit default reserve. Management assesses the adequacy of this reserve quarterly, taking into account historical experience, current collection trends, the age of receivables and, when warranted and available, the financial condition of specific counterparties. When collection efforts have been reasonably exhausted, specific balances are written off. As at December 31, 2023 the Company has $4.1 million (5%) of its billed receivables that are over 90 days old (2022 - $1.6 million or 4%). The increase in billed receivables is primarily driven by the timing issue, as most of the billed receivables were collected after the year end.

Judgment by management is required to determine both (a) the revenue and billed receivables to be recognized, where price concessions may need to be given to encourage customers to settle older amounts promptly as a result of billing issues under IFRS 15 (as revenue can only be recognized to the extent that it is highly probable that a significant reversal in the amount of revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved), and (b) ECL provisions required under IFRS 9 to reflect impairments of its trace receivables as a result of customers inability to settle the billed receivables.

LIQUIDITY RISK

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

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

Liquidity risk is the risk that DCM may encounter difficulties in meeting obligations associated with financial liabilities as they become due. DCM believes that the currently projected cash flow from operations and cash on hand will be sufficient to fund its currently projected operating requirements, including expenditures related to its growth strategy,

payments associated with provisions as a result of on-going productivity improvement initiatives, payment of income tax liabilities, contributions to its pension plans, maintenance or investment in new capital expenditures, and interest and scheduled repayments of borrowings under its credit facilities. See “Contractual obligations” section below, which contains additional information on the contractual undiscounted cash flows of DCM’s significant financial liabilities and the future commitments of the Company.

While estimated forecast compliance with financial covenants is sensitive to key assumptions used for forecast revenues, gross margins and expenses (which in turn impact earnings before interest, income taxes, depreciation and amortization (EBITDA)), management are satisfied that the Company’s forecasts and projections through to March 31, 2025 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. As a result, the Company has concluded that it will have adequate access to liquidity to satisfy its obligations within the next fifteen months.

MARKET RISK

INTEREST RATE RISK

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. DCM’s interest rate risk arises from credit facilities issuances at floating interest rates.

At December 31, 2023, $44.0 million of DCM’s indebtedness outstanding was subject to floating interest rates of 8.45% per annum; a 1% increase/decrease in interest rates would have resulted in an increase/decrease in the loss by $0.4 million for the year ended December 31, 2023 (2022 – $0.1 million), respectively. At December 31, 2023, $7.9 million was subject to a fixed interest rate of 5.95% per annum, and $50 million was subject to a fixed interest rate of 8.08 per annum.

CURRENCY RISK

Currency risk is the risk that the fair value of future cash flows arising from a financial instrument will fluctuate because of changes in foreign currency exchange rates. In the normal course of business, DCM does not have significant foreign exchange transactions, and accordingly, the amounts and currency risk are not expected to have an adverse material impact on the operations of DCM. Management considers the currency risk to be low and does not hedge its currency risk; therefore, sensitivity analysis is not presented.

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 December 31, 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.

TABLE 7 The following table sets out DCM's significant contractual obligations and commitments as of December 31, 2023.

(in thousands of Canadian dollars, unaudited)	**Total**	**Less than a year**	**1 to 3 years**	**4 to 5 years**	**5 years and greater**
Pension funding contributions [1]	**$ 23,249**	**$ 1,254**	**$ 5,703**	**8,933**	**7,359**
Lease liabilities	**$ 281,045**	**16,578**	**49,079**	**17,057**	**198,331**
Termination (Severance) Obligations	**$ 17,329**	**16,325**	**1,004**	**—**	**—**
Long-term debt [2]	**$ 125,643**	**14,440**	**86,467**	**24,736**	**—**
Total	**$ 447,266**	**$ 48,597**	**$ 142,253**	**$ 50,726**	**$ 205,690**

(1) DCM is required under applicable pension legislation to make monthly, annual and/or one-time cash contributions to its defined benefit pension plans to fund current or future funding deficiencies which may emerge in the defined benefit provision of those plans. See “Liquidity and capital resources – Pension funding obligations” above. The table above includes amounts payable under DCM's SERP plans. DCM's obligations under the SERPs consist of benefits payable as a single life annuity with a five to fifteen year guarantee. The duration of these payments is dependent on the length of each participant's life and, in certain cases, that of their designated beneficiary, and their age in any given year.

(2) Credit facilities as at December 31, 2023 subject to floating interest rates consisting of the Bank Credit Facility, expiring on April 24, 2026. As at December 31, 2023, the outstanding balances totaled $44.0 million and bore interest at a floating rate of 8.45% per annum. The amounts at December 31, 2023 include estimated interest totaling $3.7 million for 2024, $3.7 million for 2025. The estimated interest was calculated based on the total borrowings outstanding at the end of the year and the annual floating interest rate in effect as at December 31, 2023. Credit facilities at December 31, 2023 subject to fixed interest rates consisting of the FPD VI Credit Facility, expiring on December 17, 2026 and the FPD VI New Credit Facility expiring on April 21, 2028. As at December 31, 2023, the outstanding balances totaled $57.9 million, of which $7.9 million bore interest at a fixed rate of 5.95% and $50.0 million bore interest at a fixed rate of 8.08% per annum. The amounts at December 31, 2023 include estimated interest totaling $4,388 for 2024, $3,778 for 2025, $3,105 for 2026 and $3,210 for 2027/2028.

DCM has experienced significant growth in contractual obligations and commitments due to various factors. The principal factors that caused DCM's significant contractual obligations and commitments to grow are as follows:

- The increase in contractual obligations from pension funding contributions in 2023 is primarily attributed to the pension obligations of MCC acquired in April 2023 in connection with the MCC acquisition.
- The long-term debt increased considerably, mainly due to the indebtedness DCM incurred in April 2023 to fund the acquisition of MCC. Additionally, the additional debt carries a higher interest rate than DCM's other outstanding debt, which, coupled with increases in the prime rate applicable to DCM's floating rate debt, contributed to the increase in interest expense.
- The increase in termination obligations is primarily due to restructuring initiatives related to post-merger integration initiatives following the MCC acquisition.
- The increase in contractual obligations from lease liabilities was due to the incremental facilities acquired as part of the MCC acquisition and the sale leaseback of Oshawa, Ontario, and Fergus, Ontario facilities, as well as lease extensions recorded for its Brampton, Ontario and Toronto, Ontario facilities.

Transactions with related parties

During the year ended December 31, 2023, there were regular inter-company activities between DCM and its subsidiaries during the normal course of business. These transactions and balances are eliminated in DCM's consolidated financial statements. Related parties are defined as individuals who can influence the direction or management of DCM or any of its subsidiaries and therefore, the directors and officers of DCM's subsidiaries are considered related parties.

On March 15, 2018, DCM entered into a loan agreement with a key member of management, of $0.1 million to finance the purchase of common shares of the Company. Initially set to expire on March 15, 2023, the loan term was subsequently extended by an additional three years. Interest accrues at a rate of 3% per annum on the unpaid balance of the loan. The loan is unsecured and repayable upon maturity. At December 31, 2023, the balance owing on the loan was $0.1 million.

COMPENSATION OF KEY MANAGEMENT

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

The following table sets out DCM's compensation awarded to key management personnel, excluding compensation awarded to Directors as of December 31, 2023.

(in thousands of Canadian dollars, unaudited)		**For the year ended December 31, 2023**		For the year ended December 31, 2022
Salaries and other short-term employee benefits	**$**	**3,473**	$	4,227
Termination and retirement benefits		**1,567**		—
Post-employment benefits		**10**		14
Share-based compensation expense		**2,978**		1,055
Total	**$**	**8,028**	$	5,296

For the year ended December 31, 2023, DCM recorded share-based compensation awards expense of $3.0 million, an increase of $1.9 million or 182% compared with the same period in 2022. For the year ended December 31, 2023, DCM granted 252,260 RSUs to key management personnel (excluding compensation awarded to Directors) compared to 707,333 RSUs granted in 2022. Additionally, key management personnel (excluding compensation awarded to Directors) were also issued 750,000 options to purchase common shares of the Company in 2023. 250,000 of these options were forfeited during the year, and the remaining 500,000 options vest at a rate of 1/2 each year beginning on April 27, 2024. No options were issued for the same period in 2022.

For the year ended December 31, 2023, DCM's recorded general and administration expenses for DSU's issued to directors for the duties performed by DCM's Board of $3.4 million an increase of 2,389 or 246% for the same period in 2022.

Operating results for the fourth quarter of 2023, 2022 and 2021

TABLE 9 The following table sets out selected consolidated quarterly financial information for the periods noted.

(in thousands of Canadian dollars, except share and per share amounts, unaudited)	**October 1 to December 31, 2023**	October 1 to December 31, 2022	October 1 to December 31, 2021
Revenues	**$ 129,964**	$ 73,045	$ 60,871
Cost of revenues	**97,204**	49,491	43,158
Gross profit	**32,760**	23,554	17,713
Selling, general and administrative expenses	**25,300**	13,636	13,344
Restructuring expenses	**10,570**	—	2,282
Acquisition and integration costs	**704**	1,870	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	**(956)**	1,225	2,087
	35,618	16,731	17,713
Income before finance costs, other income and income taxes	**(2,858)**	6,823	—
Finance costs			
Interest expense, net	**5,667**	1,134	1,124
Debt modification losses	**—**	—	473
Amortization of transaction costs	**137**	87	503
	5,804	1,221	2,100
Other Income			
Government grant income	**—**	—	55
(Loss) income before income taxes	**(8,662)**	5,602	(2,045)
Income tax expense (recovery)			
Current	**367**	1,653	183
Deferred	**(2,671)**	269	(371)
	(2,304)	1,922	(188)
Net (loss) income for the period	**$ (6,358)**	$ 3,680	$ (1,857)
Basic earnings per share	**(0.12)**	0.08	(0.04)
Diluted earnings per share	**(0.12)**	0.08	(0.04)
Weighted average number of common shares outstanding, basic	**55,022,883**	44,062,831	44,062,831
Weighted average number of common shares outstanding, diluted	**55,022,883**	46,796,407	46,439,445

TABLE 10 The following table provides reconciliations of net income to EBITDA and of net income to Adjusted EBITDA for the periods noted. See “Non-IFRS Accounting Standards Measures” section above for more details.

EBITDA and Adjusted EBITDA reconciliation

(in thousands of Canadian dollars, unaudited)	**October 1 to December 31, 2023**	October 1 to December 31, 2022	October 1 to December 31, 2021
Net income (loss) for the period	**$ (6,358)**	$ 3,680	$ (1,857)
Interest expense, net	**5,667**	1,134	1,124
Debt modification losses and prepayment fees	**—**	—	473
Amortization of transaction costs	**137**	87	503
Current income tax expense	**367**	1,653	183
Deferred income tax expense (recovery)	**(2,671)**	269	(371)
Depreciation of property, plant and equipment	**2,058**	644	731
Amortization of intangible assets	**829**	393	2,282
Depreciation of the ROU Asset	**4,665**	1,610	1,920
EBITDA	**$ 4,694**	$ 9,470	$ 4,988
Acquisition and integration costs	**704**	1,870	—
Restructuring expenses	**10,570**	—	2,282
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	**(956)**	1,225	2,087
Adjusted EBITDA	**$ 15,012**	$ 12,565	$ 9,357

TABLE 11 The following table provides reconciliations of net income (loss) to Adjusted net income (loss). See “Non-IFRS Accounting Standards Measures” section above for more details.

Adjusted net income (loss) reconciliation

(in thousands of Canadian dollars, unaudited)	**October 1 to December 31, 2023**	October 1 to December 31, 2022	October 1 to December 31, 2021
Net income (loss) for the period	**$ (6,358)**	$ 3,680	$ (1,857)
Acquisition and integration costs	**704**	1,870	—
Restructuring expenses	**10,570**	—	2,282
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	**(956)**	1,225	2,087
Tax effect of above adjustments	**(2,598)**	(473)	(1,197)
Adjusted net income (loss)	**$ 1,362**	$ 6,302	$ 1,315
Adjusted net income per share, basic	**$ 0.02**	$ 0.14	$ 0.03
Adjusted net income per share, diluted	**$ 0.02**	$ 0.13	$ 0.03
Weighted average number of common shares outstanding, basic	**55,022,883**	44,062,831	44,062,831
Weighted average number of common shares outstanding, diluted	**55,022,883**	46,796,407	46,439,445

REVENUES

For the quarter ended December 31, 2023, DCM recorded revenues of $130.0 million, an increase of $56.9 million or 77.9% compared with the same period in 2022. For the quarter ended December 31, 2023, the increase in revenues is primarily driven by additional revenues from the operations of MCC, which contributed $62.7 million in revenues. Excluding the MCC acquisition, DCM organic revenue decreased by $5.8 million compared to the same period in 2022. This decrease is due to particularly strong comparable revenues in 2022, resulting from certain clients accelerating production planning in the year. However, this decrease was partially offset by expansion revenue from existing clients, new business wins, and aligning the commercial sales teams under common leadership and early wins harmonizing pricing between common MCC and DCM clients. Given significant shifting of work between DCM and MCC plants, revenue and margins between the entities have become less meaningful, and management focuses on consolidated financial results for analysis of reporting metrics.

COST OF REVENUES AND GROSS PROFIT

For the quarter ended December 31, 2023, DCM recorded cost of revenues of $97.2 million, an increase of $47.7 million or 96.4% from $49.5 million for the same period in 2022. Gross profit for the quarter ended December 31, 2023 was $32.8 million, an increase of $9.2 million or 39.1% from $23.6 million for the same period in 2022.

Gross profit as a percentage of revenues for the quarter ended December 31, 2023 was 25.2%, a decrease from the prior period of 32.2%. Gross profit as a percentage of revenues for the quarter ended December 31, 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 operating efficiencies in connection with the acquisition of MCC to optimize its operational footprint, and harmonize pricing strategies, which are intended 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, procurement synergies derived through improved purchasing practices including more favourable pricing, and further progress passing on paper price increases to our customers.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the quarter ended December 31, 2023 were $25.3 million or 19.5% of total revenues, an increase of $11.7 million or 86%, from $13.6 million, or 18.7% of total revenues, in the same period in 2022. The increase in SG&A expenses for the quarter ended December 31, 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. Notably, selling expenses declined as a result of a strategic reorganization of the sales team. This decline benefited from certain restructuring initiatives related to SG&A completed to date and offset by merit-based salary increases and higher consulting fees related to a one-time project.

RESTRUCTURING EXPENSES

For the quarter ended December 31, 2022, DCM incurred restructuring expenses of $10.6 million compared to nil in the same period in 2022. DCM accelerated its planned initiatives to drive synergies in connection with the acquisition

of MCC during the fourth quarter of 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. Additionally, these one-time charges account for the closure of the Edmonton facility, encompassing facility closure costs and the associated expenses incurred in relocating equipment and inventory from the closed facilities. The restructuring costs of $7.5 million for the quarter ended December 31, 2023, related primarily to the Fergus and Trenton provision for anticipated plant closure costs. This provision was established as the expected severance costs for these employees became substantially determinable in the fourth quarter of 2023.

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

ACQUISITION COSTS AND INTEGRATION COSTS

DCM incurred $0.7 million for the quarter ended December 31, 2023 for one-time, non-recurring acquisition and integration costs related to the MCC acquisition compared to $1.9 million for acquisition costs incurred in the same period in 2022.

EBITDA AND ADJUSTED EBITDA

For the quarter ended December 31, 2023, EBITDA was $4.7 million or 3.6% of revenues compared to $9.5 million or 13.0% of revenues in the same period in 2022. For the quarter ended December 31, 2023, Adjusted EBITDA was $15.0 million or 9.7% of revenues after adjusting EBITDA for $0.7 million in acquisition and integration costs, $10.6 million in restructuring costs and $1.0 million in Net fair value (gains) losses on financial liabilities at fair value through profit or loss compared to $12.6 million or 15.5% of revenues after adjusting EBITDA for $1.9 million in acquisition costs and $1.2 million Net fair value (gains) losses on financial liabilities at fair value through profit or loss.

The increase in Adjusted EBITDA for the quarter ended December 31, 2023 over the prior period in 2022 was due to an increase in overall revenues and gross profit contributions from the operations of MCC in DCM’s consolidated financial results from the date of completion of the MCC acquisition, and MCC's lower relative SG&A as a percentage of revenue. Adjusted EBITDA margin declined for the quarter ended December 31, 2023 due to the lower average gross margins of MCC. DCM believes it is well-advanced on 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 margin. Notably, the closure of DCM's Edmonton plant was completed, which resulted in additional operational savings.

FINANCE 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 modification losses, amortization of debt transaction costs and interest expense on lease liabilities under IFRS 16. For the quarter ended December 31, 2023, finance costs were $5.8 million compared to $1.2 million for the same period in 2022. Interest expense for the quarter ended December 31, 2023 increased from the prior period 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 Real Estate Bridge Loan, FPD IV and FPD V loans.

INCOME TAXES

DCM reported a loss before income taxes of $8.7 million and a net income tax expense of $2.3 million for the quarter ended December 31, 2023 compared to income before income taxes of $5.6 million and a net income tax recovery of $1.9 million for the quarter ended December 31, 2022.

NET INCOME (LOSS)

The net loss for the quarter ended December 31, 2023 was $6.4 million compared to net income of $3.7 million for the quarter ended December 31, 2022. The decrease in comparable profitability for the quarter ended December 31, 2023 was primarily due to restructuring costs of $10.6 million, one-time acquisition and integration costs of $0.7 million, and increased interest expense from higher levels of debt incurred to finance the MCC acquisition.

ADJUSTED NET INCOME (LOSS)

Adjusted net income for the quarter ended December 31, 2023 was $1.4 million compared to adjusted net income of $6.3 million for the same period in 2022. The decrease in comparable profitability for the quarter ended December 31, 2022 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.

Summary of eight quarter results

TABLE 12 The following table summarizes quarterly financial information for the past eight quarters.

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

	2023			
	Q4	**Q3**	**Q2**	**Q1**
Revenues	**$ 129,964**	**$ 122,721**	**$ 118,963**	**$ 76,077**
Net income (loss) attributable to shareholders	**(6,358)**	**(4,185)**	**(2,879)**	**(2,431)**
Basic earnings (loss) per share	**(0.12)**	**(0.08)**	**(0.06)**	**(0.06)**
Diluted earnings (loss) per share	**(0.14)**	**(0.08)**	**(0.06)**	**(0.06)**

	2022			
	Q4	**Q3**	**Q2**	**Q1**
Revenues	**$ 73,045**	**$ 63,399**	**$ 68,103**	**$ 69,257**
Net income (loss) attributable to shareholders	**3,680**	**2,816**	**3,757**	**3,713**
Basic earnings (loss) per share	**0.08**	**0.06**	**0.09**	**0.08**
Diluted earnings (loss) per share	**0.08**	**0.06**	**0.08**	**0.08**

The variations in DCM's quarterly revenues and net income (loss) over the eight quarters ended December 31, 2023 can be attributed to several principal factors: the post-recovery impact of COVID-19 commenced in 2022; 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 from COVID-19 in 2020 which began to abate in 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 loss for the fourth quarter of 2023 included higher revenues and gross profits due to: the acquisition of MCC; one-time costs related to restructuring expenses of $10.6 million and acquisition and integration costs of $0.7 million; and fair value (gains) losses on financial liabilities at fair value through profit or loss for RSUs and DSUs of approximately $1.0 million. However, DCM's net income for the fourth quarter of 2022 included a higher gross margin as a percentage of revenues, and one-time costs related to acquisition integration for $1.9 million.

DCM's net loss 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. However, DCM's net income for the third quarter of 2022 included a higher gross margin as a percentage of revenues, and no one-time costs.

DCM's net loss 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. However, DCM's net income for the second quarter of 2022 included a higher gross margin as a percentage of revenues, and no one-time costs.

DCM's net loss 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.

However, DCM's net income for the first quarter of 2022 included improved revenues and gross margin as a percentage of revenues, and no one-time costs.

Accounting policies

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are outlined in notes 2 and 3 of the Notes to the consolidated financial statements of DCM for the year ended December 31, 2023.

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 consolidated statement of operations.

The following table summarizes the impact on DCM's consolidated statement of operations for the year ended December 31, 2022:

	Period ended December 31, 2022 prior to the adoption	Impact	Period ended December 31, 2022 after the adoption
Selling, commissions and expenses	$ 29,198	$ (157)	$ 29,041
General and administration expenses	27,952	(2,554)	25,398
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	—	2,711	2,711

AMENDMENTS TO IAS 1, PRESENTATION OF FINANCIAL STATEMENTS AND IAS 8, ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

These standards were amended to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments were adopted effective January 1, 2023 and did not have an impact on the consolidated financial statements.

AMENDMENTS TO IAS 12, DEFERRED TAXES: RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

This standard was amended to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments were adopted effective January 1, 2023 and did not have an impact on the consolidated financial statements.

FUTURE ACCOUNTING STANDARDS NOT YET ADOPTED

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

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 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 consolidated financial statements.

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

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 most likely to be impacted. The amendments are effective from January 1, 2024. DCM does not expect these amendments to have any significant impact on the 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 current 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 are effective for annual reporting periods beginning on or after January 1, 2024. DCM does not expect these amendments to have any significant impact on the consolidated financial statements.

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

Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that are not readily apparent from other sources about the carrying amounts of assets and liabilities, and reporting income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ materially from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized during the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

BUSINESS COMBINATIONS

The fair value of the properties acquired was estimated with the assistance of a third-party appraiser (management's property expert) using a combination of the income (direct capitalization) method and market (direct comparison) method. Significant assumptions related to the direct comparison method included the sales values of comparable properties, and subsequent sale and leaseback transactions (including market rental rates and incremental borrowing rates). Significant assumptions related to the direct capitalization approach included capitalization rates and comparable market rental rates.

The fair value of the plant and equipment assets acquired was estimated with the assistance of a third-party appraiser (management's plant and equipment expert) using a combination of the market and cost (direct and indirect) approaches. Significant assumptions related to the cost approach included inflation adjustments, replacement cost new, physical depreciation, useful lives and functional obsolescence. Significant assumptions related to the market approach included resale values.

IMPAIRMENT OF GOODWILL

Goodwill is tested for impairment annually at the end of each fiscal year or more frequently if events or changes in circumstances indicate there may be impairment. The determination of the impairment of goodwill is impacted by the determination of the CGUs, estimates of the recoverable value of those CGUs, assumptions of future cash flows, and achieving forecasted business results.

The acquisition of MCC brought together two similar sized businesses with similar economic characteristics particularly in terms of the nature of the products and services, production processes, types of customers and methods used to provide these product and services to customers. These businesses have been integrated into one consolidated operation and senior management team under the leadership of the Chief Executive Officer ("CEO") as the Company operates as an integrated marketing communications and business solutions provider to its customers. Consequently in management's judgment DCM has a single goodwill CGU, being the Company as a whole, reflecting the manner in which the operating results are being reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and to assess the Company's performance as an integrated marketing and business solutions provider to its customers. This is the level at which goodwill is monitored for internal management purposes.

The recoverable amount of this CGU was determined based on its estimated fair value less the cost of disposal using a discounted cash flow model. Management applied considerable judgment in estimating the recoverable amounts of the Company, which included the use of significant assumptions relating to revenue growth rates, gross margins and the discount rate. While the recoverable amount from the discounted cash flow model is sensitive to key assumptions used for forecast revenues, gross margins and the discount rate, management is satisfied that the Company's forecasts and assumptions, taking account of reasonably possible changes in results and other uncertainties, will not change the result of DCM's impairment analysis.

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 National 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

National 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 Accounting Standard. 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 Accounting Standards 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.

Based on management’s assessment, DCM’s CEO and CFO have certified that, based on their knowledge, the Company’s internal controls over financial reporting are effective and the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the year ended December 31, 2023.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As at December 31, 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 twelve months ended December 31, 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 assessment of the design and effectiveness of DC&P and ICFR to exclude control, policies and procedures of MCC for the current year. Set forth below is a summary of financial information about MCC that has been consolidated in the Company's financial statements for the year ended December 31, 2023.

The revenue and net loss contributed by MCC for the year ended December 31, 2023 were $173.6 million and $20.5 million (inclusive of $18,328 of restructuring expenses), respectively. If the acquisition had occurred on January 1, 2023, the estimated proforma consolidated revenue and net loss for the year ended December 31, 2023 would have been approximately $538.1 million and $9.0 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

For 2024, we have four strategic priorities. First, we plan to substantially complete the integration of MCC by moving ahead with our plant consolidation plans and harmonizing our back-office systems. We are on track to complete the consolidation of our Toronto-based Thistle and Bond Avenue plants by mid-year 2024. In addition, we are in the advanced stages of planning the consolidation of our Fergus, Ontario factory into our Drummondville, Quebec factory and our Trenton, Ontario facility into our Brampton, Ontario facility, and expect to complete this work within the next twelve months. We are simultaneously advancing the integration of our financial and manufacturing systems and our client-facing applications on similar time frames.

Second, we are focused on driving improvements in our gross profit margins, particularly in the legacy MCC business. As we consolidate facilities, we expect that lower overheads and operating costs will result in more efficient operations, and, together with investments in new capital equipment, result in operating efficiencies and improved gross profit margins. While increases in raw material prices significantly moderated in 2023, we have experienced increases in certain specialty materials in 2024 and expect additional increases in other raw materials during the year. The Company seeks to pass price increases driven by inflation along to our customers as contractually entitled.

Third, we are focused on growing our business, by taking advantage of our larger scale, expanding our product and service offerings, and leveraging the capabilities of our combined team. With the integration of our commercial sales team completed in 2023, our focus in 2024 includes pursuing cross selling opportunities, enhancing our product mix and strengthening our presence in key industry verticals.

Fourth, we are focused on generating continued higher levels of free cash flow, which will enable us to reduce our net debt further and allow us to consider further strategic opportunities for investment in the business and capital allocation.

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 the 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.

Financial reporting responsibility of management

The accompanying consolidated financial statements of DATA Communications Management Corp. ("DCM") have been prepared by management and approved by the Board of Directors of DCM. Management of DCM is responsible for the preparation and presentation of the consolidated financial statements and all the financial information contained within this Annual Report within reasonable limits of materiality. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). In the preparation of the consolidated financial statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on available information and careful judgements and have been properly reflected in the accompanying consolidated financial statements. The financial information throughout the text of this Annual Report is consistent with that in the consolidated financial statements.

To assist management in discharging these responsibilities, DCM maintains a system of internal controls which are designed to provide reasonable assurance that DCM's consolidated assets are safeguarded, that transactions are executed in accordance with management's authorization and that the financial records form a reliable base for the preparation of accurate and timely financial information.

Management recognizes its responsibilities for conducting DCM's affairs in compliance with established financial standards and applicable laws, and for the maintenance of proper standards of conduct in its activities.

PricewaterhouseCoopers LLP are appointed by the shareholders and have audited the consolidated financial statements of DCM in accordance with Canadian generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of DCM.

The Board of Directors has appointed an Audit Committee composed of three directors who are not members of management of DCM. The Audit Committee meets periodically with management and the auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues. It is responsible for reviewing DCM's annual and interim consolidated financial statements and the report of the auditors. The Audit Committee reports the results of such reviews to the Board of Directors and makes recommendations with respect to the appointment of DCM's auditors. In addition, the Board of Directors may refer to the Audit Committee other matters and questions relating to the financial position of DCM.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting, and are responsible for approving the consolidated financial statements of DCM.

(Signed) "Richard Kellam"

Richard Kellam
President and Chief Executive Officer
DATA Communications Management Corp.

(Signed) "James E. Lorimer"

James E. Lorimer
Chief Financial Officer
DATA Communications Management Corp.

March 20, 2024
Brampton, Ontario

Independent auditor's report

To the Shareholders of DATA Communications Management Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of DATA Communications Management Corp. and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of operations for the years then ended;
- the consolidated statements of comprehensive (loss) income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215, Fax to mail: ca_toronto_18_york_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of property, plant and equipment and assets held for sale acquired in the Moore Canada Corporation (MCC) business acquisition *Refer to note 2 – Material accounting policies, note 4 – Business acquisition, note 7 – Property, plant and equipment and note 20 – Assets held for sale to the consolidated financial statements.* In April 2023, the Company acquired MCC for total cash consideration of $135.7 million. The fair value of the identifiable assets acquired included $41.4 million related to properties (including $25.8 million classified as assets held for sale, which was the subject of a sale and leaseback agreement) and $26.1 million related to presses and printing equipment, office furniture and equipment, and leasehold improvements (together plant and equipment). Management applied significant judgment in estimating the fair values of the acquired properties, plant and equipment. The fair value of the properties acquired was estimated with the assistance of a third-party appraiser (management's property expert) using a combination of the income (direct capitalization) method and market (direct comparison) method. Significant assumptions related to the direct comparison method included the sales values of comparable properties, and subsequent sale and leaseback transactions (including market rental rates and incremental borrowing rates). Significant assumptions related to the direct capitalization	Our approach to addressing the matter included the following procedures, among others: • Read the purchase agreement and sale and leaseback agreement to understand the terms and conditions of the acquisition agreement and sale and leaseback transaction. • Tested how management determined the fair values of the properties, plant and equipment on a sample basis, which included the following: – Evaluating the work of management and management's experts with the assistance of professionals with specialized skill and knowledge in the field of real estate and equipment valuations, which included: o assessing the qualifications, competence, capabilities and objectivity of management's experts; o understanding the work performed by management's experts and evaluating the appropriateness of the work as audit evidence; o checking the mathematical accuracy of management's experts' valuation analyses; o assessing the appropriateness of the valuation methods used; o testing the underlying data used in the appraisals;

Key audit matter	How our audit addressed the key audit matter
approach included capitalization rates and comparable market rental rates. The fair value of the plant and equipment acquired was estimated with the assistance of a third-party appraiser (management's plant and equipment expert) using a combination of the market and cost (direct and indirect) approaches. Significant assumptions related to the cost approach included inflation adjustments, replacement cost new, physical depreciation, useful lives and functional obsolescence. Significant assumptions related to the market approach included resale values. We considered this a key audit matter due to (i) the magnitude of the acquired property, plant and equipment and assets held for sale; (ii) the significant judgment used by management, including the use of management's property expert and management's plant and equipment expert (together, management's experts), when determining the fair values of the properties, plant and equipment acquired; and (iii) the high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate the reasonableness of management's significant assumptions. Professionals with specialized skill and knowledge in the field of real estate and equipment valuations assisted us in performing our procedures.	o benchmarking capitalization rates, comparable market rental rates, sales values of comparable properties and incremental borrowing rates with external market data; o developing an independent range of value expectations for the plant and equipment based on external market data for inflation adjustments, replacement cost new, physical depreciation, useful lives, functional obsolescence and resale values; and o compared the independent range of value expectations for the plant and equipment to management's estimate to evaluate the reasonableness of management's estimate. • Tested management's reconciliation of the equipment assets to the MCC property, plant and equipment asset subledger. • Assessed the disclosures in the consolidated financial statements in relation to the valuation of the properties, plant and equipment acquired in the MCC business combination.
Goodwill impairment assessment *Refer to note 2 – Material accounting policies and note 10 – Goodwill to the consolidated financial statements.* The carrying value of the Company's goodwill was $22.3 million as at December 31, 2023. The Company has a single operating segment being the	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the level at which goodwill is monitored for impairment by considering the Company's internal organizational structure and management reporting.

Key audit matter	How our audit addressed the key audit matter
Company as a whole, which is the level at which goodwill is monitored for internal management purposes reflecting the way the Company manages its operations. Management performs a goodwill impairment assessment annually at the end of each fiscal year or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired. Impairment is determined by assessing if the carrying value of the Company exceeds its recoverable amount. The recoverable amount of the Company was determined based on its estimated fair value less cost of disposal using a discounted cash flow model. Management applied considerable judgment in estimating the recoverable amount of the Company, which included the use of significant assumptions relating to revenue growth rates, gross margins and the discount rate. Management concluded that there was no impairment of the Company's goodwill carrying value as at December 31, 2023. We considered this a key audit matter due to the magnitude of the goodwill balance and the considerable judgment by management in estimating the recoverable amount of the Company. This led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	• Evaluated how management determined the recoverable amount of the Company, which included the following: – Tested the mathematical accuracy of the discounted cash flow model. – Tested the underlying data used in the discounted cash flow model. – Evaluated the reasonableness of significant assumptions used by management related to revenue growth rates and gross margins by considering (i) the current and past performance of the Company; (ii) the consistency with external industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. – Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management's discounted cash flow model and in testing the reasonableness of the discount rate used by management. • Assessed the disclosures in the consolidated financial statements, including management's sensitivity disclosures on significant assumptions related to revenue growth rates, gross margins and the discount rate.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Simon Kent.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 20, 2024

Consolidated statements of financial position

(in thousands of Canadian dollars)		**December 31, 2023**		December 31, 2022
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**$**	**17,652**	$	4,208
Trade receivables (note 5)		**117,956**		54,630
Inventories (note 6)		**28,840**		20,220
Prepaid expenses and other current assets		**5,313**		2,984
Income taxes receivable		**2,640**		15
Assets held for sale (note 20)		**8,650**		—
		181,051		82,057
NON-CURRENT ASSETS				
Other non-current assets		**2,900**		466
Deferred income tax assets (note 14)		**9,801**		4,830
Property, plant and equipment (note 7)		**30,358**		6,779
Right-of-use assets (note 8)		**159,801**		33,505
Pension assets (note 15)		**1,962**		2,364
Intangible assets (note 9)		**10,616**		2,507
Goodwill (note 10)		**22,265**		16,973
	$	**418,754**	$	149,481
LIABILITIES				
CURRENT LIABILITIES				
Bank overdraft	**$**	**1,564**	$	—
Trade payables and accrued liabilities	**$**	**75,766**	$	44,133
Current portion of credit facilities (notes 1 and 13)		**6,333**		11,667
Current portion of lease liabilities (note 12)		**10,322**		6,791
Provisions (note 11)		**16,325**		1,316
Income taxes payable (note 14)		**—**		1,630
Deferred revenue		**6,221**		3,942
		116,531		69,479
NON-CURRENT LIABILITIES				
Provisions (note 11)		**1,004**		—
Credit facilities (notes 1 and 13)		**93,918**		15,380
Lease liabilities (note 12)		**144,993**		33,011
Pension obligations (note 15)		**26,386**		6,069
Other post-employment benefit plans (note 16)		**3,606**		2,695
Asset retirement obligation		**3,552**		—
	$	**389,990**	$	126,634
EQUITY				
SHAREHOLDERS' EQUITY				
Shares (note 17)	**$**	**283,738**	$	256,478
Warrants (note 17)		**219**		869
Contributed surplus		**3,135**		3,131
Translation reserve		**177**		207
Deficit		**(258,505)**		(237,838)
	$	**28,764**	$	22,847
	$	**418,754**	$	149,481

Commitments and Contingencies (note 21); Subsequent events (note 27)

Approved by Board of Directors

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

(Signed) "Richard Kellam" Director

Consolidated statements of operations

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
		(Restated - Note 3)
REVENUES (note 25)	**$ 447,725**	$ 273,804
COST OF REVENUES	**328,814**	189,580
GROSS PROFIT	**118,911**	84,224
EXPENSES		
Selling, commissions and expenses	**39,195**	29,041
General and administration expenses	**48,049**	25,398
Restructuring expenses (note 11)	**20,308**	—
Acquisition and integration costs (notes 4, 8 and 24)	**10,903**	1,870
Net fair value losses on financial liabilities at fair value through profit or loss (notes 3 and 17)	**7,122**	2,711
	125,577	59,020
(LOSS) INCOME BEFORE FINANCE COSTS, OTHER INCOME, AND INCOME TAXES	**(6,666)**	25,204
FINANCE COSTS		
Interest expense on long term debt and pensions, net	**8,315**	2,742
Interest expense on lease liabilities (note 12)	**7,006**	2,223
Amortization of transaction costs net of debt extinguishment gain (note 13)	**457**	344
	15,778	5,309
(LOSS) INCOME BEFORE INCOME TAXES	**(22,444)**	19,895
INCOME TAX (RECOVERY) EXPENSE		
Current (note 14)	**1,209**	5,456
Deferred (note 14)	**(7,799)**	473
	(6,590)	5,929
NET (LOSS) INCOME FOR THE YEAR	**$ (15,854)**	$ 13,966
BASIC (LOSS) EARNINGS PER SHARE (note 18)	**$ (0.31)**	$ 0.32
DILUTED (LOSS) EARNINGS PER SHARE (note 18)	**$ (0.31)**	$ 0.30

Consolidated statements of comprehensive (loss) income

(in thousands of Canadian dollars)	**For the year ended December 31, 2023**	For the year ended December 31, 2022
NET (LOSS) INCOME FOR THE YEAR	**$ (15,854)**	$ 13,966
OTHER COMPREHENSIVE (LOSS) INCOME:		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET (LOSS) INCOME		
Foreign currency translation	**(30)**	34
	(30)	34
ITEMS THAT WILL NOT BE RECLASSIFIED TO NET (LOSS) INCOME		
Re-measurements of pension and other post-employment benefit obligations (note 15)	**(6,525)**	640
Taxes related to pension and other post-employment benefit adjustment above (note 14)	**1,712**	(162)
	(4,813)	478
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR, NET OF TAX	**$ (4,843)**	$ 512
COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**$ (20,697)**	$ 14,478

Consolidated statements of changes in shareholders' equity

(in thousands of Canadian dollars)

	Shares	Warrants	Contributed surplus	Translation reserve	Deficit	Total equity
BALANCE AS AT DECEMBER 31, 2021	**$ 256,478**	**$ 881**	**$ 2,791**	**$ 173**	**$ (252,282)**	**$ 8,041**
Net income for the year	—	—	—	—	13,966	13,966
Other comprehensive income for the year	—	—	—	34	478	512
Total comprehensive loss for the year	—	—	—	34	14,444	14,478
Expiration of warrants (note 17)	—	(12)	12	—	—	—
Share-based compensation expense (note 17)	—	—	328	—	—	328
Balance as at December 31, 2022	$ 256,478	$ 869	$ 3,131	$ 207	$ (237,838)	$ 22,847

	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 year	**—**	**—**	—	—	**(15,854)**	**(15,854)**
Other comprehensive loss for the year	**—**	**—**	**—**	**(30)**	**(4,813)**	**(4,843)**
Total comprehensive loss for the year	**—**	**—**	**—**	**(30)**	**(20,667)**	**(20,697)**
Issuance of common shares and broker warrants, net (note 17)	**24,480**	**219**	**—**	**—**	**—**	**24,699**
Exercise of warrants (note 17)	**1,358**	**(869)**	**—**	**—**	**—**	**489**
Exercise of options (note 17)	**1,422**	**—**	**(671)**	**—**	**—**	**751**
Share-based compensation expense (note 17)	**—**	**—**	**675**	**—**	**—**	**675**
BALANCE AS AT DECEMBER 31, 2023	**$ 283,738**	**$ 219**	**$ 3,135**	**$ 177**	**$ (258,505)**	**$ 28,764**

Consolidated statements of cash flows

(in thousands of Canadian dollars)	**For the year ended December 31, 2023**	For the year ended December 31, 2022
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net (loss) income for the year	**$ (15,854)**	$ 13,966
Items not affecting cash		
Depreciation of property, plant and equipment (note 7)	**6,165**	2,965
Amortization of intangible assets (note 9)	**2,881**	1,606
Depreciation of right-of-use-assets (note 8)	**12,677**	6,609
Interest expense on lease liabilities (note 12)	**7,006**	2,223
Share-based compensation expense (note 17)	**675**	328
Net fair value losses on financial liabilities at fair value through profit or loss (notes 3 and 17)	**7,122**	2,711
Pension expense (note 15)	**1,245**	351
(Gain)/ loss on disposal of property, plant and equipment	**487**	98
Provisions (note 11)	**20,308**	—
Amortization of transaction costs, accretion of debt premium/ discount, net of debt extinguishment gain (note 13)	**457**	344
Accretion of non-current liabilities (note 13)	**—**	120
Accretion of asset retirement obligation	**24**	—
Other post-employment benefit plan expense (note 16)	**515**	(16)
Right-of-use assets impairment (note 8)	**464**	—
Income tax (recovery) expense (note 14)	**(6,590)**	5,929
Changes in non cash working capital (note 19)	**5,863**	(6,343)
Contributions made to pension plans (note 15)	**(1,124)**	(869)
Contributions made to other post-employment benefit plans (note 16)	**(471)**	(365)
Provisions paid (note 11)	**(4,975)**	(3,160)
Income taxes paid (note 14)	**(4,072)**	(3,822)
Total cash generated from operating activities	**32,803**	22,675
INVESTING ACTIVITIES		
Net cash consideration for acquisition of MCC (note 4)	**(130,953)**	—
Purchase of property, plant and equipment (note 7)	**(4,222)**	(1,475)
Proceeds on sale and leaseback transactions (note 20)	**29,533**	—
Purchase of intangible assets (note 9)	**(127)**	(71)
Proceeds on disposal of property, plant and equipment	**1,282**	70
Total cash used in investing activities	**(104,487)**	(1,476)
FINANCING ACTIVITIES		
Issuance of common shares and warrants, net (note 17)	**24,221**	—
Decrease in restricted cash	**—**	515
Proceeds from credit facilities (note 13)	**162,140**	2,900
Repayment of credit facilities (note 13)	**(87,592)**	(12,616)
Proceeds from exercise of warrants (note 17)	**489**	—
Increase in bank overdrafts	**282**	—
Proceeds from exercise of options (note 17)	**751**	—
Transaction costs (note 13)	**(1,801)**	—
Lease payments (note 12)	**(13,321)**	(8,730)
Total cash provided by financing activities	**85,169**	(17,931)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**13,485**	3,268

CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	**$**	**4,208**	$	901
EFFECTS OF FOREIGN EXCHANGE ON CASH BALANCES		**(41)**		39
CASH AND CASH EQUIVALENTS – END OF YEAR	**$**	**17,652**	$	4,208

1 General information and basis of preparation

DATA Communications Management Corp ("DCM" or the "Company") 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. On April 24, 2023, DCM completed the acquisition of Moore Canada Corporation ("MCC") (see note 4 for further details).

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 Company's ability to continue as a going concern is dependent upon management's ability to meet forecast revenue and profitability targets for at least the next twelve months in order to comply with its financial covenants on its credit facilities or to obtain financial covenant waivers from its lenders if necessary. While estimated forecast compliance with financial covenants is sensitive to key assumptions used for forecast revenues, gross margins and expenses (which in turn impact earnings before interest, income taxes, depreciation and amortization (EBITDA)), management is satisfied that the Company's forecasts and projections through to March 31, 2025, 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. For this reason, management continues to believe that there is no material uncertainty regarding the ability of the Company to continue as a going concern.

The common shares of DCM are listed on the Toronto Stock Exchange ("TSX") under the symbol "DCM" and on OTC Markets Group ("OTCQX") under the symbol "DCMDF". The address of the registered office of DCM is 9195 Torbram Road, Brampton, Ontario. These consolidated financial statements were approved by the Board of Directors ("Board") of DCM, on March 20, 2024.

2 Material accounting policies

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets, financial liabilities and employee future benefits to fair value (notes 3, 15, 16 and 17).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, DCM takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share based-payments*, IFRS 16 Leases (as IFRS 7 does not require fair value disclosures for lease liabilities), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1; that are observable for the asset or liability; either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of DCM and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated upon consolidation.

i.Subsidiaries

Subsidiaries are all entities (including structured entities) over which DCM has control. Control exists when DCM is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date which control is obtained. They are unconsolidated from the date that control ceases. DCM has two wholly owned subsidiaries, being MCC and Data Communications Management (US) Corp. ("DCM USA").

ii.Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii.Disposal of subsidiaries

When DCM ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive loss in respect of that entity are accounted for as if DCM had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income (loss) are reclassified to the statement of operations.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method, and their operating results are included in the consolidated financial statements as of the acquisition date. The consideration transferred is the total fair value of the assets transferred, equity instruments issued, liabilities incurred to the former owners of the acquired business and contingent considerations on the acquisition date in exchange for control of the acquired entity. The excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill. The transaction costs attributable to the acquisition are recognized in the statement of operations when they are incurred.

If the agreement includes a contingent consideration, it is measured at fair value as of the acquisition date and added to the consideration transferred, and a liability for the same amount is recognized. Any subsequent change to the fair value of the contingent consideration will be recognized in the statement of operations.

If the initial recognition of the business combination is incomplete when the financial statements are issued for the period during which the acquisition occurred, DCM records a provisional amount for the items for which measurement is incomplete. Adjustments to the original recognition of the business combination will be recorded as an adjustment to the assets acquired and liabilities assumed during the measurement period, and the adjustments must be applied retroactively. The measurement period is the period from the acquisition date to the date on which DCM has received complete information on the facts and circumstances that existed as of the acquisition date.

If a business combination is achieved in stages, DCM reassesses the share it held previously in the acquiree at fair value at the acquisition date and includes the gain or loss resulting, if any, to the statement of operations.

In the case of a business combination of less than 100%, a non-controlling interest is measured, either at fair value or at the non-controlling interest's share of the net identifiable assets of the acquiree. The basis of measurement is determined on a transaction-by-transaction basis.

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each entity within DCM are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These consolidated financial statements are presented in Canadian dollars, which is DCM’s functional currency. The functional currency of DCM’s United States operations is U.S. dollars.

Monetary assets and liabilities denominated in foreign currencies are translated into each entity's functional currency at rates of exchange in effect at the statement of financial position date. Revenues and expenses denominated in foreign currencies are translated into each entity's functional currency at rates prevailing on the transaction dates. Gains and losses resulting from the translation of monetary assets and liabilities denominated in currencies other than each entity's functional currency are included in the determination of income for the year.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the average exchange rate during the period. Foreign currency differences are recognized in other comprehensive income (loss) in the foreign currency translation reserve account.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, deposits held with banks and bank overdraft and highly liquid short-term interest-bearing securities with maturities of three months or less at the date of purchase.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognized at fair value. DCM holds trade receivables with the objective of collecting the contractual cashflows and therefore measures them subsequently at amortized cost using the effective interest method, less loss allowance. See note 23 for a description of the Company’s impairment policies and the calculation of the loss allowance.

INVENTORIES

Raw materials inventories, base stock finished goods and work-in-progress are recorded at the lower of cost and net realizable value. Raw materials are recorded at standard cost. The cost of finished goods and work-in-process are determined using the first-in, first-out method. Inventory manufactured includes the cost of materials, labour and production overheads (based on normal operating capacity), including applicable depreciation on property, plant and equipment. Net realizable value is the estimated selling price less cost to complete and applicable selling expenses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less accumulated depreciation and impairments. Costs include expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset’s carrying value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to DCM and the cost can be measured reliably. The carrying value of a

replaced asset is derecognized when replaced. Maintenance and repairs are expensed as incurred. Property, plant and equipment are depreciated from the point at which the asset is ready for use. Depreciation is computed using the methods and rates based on the estimated useful lives of the property, plant and equipment as outlined below:

	Basis	Rate
Leasehold improvements	straight-line	Shorter of life or lease term
Office furniture and equipment	straight-line	5 years
Presses and printing equipment	straight-line	3 to 10 years
Computer hardware	straight-line	2 to 5 years
Vehicles	straight-line	3 years

DCM allocates the amount initially recognized with respect to an item of property, plant, and equipment to its significant parts and depreciates each such part separately. Residual values, the method of depreciation and the useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in general and administration expenses in the statement of operations.

INTANGIBLE ASSETS

Separately acquired intangible assets are initially measured at cost. Customer relationships, trade names, trademarks and non-compete agreements acquired in a business combination are recognized at fair value at the acquisition date, which is their deemed cost. Where these assets have a finite life, they are subsequently carried at cost less accumulated amortization and impairment losses.

Research costs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by DCM are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Certain configuration and customization activities undertaken in implementing a cloud computing arrangement may give rise to a separate asset in limited circumstances where DCM controls the intellectual property of the underlying software code (e.g. the development of bridging modules to existing on-premise systems or bespoke additional software capability). In all other instances, configuration and customization costs are expensed as incurred. Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Management's judgment is required to determine the useful lives of intangible assets, including reviewing the length of customer relationships and other factors. These finite life assets are amortized over their estimated useful lives, as outlined below.

	Basis	Rate
Customer relationships	straight-line	1.5 to 12 years
Software and technology	straight-line	1 to 7 years
Trademarks, trade names and non-compete agreements	straight-line	2 to 10 years

Residual values, the method of amortization and the useful lives of the assets are reviewed annually and adjusted if appropriate.

GOODWILL

Goodwill represents the excess of the aggregate of consideration transferred in a business combination and the non-controlling interest in the acquired business over the fair value of net identifiable assets and liabilities acquired. Adjustments to fair value assessments are recorded to goodwill over the measurement period, not exceeding one year from the date of acquisition. Goodwill is allocated to the cash generating unit ("CGU") or a group of CGUs to which it relates. A CGU is an identifiable group of assets that are largely independent of the cash flows from other assets or group of assets, which is not higher than an operating segment.

Goodwill is not amortized but is evaluated for impairment annually or more frequently if events or changes in circumstances indicate there may be impairment. Impairment is determined for goodwill by assessing if the carrying value of a cash generating unit, including the allocated goodwill, exceeds its recoverable amount, determined as the greater of the estimated fair value less costs to sell or the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is charged to the consolidated statement of operations in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and indefinite life intangible assets are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets (property, plant and equipment, right-of-use assets and definite life intangible assets) are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail, including a number of estimates and assumptions such as projected revenue growth rates, gross margin and discount rates.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recorded as impairment provisions within accumulated depreciation for depreciable assets. DCM evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration. Where an impairment loss subsequently reverses the carrying amount of the asset or CGU is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

TRADE PAYABLES AND ACCRUED LIABILITIES

The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

BORROWINGS

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of operations over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of operations as other income or finance costs.

Borrowings are classified as current liabilities unless DCM has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

SHARE-BASED COMPENSATION

DCM has share-based compensation plans as part of DCM’s long-term incentive plan, as described in note 17. All transactions involving share-based payments are recognized as an expense in the statement of operations over the vesting period.

Equity-settled share-based payment transactions, such as stock option awards, are measured at the grant date at the fair value of employee services received in exchange for the grant of options or share awards and, for non-employee transactions, at the fair value of the goods or services received at the date on which the entity recognizes the goods or services. The total amount of the expense recognized in the statement of operations is determined by reference to the fair value of the share awards or options granted, which factors in the number of options expected to vest. Equity-settled share-based payment transactions are not remeasured once the grant date fair value has been determined.

Cash-settled share-based payment transactions are measured at the fair value of the liability. The liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognized in the statement of operations.

EMPLOYEE BENEFITS

DCM maintains a hybrid defined benefit and defined contribution pension plan (the “DATA Communications Management Pension Plan”) and a defined benefit plan (the “Moore Canada Corporation Pension Plan”) for some of its employees. Defined benefit pension benefits are primarily based on years of service, compensation and accrued contributions with investment earnings. DCM's funding policy is to fund the annual amount required to meet or exceed the minimum statutory requirements. Actuarial valuations are required to be completed every three years.

DCM also contributes to a multi-employer defined benefit plan, the Québec Graphic Communication Pension Plan (the “GCPP”) for certain employees at its Drummondville plant in Québec and a number of Unifor Local 591G union administered defined benefit employee pension and non-pension benefit plans for the unionized hourly employees of its Thistle division and Tristar division ("Unifor Pension & Benefit Plans"). The GCPP and Unifor Pension & Benefit Plans provide post-employment benefits to unionized employees in the printing industry jointly-trusteed by representatives of the employers and the unions. DCM's obligation to the GCPP and Unifor Pension & Benefit Plans are limited to the amounts agreed to in the respective collective bargaining agreements of each plan.

Certain former senior executives of a predecessor corporation and certain current and former employees of DCM participate in Supplementary Executive Retirement Plans (“SERPs”). The former executives of a predecessor

corporation are provided with pension benefits payable as a single life annuity with a five-year guarantee. In addition, certain current and former employees of MCC, who are members of the Moore Canada Corporation Pension Plan, are provided defined benefits that are in excess of the maximum benefits allowed in accordance with the income tax act of Canada and pension regulations.

DCM also contributes to various Registered Retirement Saving Plan matching plans ("RRSP Matching Plans") which are similar to defined contribution pension plans.

DCM provides non-pension post-employment benefits, including health care and life insurance benefits on retirement to certain former employees, their beneficiaries and covered dependents ("DCM OPEB Plan"). DCM also provides other long-term employee benefit plans including pension, health care and dental care benefits for certain employees on long-term disability ("DCM OPEB LTD Plan"). Similarly, MCC provides other long-term employee benefit plans, including health care and dental care benefits for certain employees on long-term disability ("MCC OPEB LTD Plan"). Together, these plans are collectively referred to as ("OPEB LTD Plans").

(a) Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Pension benefits for defined contribution formula are based on the accrued contributions with investment earnings. DCM's annual pension expense is based on the amounts contributed in respect of eligible employees when they are due.

(b) Defined benefit pension plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Pension benefits for the defined benefit formula are generally calculated based on the number of years of service and the maximum average eligible earnings of each employee during any period of five consecutive years. DCM accrues its obligations for the defined benefit provision and related costs, net of plan assets, where applicable. The cost of pensions earned by employees covered by these plans are actuarially determined using the projected unit credit method taking into account management's best estimate of salary escalation, retirement ages and longevity of employees, where applicable. When the calculation results in a benefit to DCM, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in DCM. An economic benefit is available to DCM if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Improvements to the pension plans are recognized as past service costs in the period of the plan amendment. Current service costs are expensed in the period that the benefits are accrued. Current service costs, administration costs and past services costs are recognized as period costs in general and administration expenses in the statement of operations. Net interest is calculated by applying the discount rate at the beginning of the period to the net benefit liability or asset and is recognized in finance costs (income) in the statement of operations.

The discount rate used to determine the accrued benefit obligation is determined by reference to yields on high quality corporate bonds and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arise from the difference between actual rate of return on plan assets and the discount rate for that period, from changes in actuarial assumptions used to determine the accrued benefit obligation and from changes to accrued benefit obligation resulting from actual experience differing from long-term assumptions used to determine the accrued benefit obligation. Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the actual return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income (loss) in the period in which they occur. Re-measurements recognized in other comprehensive income (loss) are reflected immediately in retained earnings (deficit) and will not be reclassified to the statement of operations.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the DCM's defined benefit plans. When the payment in the future of minimum funding requirements related to past service would result in a net defined benefit surplus or an increase in a surplus, the minimum funding requirements are recognized as a liability to the extent that the surplus would not be fully available as a refund or a reduction in future contributions to the plans.

A liability for termination benefits is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring provisions. Termination benefits that require future services are required to be recognized over the periods the future services are provided.

The SERPs are unfunded.

The GCPP and the Unifor Pension & Benefit Plans are negotiated contribution, defined benefit plans, however, the trustees of these plans are not able to provide sufficient information for DCM to account for these plans as a defined benefit plan. Notably, GCPP is a multi-employer plan, while Unifor Pension & Benefit Plans are subject to a union agreement rather than being categorized as a multi-employer plans. DCM has accounted for these plans on a defined contribution basis as DCM does not believe there is sufficient information to recognize participation on a defined benefit basis.

(c) Other post-employment and long-term employee benefit plans

DCM's net obligation in respect of its DCM OPEB Plan is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed using the projected unit credit method. Any actuarial gains and losses related to non-pension post-employment benefit plans are recognized in other comprehensive loss in the period in which they arise and will not be reclassified to statement of operations.

DCM's net obligation in respect of its OPEB LTD Plans is the actuarial present value of all future projected benefits determined as at the valuation date. Any actuarial gains and losses related to other long-term employee benefit plans are recognized in the statement of operations in the period in which they arise.

The discount rate is the yield at the reporting date on yields on high quality corporate bonds that have maturity dates approximating the terms of DCM's obligations. The DCM OPEB Plan and OPEB LTD Plans are funded on a pay-as-you-go basis.

PROVISIONS

Provisions are liabilities of uncertain timing or amount. A provision is recognized if, as a result of a past event, DCM has a present legal or constructive obligation for which the amount can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation. When the effect of discounting is significant, the amount of the provision is determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each reporting date and any changes to estimates are reflected in the statement of operations. The unwinding of the discount is recognized as a finance cost. A provision for restructuring is recognized when DCM has approved a detailed and formal restructuring plan, and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. Future operating losses associated with plant closures are not provided for.

INCOME TAXES

Income tax expense comprises current and deferred tax. Current income tax and deferred income tax are recognized in the statement of operations except to the extent that it relates to a business combination or items recognized

directly in equity or in other comprehensive income (loss), in which case the current and/or deferred tax is also recognized directly in equity or other comprehensive income (loss).

Current income taxes are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years that are expected to be paid. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. DCM establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured on a non-discounted basis at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized in the foreseeable future.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred income tax assets and liabilities are presented as non-current.

LEASES

DCM leases various offices, manufacturing facilities, warehouses and machinery and office equipment. Rental contracts are typically made for fixed periods of 1 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. DCM has options to purchase certain manufacturing equipment for a nominal amount or the then fair market value, to extend the term, or to return the equipment at the end of the lease term. The obligations are secured by the lessors' title to the leased asset for such leases. DCM also occasionally enters into sub-leases as an intermediate lessor.

The accounting policies for leases are as follows:

AS A LESSEE

DCM assesses, at the inception of a contract, whether a contract is, or contains, a lease. A lease is a contract in which the right to control the use of an identified asset is granted for an agreed upon period of time in exchange for consideration. DCM assesses whether a contract conveys the right to control the use of an identified asset when there is both the right to direct the use of the asset and obtain substantially all the economic benefits from that use.

At the commencement of a lease contract:

(i) a lease liability is initially measured at the present value of the non-cancellable lease payments over the lease term and discounted at DCM's incremental borrowing rate, which represents the rate DCM would pay to borrow funds to obtain the underlying asset over a similar term and with similar security. Lease payments include fixed payments and such variable payments that depend on an index or a rate; less any lease incentives receivable. In

determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(ii) a right-of-use asset ("ROU Asset") is initially measured at cost, which comprises the initial lease liability, lease payments made at or before the lease commencement date, initial direct costs and restoration obligations less lease incentives.

The ROU Asset is depreciated in subsequent periods over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if DCM is reasonably certain to exercise that option. The ROU Asset is assessed for impairment in accordance with the requirements of IAS 36 *Impairment of Assets*.

The lease liability is measured in subsequent periods at amortized cost using the effective interest method. Lease payments are allocated between principal and interest cost. The interest cost is charged to the consolidated statement of operations over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability each period. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in DCM's estimate of the amount expected to be payable under a residual value guarantee, or if DCM changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU Asset, with any difference recorded in the consolidated statement of operations. When a lease contract is modified to increase the scope of the lease and the change to the lease payments is commensurate with the stand-alone price for the increased scope the modification is accounted for as a separate lease contract. In all other cases the lease liability is remeasured using a revised discount rate for the remainder of the lease term and the ROU asset is adjusted either downwards in the case of scope decreases to reflect the partial or full termination of the lease (with any gain or loss recognized in the consolidated statement of operations) or upwards by the same adjustment to the lease liability for scope increases.

On a lease by lease basis, DCM also exercises the option available for contracts comprising lease components as well as non-lease components, not to separate these components. Payments to the lessor for variable costs associated with the lease, including variable payments to the lessor related to non-lease components, are not included in the measurement of the lease liability and are expensed as incurred in the consolidated statement of operations.

Extension and termination options exist for DCM's property leases. DCM remeasures the lease liability when there is a change in the assessment of the inclusion of the extension option in the lease term, resulting from a change in facts and circumstances.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of operations. Short-term leases are leases with a lease term of twelve months or less. Low value assets comprise IT equipment and small items of office furniture.

AS AN INTERMEDIATE LESSOR

For sub-leases where DCM is an intermediate lessor, the head lease and sub-lease interest are accounted for separately. DCM assesses the lease classification of a sub-lease as either an operating lease or a finance lease with reference to the ROU Asset arising from the head lease.

GOVERNMENT GRANTS

Grants from the government are recognized at their fair value when there is reasonable assurance that the grant will be received and DCM will comply with all attached conditions. The Company has elected to present government grants related to income as "other income" in the consolidated statement of operations.

SHARE CAPITAL AND WARRANTS

Common shares and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of common shares and warrants are recognized as a deduction from equity, net of any tax effects.

EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is calculated by adjusting net income (loss) and weighted average number of shares outstanding during the period for the effects of dilutive potential shares, which includes any options granted.

REVENUE RECOGNITION

DCM recognizes revenue when control of the goods or services has been transferred. Revenue is measured at the amount of consideration to which DCM expects to be entitled to, net of incentives given to its customers, including volume-based incentives, price concessions and cash discounts.

The following is a description of the principal activities from which DCM generates its revenue, along with the corresponding revenue recognition accounting policies applied:

(a) 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 a 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 the 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 and financing 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 the 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 the production of product or upon receipt of third-party product in its warehouses or when warehousing and freight services are provided (see (b) and (c) below).

(b) 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 agreed 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.

(c) Freight services - DCM has identified it has a distinct performance obligation for the 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 the performance of the shipping service has occurred as products are shipped.

(d) Marketing and other services - Marketing services include fee-for-service marketing strategy, creative and other marketing services fees, and other ancillary services include 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.

(e) Technology-enabled hardware solutions - We procure 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 digital signage applications. Such products typically complement our product sales, and other services, and are sold to clients as part of an integrated offering. Technology-enabled hardware solutions represent a distinct performance obligation (from our product sales and other services), and revenue is recognized when the product is shipped from the vendor or inducted into DCM's warehouse.

(f) Technology-enabled subscription services and fees - Our technology-enabled subscription services and fees include the provision of marketing technology workflow applications and digital asset management (“DAM”) solutions, software subscription fees, managed technology services, program management services, professional services fees, content management 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 ratably over the term of the contract, and represent a distinct performance obligation.

VARIABLE CONSIDERATION
Some contracts with customers provide volume-based incentives specific to product sales. In addition, price concessions (adjustments to the amount charged to a customer made outside of the initial contact terms) are sometimes provided to customers if there are billing disputes or customers have experienced some level of dissatisfaction in order to encourage customers to pay for previous purchases and continue making future purchases. Such incentive offerings and price concessions give rise to variable consideration and are required to be estimated at contract inception by using either the expected value or the most likely amount, depending on which method better predicts the amount of consideration to which the customer will be entitled. The estimates are based on various assumptions, including past experience with customers and other relevant factors. DCM uses the most likely amount when determining the expected amount of volume-based incentives and price concessions it will give to its customers and records these as a reduction to revenue in the consolidated statement of operations. DCM reduces the transaction price for any price concessions expected to be provided to customers, as revenue can only be recognized to the extent that it is highly probable that a significant reversal in the amount of revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

CONTRACT COSTS
Contract costs represent incremental costs incurred, such as sales commissions for sales made to certain customers. Contract costs are deferred and included within prepaid expenses and other assets for contracts expected to be delivered after more than one year and then amortized over their estimated useful lives. Contract costs are carried at cost less accumulated amortization. For the years ended December 31, 2023 and 2022, DCM did not have any significant contract cost balances or transactions.

FINANCIAL INSTRUMENTS

CLASSIFICATION AND MEASUREMENT
Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss (“FVTPL”).

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification. DCM currently has no derivatives.

Financial assets and liabilities at FVTPL: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of operations and are included in finance costs. Gains and losses arising from changes in fair value are presented in the consolidated statement of operations within expenses in the period in which they arise. Financial assets and liabilities at FVTPL are classified as current except for the portion expected to be realized or paid beyond twelve months of the statement of financial position date, which is classified as non-current.

Financial assets and liabilities at amortized cost: Financial assets and liabilities at amortized cost are initially recognized at fair value, except for trade receivables that do not contain a significant financing component which are measured at the transaction price, plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets through other comprehensive income: Financial assets carried at FVOCI are measured at fair value. Interest, dividends and impairment gains and losses are recognized in the consolidated statement of operations on the same basis as for amortized cost assets. Changes in fair value are recognized initially in other comprehensive income. When the assets are derecognized or reclassified, the cumulative changes in fair value are reclassified to the consolidated statement of operations (except where they relate to investments in equity instruments). DCM currently has no financial instruments measured at fair value through other comprehensive loss.

DCM determines the classification of financial assets and liabilities at initial recognition. The classification of DCM's financial assets and liabilities is disclosed in note 23.

IMPAIRMENT OF FINANCIAL ASSETS

DCM applies the 'expected credit loss' ("ECL") model to assess the impairment of its financial assets at each balance sheet date. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. DCM measures loss allowance at an amount equal to lifetime ECLs.

DCM applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default, which were then applied over the expected life of the trade receivables, adjusted for forward looking information of economic and other factors. Trade receivables are written off when there is no reasonable expectation of recovering the asset or a portion thereof.

Impairment losses are recorded in general and administration expenses in the consolidated statements of operations. Where there is a change that will cause a significant reduction in the loss, the impairment loss previously recognized is reversed through the consolidated statements of operations.

DERECOGNITION

Financial Assets: The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of operations.

Financial liabilities: The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of operations.

ASSETS HELD FOR SALE

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 Accounting Standard. Non-current assets are not classified as held for sale within the comparative period presented for the Statement of Financial Position.

USE OF ESTIMATES, MEASUREMENT UNCERTAINTY AND JUDGMENTS

The preparation of consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amount of certain assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the period reported. Management must also make estimates and judgments about future results of operations, related specific elements of the business and operations in assessing the recoverability of assets and recorded value of liabilities. Significant areas of estimates, measurement uncertainty and judgments are summarized below. For each item, actual results could differ from estimates and judgments made by management.

BUSINESS COMBINATIONS

On April 24, 2023, DCM acquired MCC for a total purchase price of $135,757 after adjusting for the post-closing working capital adjustments. The identifiable assets acquired and liabilities assumed, with limited exceptions are measured at their fair values at the acquisition date with the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed being recognized as goodwill. The fair value of the identifiable assets acquired included $41,385 related to properties (including $25,800 classified as assets held for sale) and $26,139 related to plant, equipment, presses and printing equipment, office furniture and equipment and leasehold improvements (notes 4, 7 and 20). Management applied significant judgment in estimating the fair values of the acquired properties, plant and equipment.

The fair value of the properties acquired was estimated with the assistance of a third-party appraiser (management's property expert) using a combination of the income (direct capitalization) method and market (direct comparison) method. Significant assumptions related to the direct comparison method included the sales values of comparable properties, and subsequent sale and leaseback transactions (including market rental rates and incremental borrowing rates). Significant assumptions related to the direct capitalization approach included capitalization rates and comparable market rental rates.

The fair value of the plant and equipment assets acquired was estimated with the assistance of a third-party appraiser (management's plant and equipment expert) using a combination of the market and cost (direct and indirect) approaches. Significant assumptions related to the cost approach included inflation adjustments, replacement cost new, physical depreciation, useful lives and functional obsolescence. Significant assumptions related to the market approach included resale values.

IMPAIRMENT OF GOODWILL

Goodwill is tested for impairment annually at the end of each fiscal year or more frequently if events or changes in circumstances indicate there may be impairment. The determination of the impairment of goodwill is impacted by the determination of the CGUs, estimates of the recoverable value of those CGUs, assumptions of future cash flows, and achieving forecasted business results.

The acquisition of MCC brought together two similar sized businesses with similar economic characteristics particularly in terms of the nature of the products and services, production processes, types of customers and methods used to provide these product and services to customers. These businesses have been integrated into one consolidated operation and senior management team under the leadership of the Chief Executive Officer ("CEO") as the Company operates as an integrated marketing communications and business solutions provider to its customers. Consequently in management's judgment DCM has a single goodwill CGU, being the Company as a whole, reflecting the manner in which the operating results are being reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and to assess the Company's performance as an integrated marketing and business solutions provider to its customers. This is the level at which goodwill is monitored for internal management purposes.

The recoverable amount of this CGU was determined based on its estimated fair value less the cost of disposal using a discounted cash flow model. Management applied considerable judgment in estimating the recoverable amounts of

the Company, which included the use of significant assumptions relating to revenue growth rates, gross margins and the discount rate. While the recoverable amount from the discounted cash flow model is sensitive to key assumptions used for forecast revenues, gross margins and the discount rate, management is satisfied that the Company's forecasts and assumptions, taking account of reasonably possible changes in results and other uncertainties, will not change the result of DCM's impairment analysis (see also note 10 for the sensitivity of the model to changes in these significant assumptions).

3 Change in accounting policies

(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 consolidated statement of operations.

The following table summarizes the impact on DCM's consolidated statement of operations for the year ended December 31, 2022:

	Year ended December 31, 2022 prior to the adoption	Impact	Year ended December 31, 2022 after the adoption
Selling, commissions and expenses	$ 29,198	$ (157)	$ 29,041
General and administration expenses	27,952	(2,554)	25,398
Net fair value losses on financial liabilities at fair value through profit or loss	—	2,711	2,711

AMENDMENTS TO IAS 1, PRESENTATION OF FINANCIAL STATEMENTS AND IAS 8, ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

These standards were amended to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments were adopted effective January 1, 2023 and did not have an impact on the consolidated financial statements.

AMENDMENTS TO IAS 12, DEFERRED TAXES: RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

This standard was amended to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments were adopted effective January 1, 2023 and did not have an impact on the consolidated financial statements.

(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 consolidated financial statements.

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

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 most likely to be impacted. The amendments are effective from January 1, 2024. DCM does not expect these amendments to have any significant impact on the 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 current 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 are effective for annual reporting periods beginning on or after January 1, 2024. DCM does not expect these amendments to have any significant impact on the consolidated financial statements.

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

4 Business Acquisition

ACQUISITION OF MOORE CANADA CORPORATION (MCC)

On April 24, 2023 (the "Closing Date"), DCM acquired 100% of the share capital of MCC for a total cash purchase price of $130,835, subject to post-closing working capital adjustments. During the year ended December 31, 2023, the post-closing working capital adjustments to the purchase price were $4,922 for a total cash purchase price of $135,757. With the completion of the acquisition, MCC is a wholly-owned subsidiary of DCM. The acquisition of MCC provides a strategic opportunity to accelerate DCM's growth plans. Bringing together two similar sized businesses, DCM has a significantly larger presence in the Canadian market, an enhanced portfolio of products and services, and an expanded customer base across a broad range of industry vertical markets. The acquisition was funded through an expanded revolving, floating rate credit facility from a Canadian chartered bank, which includes up to $90,000 of revolving credit capacity; a $30,000 floating rate bridge facility from the bank; and a new $50,000 fixed rate credit facility from Fiera Private Debt (see note 13 for further information).

The acquisition is being accounted for as a business combination using the acquisition method and the consideration paid and the allocation of the consideration to the fair values of the assets acquired and liabilities assumed in the acquisition as of the Closing Date were as follows:

Recognized amounts of identifiable assets acquired and liabilities assumed		**Total as at December 31, 2023**
Cash and cash equivalents	$	4,804
Trade receivables		58,240
Inventories		22,981
Prepaid expenses and other assets		1,542
Other non-current assets		704
Property, plant and equipment		41,724
Assets held for sale (note 20)		25,800
Right-of-use assets		45,525
Intangible assets		10,863
Income taxes receivable		1,391
Trade payables and accrued liabilities		(28,016)
Bank overdraft		(1,282)
Deferred revenue		(1,688)
Lease liabilities		(30,034)
Provisions		(680)
Deferred income tax liabilities		(5,018)
Pension obligations		(14,092)
Other post-employment benefits plans		(848)
Asset retirement obligation		(1,451)
Total identifiable net assets		130,465
Goodwill		5,292
Total	$	135,757

The accounting for the business combination was finalised during the fourth quarter. The significant adjustments to the previously disclosed in the third quarter of 2023 purchase price allocations ware a $5,321 reduction to the provisional valuation of the acquired property, plant and equipment assets (and reclassification of $25,800 to assets held for sale relating to the Oshawa warehouse facility for which a planned sale and lease-back agreement was completed on June 8, 2023), a $1,837 reduction to the provisional valuation of intangible assets, and the deferred tax impact thereon.

The fair value of trade receivables acquired is $58,240. The gross contractual amount of trade receivables due is $59,011, of which $771 was deemed uncollectible. The identifiable intangible assets acquired primarily relate to customer relationships and trademarks, which will be amortized over an expected useful life of nine to ten years.

Acquisition and integration costs recognized during the year ended December 31, 2023 were $10,903 (year ended December 31, 2022 – $1,870). Of this $10,903 of acquisition and integration costs incurred during the year ended December 31, 2023, $5,640 relates specifically to acquisition costs. Goodwill of $5,292 arising from the acquisition is attributable to the company's workforce and is not deductible for tax purposes.

The revenue and net loss contributed by MCC and included in the consolidated statement of operations for the year ended December 31, 2023, were $173,600 and $28,359 (inclusive of $18,328 of restructuring expenses), respectively.

If the acquisition had occurred on January 1, 2023, the estimated proforma consolidated revenue and net loss for the year ended December 31, 2023 would have been approximately $538,149 and $9,023, 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.

5 Trade receivables

		December 31, 2023		December 31, 2022
Trade receivables	**$**	**119,676**	$	56,195
Provision for expected credit losses (note 23)		**(1,720)**		(1,565)
	$	**117,956**	$	54,630

As at December 31, 2023, trade receivables include unbilled receivables of $32,490 (2022 – $13,491), net of an expected credit loss allowance of $1,197 (2022 – $1,150).

6 Inventories

		December 31, 2023		December 31, 2022
Raw materials	**$**	**22,051**	$	14,719
Work-in-progress		**4,392**		2,827
Finished goods		**2,397**		2,674
	$	**28,840**	$	20,220

Raw materials inventory amount is net of obsolescence reserves of $1,040 (2022 – $629). Finished goods consist of base stock items.

7 Property, plant and equipment

The following tables present changes in property, plant and equipment for the years ended December 31, 2023 and 2022:

	Leasehold improvements	Office furniture and equipment	Presses and printing equipment	Computer hardware	Vehicles	Land and Building	Total
Year ended December 31, 2023							
Opening net book value	**2,541**	**60**	**3,664**	**504**	**10**	**—**	**6,779**
Acquisition of MCC (note 4)	**1,171**	**453**	**24,515**	**—**		**15,585**	**41,724**
Additions	**1,502**	**1,627**	**872**	**221**	**—**	**—**	**4,222**
Sales and Leasebacks	**—**	**—**	**—**	**—**	**—**	**6,342**	**6,342**
Other disposals	**(28)**	**(39)**	**(1,126)**	**(17)**	**—**	**—**	**(1,210)**
Assets classified as held for sale (note 20)	**—**	**—**	**—**	**—**	**—**	**(8,650)**	**(8,650)**
Effect of movement in exchange rates	**—**	**—**	**(2)**	**2**	**—**	**—**	**—**
Depreciation for the year	**(1,032)**	**(244)**	**(4,146)**	**(147)**	**(3)**	**(593)**	**(6,165)**
Closing net book value	**$ 4,154**	**$ 1,857**	**$ 23,777**	**$ 563**	**$ 7**	**$ 12,684**	**$ 43,042**
At December 31, 2023							
Cost	**15,321**	**3,418**	**58,162**	**3,078**	**16**	**—**	**$ 79,995**
Accumulated depreciation	**(11,167)**	**(1,561)**	**(34,385)**	**(2,515)**	**(9)**	**—**	**(49,637)**
Net book value	**$ 4,154**	**$ 1,857**	**$ 23,777**	**$ 563**	**$ 7**	**$ —**	**$ 30,358**

	Leasehold improvements	Office furniture and equipment	Presses and printing equipment	Computer hardware	Vehicles	Land and Building	Total
Year ended December 31, 2022							
Opening net book value	$ 2,595	$ 94	$ 5,129	$ 582	$ 16	—	8,416
Additions	957	31	302	185		—	1,475
Effect of movement in exchange rates	—	—	15	6	—	—	21
Disposals	(1)	(15)	(152)	—	—	—	(168)
Depreciation for the year	(1,010)	(50)	(1,630)	(269)	(6)	—	(2,965)
Closing net book value	$ 2,541	$ 60	$ 3,664	$ 504	$ 10	$ —	$ 6,779
At December 31, 2022							
Cost	$ 13,878	$ 1,476	$ 33,971	$ 3,028	$ 31	$ 0	$ 52,384
Accumulated depreciation	(11,337)	(1,416)	(30,307)	(2,524)	(21)	0	(45,605)
Net book value	$ 2,541	$ 60	$ 3,664	$ 504	$ 10	$ —	$ 6,779

8 Right-of-use asset

The following tables present changes in the right-of-use assets for the years ended December 31, 2023 and 2022:

		Property		Office Equipment		Production Equipment		Total
Year ended December 31, 2023								
Opening net book value	**$**	**26,834**	**$**	**3,084**	**$**	**3,587**	**$**	**33,505**
Acquisition of MCC (note 4)		**45,059**				**466**		**45,525**
Impairment		**(464)**						**(464)**
Sales and Leasebacks		**24,357**						**24,357**
Additions				**—**		**1,968**		**1,968**
Modifications		**66,618**		**45**		**940**		**67,603**
Depreciation for the period		**(8,923)**		**(841)**		**(2,913)**		**(12,677)**
Effect of movement in exchange rates		**(16)**		**—**		**—**		**(16)**
Closing net book value	**$**	**153,465**	**$**	**2,288**	**$**	**4,048**	**$**	**159,801**
At December 31, 2023								
Cost	**$**	**178,231**	**$**	**6,541**	**$**	**20,046**	**$**	**204,818**
Accumulated depreciation		**(24,766)**		**(4,253)**		**(15,998)**		**(45,017)**
Net book value	**$**	**153,465**	**$**	**2,288**	**$**	**4,048**	**$**	**159,801**

		Property		Office Equipment		Production Equipment		Total
Year ended December 31, 2022								
Opening net book value	$	28,308	$	141	$	5,027	$	33,476
Additions		1,814		3,448		821	$	6,083
Modifications		340		241		194	$	775
Depreciation for the year		(3,398)		(746)		(2,465)	$	(6,609)
Derecognition of subleased asset		(202)		—		—	$	(202)
Effect of movement in exchange rates		(28)		—		10		(18)
Closing net book value	$	26,834	$	3,084	$	3,587	$	33,505
At December 31, 2022								
Cost	$	42,677	$	6,496	$	16,672	$	65,845
Accumulated depreciation		(15,843)		(3,412)		(13,085)		(32,340)
Net book value	$	26,834	$	3,084	$	3,587	$	33,505

During the year ended December 31, 2023, DCM modified certain leases by entering into renewal and/or amending agreements to extend a lease term and/or increase/reduce the lease payments.

During the year ended December 31, 2023, DCM executed renewal agreements for its Brampton and Toronto facilities. The lease term for the Brampton facility, set to expire on December 31, 2025, was extended by an additional 15 years. This extension includes 10 years of the lease term and an additional 5 years of an extension option, now expiring on December 31, 2040. Similarly, the lease terms for the Toronto facility, originally set to expire on December 18, 2026, was also extended by an additional 10 years, now expiring on December 18, 2036.

In June 2023 and December 2023, DCM completed sale and leaseback transactions of its Oshawa, Ontario warehouse facility and Fergus, Ontario manufacturing facility, respectively, that were acquired as part of the Company's acquisition of MCC (note 4). Gross proceeds received on the sale of these properties were $30.5 million, and, after deducting closing commissions, rent deposit, and other expenses, net proceeds of $29.5 million were applied towards the $30 million Real Estate Bridge Loan with a Canadian chartered bank (note 13). In addition, proceeds of $1.5 million are being held in escrow by the landlord of the Oshawa, Ontario warehouse facility (which is included in other non-current assets on the consolidated statement of financial position) to secure the completion by DCM of certain identified building maintenance, repairs and capital improvements that are to be completed by DCM within 3 years of the lease commencement date. The Oshawa, Ontario warehouse facility leaseback has a lease term of 20 years (an initial lease term of 10 years and two additional 5 year extension options). The Fergus, Ontario manufacturing facility leaseback has a lease term of 2 years (an initial lease term of 1 year and two additional 6 month extension options) to allow the Company sufficient time to complete the closure of this facility (see also note 11). No gain or loss was recognized on these sale and leaseback transactions. The related closing costs and other expenses associated with these transactions of $859 were reflected in general and administrative expenses in the consolidated statement of operations for the year ended December 31, 2023.

In the fourth quarter of 2023, DCM closed the Edmonton, Alberta manufacturing facility (see note 11) which is subject to a long-term lease arrangement ending in September 2027. A $464 impairment provision has been recorded against the carrying amount of the right of use asset for this leased facility The impairment charge is recorded in acquisition and integration costs in the consolidated statement of operations. DCM is seeking to sublease the property for the remaining lease term.

During the year ended December 31, 2022, DCM entered into a sublease agreement and recognized an asset which is recorded under prepaid expenses and other current assets on the statement of financial position.

9 Intangible assets

The following tables present changes in intangible assets for the years ended December 31, 2023 and 2022:

	Customer relationships	Software and technology	Trademarks, trade names and non-compete agreements	Total
Year ended December 31, 2023				
Opening net book value	**$ 2,397**	**$ 66**	**$ 44**	**$ 2,507**
Acquisition of MCC (note 4)	**9,100**	**443**	**1,320**	**10,863**
Additions	**—**	**127**	**—**	**127**
Amortization for the year	**(2,666)**	**(140)**	**(75)**	**(2,881)**
Closing net book value	**$ 8,831**	**$ 496**	**$ 1,289**	**$ 10,616**
At December 31, 2023				
Cost	**$ 96,833**	**$ 12,522**	**$ 10,017**	**$ 119,372**
Accumulated amortization	**(88,002)**	**(12,026)**	**(8,728)**	**(108,756)**
Net book value	**$ 8,831**	**$ 496**	**$ 1,289**	**$ 10,616**

	Customer relationships	Software and technology	Trademarks, trade names and non-compete agreements	Total
Year ended December 31, 2022				
Opening net book value	$ 3,872	$ 113	$ 57	$ 4,042
Additions	—	71	—	71
Amortization for the year	(1,475)	(118)	(13)	(1,606)
Closing net book value	$ 2,397	$ 66	$ 44	$ 2,507
At December 31, 2022				
Cost	$ 87,733	$ 11,952	$ 8,697	$ 108,382
Accumulated amortization	(85,336)	(11,886)	(8,653)	(105,875)
Net book value	$ 2,397	$ 66	$ 44	$ 2,507

The estimated remaining useful lives of the customer relationships are between 1 and 10 years.

10 Goodwill

		December 31, 2023		December 31, 2022
Opening balance	$	**16,973**	$	16,973
Acquisition of MCC (note 4)		**5,292**		—
Ending balance	**$**	**22,265**	$	16,973

DCM has a single operating segment, being the Company as a whole, which is the level at which goodwill is monitored for internal management purposes reflecting the way DCM manages its operations. As at January 1, 2023, there was $16,973 goodwill in the DCM CGU. However, during the year ended December 31, 2023, DCM recognized an additional $5,292 of goodwill which was derived from the acquisition of MCC.

At December 31, 2023, DCM performed its annual review for impairment of goodwill to determine if the carrying amount of the Company exceeds its recoverable amount. DCM did not make any changes to the valuation methodology used to assess for impairment since its last annual impairment test. The recoverable amount of its CGU has been determined based on the fair value less cost of disposal. DCM uses the income approach to estimate the recoverable amount of its CGU considering estimated cash flows from the perspective of an independent market participant, which would be classified within Level 3 of the fair value hierarchy. The income approach is predicated on the value of the future cash flows that a business will generate going forward. A discounted cash flow model was used which involves projecting cash flows and converting them into a present value through discounting. The discounting uses a rate of return that is commensurate with the risk associated with the business and the time value of money. This approach required significant assumptions about projected revenue growth rates, gross margins and discount rate.

Revenue growth rates and gross margins were based on the 2024 budget internally approved and presented to the Board and further projected over a five-year forecast period. The average annual cumulative revenue growth rates over the forecast period of 2.4% (2022 – 2.9%) was applied to revenue over the forecast period in consideration of the current economic conditions that existed as at December 31, 2023 and the specific trends of the business services and marketing solutions industries. A perpetual long-term growth rate of 0% (2022 – 0%) was used thereafter to derive the recoverable amount of the CGU. The forecasted gross margin over the five-year forecast period is 27.8% (2022 – 31.8%).

Furthermore, DCM derived an after-tax discount rate to calculate the present value of the projected cash flows using a weighted average cost of capital (“WACC”). This represents an estimate of the total overall required rate of return on an investment for both debt and equity owners. Determination of the WACC requires separate analysis of cost of equity and debt, and considers a risk premium based on the assessment of risks related to the projected cash flows. A discount rate of 14.5% was used (2022 – 13.5%). The change in discount rate reflect management’s judgment as to the specific risks relating to the CGU and industry in which it operates.

The estimated recoverable amount exceeded its carrying value by $204,891 (2022 – $143,004). While the recoverable amount from the discounted cash flow model is sensitive to key assumptions used for forecast revenues, gross margins and discount rate, management are satisfied that the Company’s forecasts and assumptions, taking account of reasonably possible changes in results and other uncertainties will not change the result of DCM's impairment analysis. As a result of these tests, it was concluded that there was no impairment of goodwill during the year.

The recoverable amount would equal its carrying value if the key assumptions were changed to the following (in each case with all other assumptions remaining unchanged).

	December 31, 2023	December 31, 2022
Discount rate	**31.5 %**	44.4 %
Revenue growth rate over 5-year forecast period and in perpetuity	**(2.5)%**	(4.4)%
Gross Margin	**22.3 %**	23.9 %

11 Provisions

		Termination provisions		Plant Closure		Total
Balance – December 31, 2022	**$**	**1,316**		**—**	**$**	**1,316**
Acquisition of MCC		**680**		**—**		**680**
Additional charge during the year		**19,788**		**520**		**20,308**
Utilized during the year		**(4,975)**		**—**		**(4,975)**
Balance – December 31, 2023	**$**	**16,809**	**$**	**520**	**$**	**17,329**
Less: Current portion of provisions		**(15,805)**		**(520)**		**(16,325)**
As at December 31, 2023	**$**	**1,004**	**$**	**—**	**$**	**1,004**

		Termination provisions		Plant Closure		Total
Balance – December 31, 2021	$	3,926	$	550	$	4,476
Utilized during the year		(2,610)		(550)		(3,160)
Balance – December 31, 2022	$	1,316	$	—	$	1,316
Less: Current portion of provisions		(1,316)	$	—		(1,316)
As at December 31, 2022	$	—	$	—	$	—

TERMINATION PROVISIONS

During the year ended December 31, 2023, DCM commenced initiatives to drive synergies in connection with the acquisition of MCC, including initiatives to align its organizational structure and optimize its operational footprint (note 4), and announced its decision to close MCC's manufacturing facilities in Edmonton, Alberta, Fergus, Ontario and Trenton, Ontario (and transfer the production to its other manufacturing facilities in Calgary, Alberta, Drummondville, Quebec and Brampton, Ontario respectively) and to close DCM's Thistle manufacturing facility in North York, Toronto. Ontario (and transfer the employees and production to MCC's nearby manufacturing facility in North York, Toronto, Ontario).

In the fourth quarter of 2023 DCM closed the Edmonton, Alberta manufacturing facility, completed the sale of the Fergus property and entered into an agreement to sell the Trenton property that closed in January 2024 (notes 20 and 27). Both of these sales transactions included a one-year leaseback agreement with extension options for up to an additional six to twelve months to allow DCM sufficient time to complete the closure of these facilities (note 8). The Edmonton property is subject to a long-term lease arrangement ending in September 2027. A $464 impairment provision has been recorded again the carrying amount of the right of use asset for this leased facility (note 8). DCM is seeking to sublease the property for the remaining lease term. The Fergus, Trenton and Thistle facilities are expected to close in 2024-2025.

During the year ended December 31, 2023, these initiatives resulted in $19,788 of termination provisions due to expected headcount reduction across DCM's operations and $520 of plant closure costs for costs associated with

closure of Edmonton manufacturing facility. These costs are included in the restructuring expenses in the consolidated statement of operations. During the year ended December 31, 2023, cash payments of $4,975 (2022 - $3,160) were made to former employees for severances and other restructuring costs. The remaining severance and restructuring accruals of $16,809 at December 31, 2023 are expected to be paid in 2024, 2025 and 2026.

12 Lease liabilities

(i) *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 - January 1, 2023	**$**	**32,648**	**$**	**3,311**	**$**	**3,843**	**$**	**39,802**
Acquisition of MCC		**29,568**		**—**		**466**		**30,034**
Additions		**24,257**		**—**		**1,968**		**26,225**
Modifications		**64,596**		**45**		**940**		**65,581**
Payments during the year		**(9,032)**		**(889)**		**(3,400)**		**(13,321)**
Interest charge for the year		**6,643**		**108**		**255**		**7,006**
Effects of movement in FX rates		**(11)**		**—**		**(1)**		**(12)**
Balance - December 31, 2023	**$**	**148,669**	**$**	**2,575**	**$**	**4,071**	**$**	**155,315**

		Property		Office Equipment		Production Equipment		Total
Balance - January 1, 2022	$	34,359	$	116	$	4,624	$	39,099
Additions		2,159		3,448		821		6,428
Modifications		183		421		171		775
Payments during the year		(5,919)		(783)		(2,028)		(8,730)
Interest charge for the year		1,868		106		249		2,223
Effects of movement in FX rates		(2)		3		6		7
Balance - December 31, 2022	$	32,648	$	3,311	$	3,843	$	39,802

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

		Contractual Cash Flows		**Extension Options**		**Total December 31, 2023**
Not later than one year	**$**	**16,551**	**$**	**27**	**$**	**16,578**
Later than one and not later than five years		**58,494**		**7,642**		**66,136**
Later than five years		**85,703**		**112,628**		**198,331**
Total undiscounted lease liabilities	**$**	**160,748**	**$**	**120,297**	**$**	**281,045**
Discounted using the incremental borrowing rate						**(125,730)**
Lease liabilities					**$**	**155,315**
Current						**10,322**
Non-current					**$**	**144,993**

(ii) AMOUNTS RECOGNIZED IN THE STATEMENT OF OPERATIONS

		For the year ended December 31, 2023		For the year ended December 31, 2022
Variable lease payments not included in the measurement of lease liabilities	**$**	**11,859**	$	5,670
Income from sub-leasing right-of-use assets	**$**	**712**	$	29
Expenses relating to short-term leases and leases of low value assets	**$**	**728**	$	487

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 options to be exercised when there was a significant event or change in circumstances. During the year ended December 31, 2023, extension options that are not reflected in the measurement of the lease liability total $7,834 (2022 - $650).

13 Credit facilities

		December 31, 2023		December 31, 2022
Term loans				
- 6.95% term debt, matured June 08, 2023 (FPD IV Credit Facility)	**$**	**—**	$	4,882
- 6.95% term debt, matured June 08, 2023 (FPD V Credit Facility)		**—**		1,225
- 5.95% term debt, maturing December 17, 2026 (FPD VI Credit facility)		**7,857**		9,429
- 8.08% term debt, maturing April 21, 2028 (FPD VI New Credit facility)		**50,000**		—
- floating rate debt, repaid April 24, 2024 (Bank Term Loan)		**—**		5,913
Revolving facilities				
- floating rate debt, maturing April 24, 2026 (Bank Credit Facility)		**44,009**		5,869
Credit facilities	**$**	**101,866**	$	27,318
Unamortized debt premiums and discount		**—**		260
Unamortized transaction costs		**(1,615)**		(531)
	$	**100,251**	$	27,047
Less: Current portion of Credit facilities		**(6,333)**		(11,667)
Credit facilities	**$**	**93,918**	$	15,380

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 $15,000 to $90,000. The New Bank Credit Facility also includes an “accordion” feature, which can provide up to an additional $20,000 of capacity under the revolving facility. The New Bank Credit Facility matures on April 24, 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 $90,000 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 December 31, 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 $1,087.

As part of the refinancing of the MCC acquisition, DCM also established a $30,000, one-year committed senior secured credit facility (the “Real Estate Bridge Loan”). The Real Estate Bridge Loan was available by way of Prime Rate loans and CDOR loans and was subject to a floating interest rate based upon the Canadian prime rate plus an applicable margin of 1.5% increasing to 1.75% by the time the loan was fully repaid in December from the proceeds of the sale and leaseback of the Oshawa and Fergus properties.

DCM also entered into a sale and leaseback agreement of its Trenton, Ontario facility, which was completed in January 2024 (note 27) and the proceeds from the sale of $8,500 were 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 $10,000 as part of a refinancing of a credit facility previously with Crown Credit Partners. The Bank Term Loan was subject to a floating interest rate based upon the Canadian prime rate plus an applicable margin of 3.50% and was repaid as part of the acquisition (note 4).

As at December 31, 2023, DCM had access to $26,188 of available credit under the New Bank Credit Facility and had cash and cash equivalents, of $17,652 as shown on the consolidated statement of financial position as at December 31, 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 $50,000 committed term loan with FPD VI (“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 (see note 4). 71.5% of the FPD VI 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. The associated transaction costs of this new loan was $714.

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%. These loans were fully repaid during the year using the proceeds from the Offering (as defined in note 17).

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 December 31, 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 2024 budget and forecasts through to March 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.

For purposes of the Bank Credit Agreement, the FPD Credit Agreements, “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 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.

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.

INTER-CREDITOR AGREEMENT

DCM’s obligations under the New Bank Credit Facility 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.

The movement in credit facilities during the years ended December 31, 2023 and 2022 are as follows:

		December 31, 2023		December 31, 2022
Balance - Beginning of year, net of transaction costs and debt premiums and discounts	**$**	**27,047**	$	36,299
Changes from financing cash flows				
Proceeds from credit facilities	**$**	**162,140**		2,900
Repayment of credit facilities		**(87,592)**		(12,616)
Transaction costs		**(1,801)**		—
Total change from financing cash flows		**99,794**		26,583
Non-cash movements				
Amortization of transaction costs and debt modification gain, net		**457**		344
Accretion of premium and discount		**—**		120
Balance - End of year, net of transaction costs and debt premiums and discounts	**$**	**100,251**	$	27,047

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

		December 31, 2023
2024	$	6,333
2025		8,714
2026		55,867
2027		7,143
2028		23,809
	$	**101,866**

14 Income taxes

Significant components of DCM's deferred income tax assets and liabilities as of December 31, 2023 and 2022 are as follows:

December 31, 2023		**Assets**		**Liabilities**		**Net**
Pension obligations and other post-employment benefit plans	**$**	**7,320**	**$**	**—**	**$**	**7,320**
Property, plant and equipment, ROU assets and lease liabilities		**—**		**(5,327)**		**(5,327)**
Deferred finance fees and debt premiums		**1,304**		**—**		**1,304**
Deductible reserves		**5,793**		**—**		**5,793**
Intangible assets		**973**				**973**
Other		**—**		**(262)**		**(262)**
Total deferred income tax assets (liabilities)	**$**	**15,390**	**$**	**(5,589)**	**$**	**9,801**
Set-off of deferred income tax assets (liabilities) pursuant to set off provisions		**(5,589)**		**5,589**		**—**
Net deferred income tax assets (liabilities)	**$**	**9,801**	**$**	**—**	**$**	**9,801**

December 31, 2022		Assets		Liabilities		Net
Pension obligations and other post-employment benefit plans	$	1,618	$	—	$	1,618
Property, plant and equipment, ROU assets and lease liabilities		1,071		—		1,071
Benefit of income tax loss and other carry-forwards		65		—		65
Deferred finance fees and debt premiums		144		—		144
Deductible reserves		1,408		—		1,408
Intangible assets		543		—		543
Other		—		(19)		(19)
Total deferred income tax assets (liabilities)	$	4,849		(19)	$	4,830
Set-off of deferred income tax assets (liabilities) pursuant to set off provisions		(19)		19	$	—
Net deferred income tax assets (liabilities)	$	4,830		—	$	4,830

As at December 31, 2023, DCM recorded net deferred income tax assets of $9,801 (2022 – $4,830) and net deferred income tax liabilities of nil (2022 – nil) in its consolidated statements of financial position. The deferred income tax assets are only offset against deferred income tax liabilities where DCM has a legally enforceable right to offset these amounts, and the deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same taxation authority.

Changes in deferred income tax assets and liabilities during the years ended December 31, 2023 and 2022 are as follows:

	Balance at January 1, 2023	Acquisition of MCC (note 4)	Recognized in statement operations	Recognized in comprehensive income	Recognized in equity (note 17)	Balance at December 31, 2023
Pension obligations and other post-employment benefit plans	**$ 1,618**	**$ 3,946**	**$ 44**	**$ 1,712**	**$ —**	**$ 7,320**
Property, plant and equipment, ROU assets and lease liabilities	**1,071**	**(9,915)**	**3,517**	**—**	**—**	**$ (5,327)**
Benefit of income tax loss and other carry-forwards	**65**	**—**	**(65)**	**—**	**—**	**$ —**
Deferred finance fees and debt premiums	**144**	**383**	**299**	**—**	**478**	**$ 1,304**
Deductible reserves	**1,408**	**558**	**3,827**	**—**	**—**	**$ 5,793**
Intangible assets	**543**	**(53)**	**483**	**—**	**—**	**$ 973**
Other	**(19)**	**63**	**(306)**	**—**	**—**	**$ (262)**
Deferred income tax assets (liabilities), net	**$ 4,830**	**$ (5,018)**	**$ 7,799**	**$ 1,712**	**$ 478**	**$ 9,801**

	Balance at January 1, 2022	Recognized in statement operations	Recognized in comprehensive income	Recognized in other comprehensive income	Recognized in equity	Balance at December 31, 2022
Pension obligations and other post-employment benefit plans	$ 1,957	$ (177)	$ (162)	$ —	$ —	$ 1,618
Property, plant and equipment, ROU assets and lease liabilities	646	425	—	—	—	$ 1,071
Benefit of income tax loss and other carry-forwards	579	(514)	—	—	—	$ 65
Deferred finance fees and debt premiums	139	5	—	—	—	$ 144
Deductible reserves	1,394	14	—	—	—	$ 1,408
Intangible assets	561	(18)	—	—	—	$ 543
Other	189	(208)	—	—	—	$ (19)
Deferred income tax assets (liabilities), net	$ 5,465	$ (473)	$ (162)	$ —	$ —	$ 4,830

The realization of the deferred income tax assets is dependent on the generation of future taxable income during the years in which those temporary differences become deductible. Based on management's projections of future taxable income and tax planning strategies, management expects to realize these net deferred income tax assets in advance of expiry. As at December 31, 2023, DCM has US Federal tax loss carryforwards of $623 and US state tax loss carryforwards of $1,293 for which no deferred tax asset has been recognized. The loss carryforwards expire in varying amounts starting in 2039 (2023 – 2039).

In the ordinary course of business, DCM and its subsidiaries and predecessors have entered into transactions where the ultimate tax determination may be uncertain. These uncertainties require management to make estimates of the ultimate tax liabilities and, accordingly, the provision for income taxes. Since there are inherent uncertainties, additional tax liabilities may result if tax matters are ultimately resolved or settled at amounts different from those estimates. As at December 31, 2022, DCM had provided for $1,407 included in income taxes payable related to past transactions where the ultimate tax determination is unclear. During 2023, that balance became statute barred and the amount was reversed through the current income tax balance during the year.

The major components of income tax expense (recovery) for the years ended December 31, 2023 and 2022 are set out below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current income tax expense:		
Current tax on profits for the year	**$ 2,616**	$ 5,456
Adjustment for current tax of prior periods	**(1,407)**	—
Total current income tax expense	**$ 1,209**	$ 5,456
Total deferred income tax expense (recovery)	**(7,799)**	473
Total income tax expense for the year	**$ (6,590)**	$ 5,929

For the year ended December 31, 2023, deferred income tax expense (recovery) on the recognition of actuarial gains (losses) related to DCM's defined benefit plans of $1,712 (2022 – $162) were recognized in the statements of comprehensive income.

The following are reconciliations of income tax expense (recovery) calculated at the statutory rate of Canadian corporate income taxes to the income tax expense (recovery) for the years ended December 31, 2023 and 2022.

	For the year ended December 31, 2023	For the year ended December 31, 2022
Income before income taxes	**$ (22,444)**	$ 19,895
Expected income tax expense calculated at statutory income tax rate (1)	**(5,652)**	5,028
Adjustment to income taxes resulting from:		
Difference between Canadian rates and rates applicable to subsidiary in another country or rates applicable to wholly owned Canadian subsidiaries	**(223)**	9
Unrecognized tax losses and temporary differences	**(256)**	248
Adjustment for current tax of prior periods and other	**(1,407)**	35
Non-deductible expenses and other items	**948**	609
Total income tax expense for the year	**$ (6,590)**	$ 5,929

(1) The calculation of the current income tax is based on a combined federal and provincial statutory income tax rate of 25.18% (2022 – 25.28%).

The combined federal and provincial statutory income tax rate for the current year is 0.10% lower than 2022 due to the effect of changes in statutory tax rates and the allocation of taxable income between provinces. Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred income tax assets and liabilities have been measured using an expected average

combined statutory income tax rate of 25.18% (2022 – 25.28%) based on the tax rates in years when the temporary differences are expected to reverse.

15 Pension obligations, assets and expenses

DCM sponsors defined benefit and defined contribution pension plans for its employees, including the employees of MCC. Certain employees and former employees are provided defined benefit pensions under the DATA Communications Management Pension Plan or are provided defined benefit pensions and in some cases an unfunded Supplementary Executive Retirement Plan ("SERP") under the Moore Canada Corporation Pension Plan. Certain former senior executives of a predecessor corporation participated in a SERP, which provides for pension benefits payable as a single life annuity with a five-year guarantee.

Both the DATA Communications Management Pension Plan and Moore Canada Corporation Pension Plan are frozen and no further service credits are accruing under the defined benefit provision of the DATA Communications Management Pension Plan and under the Moore Canada Corporation Pension Plan, respectively.

Actuarial valuations are typically performed at least every three years. Based on those valuations, the annual cash contributions in respect of the defined benefit provision of these pension plans are dependent on the plan's investment performance and changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administration expenses, among others. Under applicable pension regulations, the plan's solvency deficiency can be funded over a maximum period of five years.

During the year ended December 31, 2022, DCM engaged actuaries to complete an updated actuarial valuation of the defined benefit provision of the DATA Communications Management Pension Plan, which confirmed that, as at December 31, 2021, the solvency position of the defined benefit provision of the DATA Communications Management Pension Plan had improved since the previous valuation. Based upon the December 31, 2021 actuarial report, DCM's annual minimum funding obligation for the defined benefit provision of the DATA Communications Management Pension Plan for 2023 and 2024 is $322 each year.

During the year ended December 31, 2023, DCM engaged actuaries to complete an updated actuarial valuation of the Moore Canada Corporation Pension Plan, which confirmed that, as at January 1, 2023, the solvency position of the Moore Canada Corporation Pension Plan had improved since the previous valuation. Based upon the January 1, 2023 actuarial report, DCM's annual minimum funding obligation for the Moore Canada Corporation Pension Plan for 2023 to 2025 is $nil each year.

The following is a summary of DCM's net pension obligations for the defined benefit provisions and unfunded SERPs, including plans assumed on the acquisition of Moore Canada Corporation:

	DCM	**MCC**	**Total December 31, 2023**	December 31, 2022
Present value of funded obligations	**$ 47,459**	**$ 173,185**	**$ 220,644**	$ 45,062
Less: Fair value of plan assets	**(49,421)**	**(158,091)**	**(207,512)**	(47,426)
Deficit (surplus) of funded plans	**(1,962)**	**15,094**	**13,132**	(2,364)
Present value of unfunded obligations	**6,167**	**5,125**	**11,292**	6,069
Defined benefit pension obligations, net	**$ 4,205**	**$ 20,219**	**$ 24,424**	$ 3,705

	Total December 31, 2023	December 31, 2022
Defined benefit pension plan obligations	**$ 26,386**	$ 6,069
Less: Defined benefit pension assets	**(1,962)**	(2,364)
Defined benefit pension obligations, net	**$ 24,424**	$ 3,705

CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS

The following is a summary of the change in DCM's net pension obligations for the defined benefit provisions of the funded DATA Communications Management Pension Plan, Moore Canada Corporation Pension Plan and their respective unfunded SERPs:

	Funded	**Unfunded**	**December 31, 2023**
Balance – Beginning of year	**$ 45,062**	**$ 6,069**	**$ 51,131**
Interest expense	**7,553**	**462**	**8,015**
Benefits paid	**(10,412)**	**(801)**	**(11,213)**
Balance - Acquired from acquisition of MCC	**167,560**	**5,130**	**172,690**
Re-measurements:			
- Loss (gain) from change in financial assumptions	**6,224**	**380**	**6,604**
- Experience (gains) losses	**4,657**	**52**	**4,709**
Balance – End of year	**$ 220,644**	**$ 11,292**	**$ 231,936**

	Funded	Unfunded	December 31, 2022
Balance – Beginning of year	$ 61,137	$ 7,499	$ 68,636
Interest expense	1,763	217	1,980
Benefits paid	(2,906)	(546)	(3,452)
Re-measurements:			
- Gain from change in demographic assumptions	(523)	—	(523)
- Loss from change in financial assumptions	(12,115)	(1,182)	(13,297)
- Experience (gains) losses	(2,294)	81	(2,213)
Balance – End of year	$ 45,062	$ 6,069	$ 51,131

CHANGE IN THE FAIR VALUE OF PLAN ASSETS

The following is a summary of the change in the fair value of the plan assets for the defined benefit provisions of the DCM and MCC pension plans and unfunded SERPs:

	Funded	Unfunded	December 31, 2023
Balance – Beginning of year	$ 47,426	$ —	$ 47,426
Interest income	7,387	—	7,387
Employer contributions	323	801	1,124
Benefits paid	(10,412)	(801)	(11,213)
Administrative expenses paid from plan assets	(617)	—	(617)
Balance - Acquired from acquisition of MCC	158,598	—	158,598
Re-measurements:			
- Gain (loss) on plan assets, excluding amounts included in interest income	4,807	—	4,807
Balance – End of year	$ 207,512	$ —	$ 207,512

	Funded	Unfunded	December 31, 2022
Balance – Beginning of year	$ 63,668	$ —	$ 63,668
Interest income	1,929	—	1,929
Employer contributions	323	546	869
Benefits paid	(2,906)	(546)	(3,452)
Administrative expenses paid from plan assets	(300)	—	(300)
Re-measurements:			
- Loss on plan assets, excluding amounts included in interest income	(15,288)	—	(15,288)
Balance – End of year	$ 47,426	$ —	$ 47,426

DEFINED BENEFIT PENSION PLAN ASSET COMPOSITION

The following is a summary of the composition in plan assets of the defined benefit provisions of the DCM and MCC pension plans:

	For the year ended December 31, 2023				For the year ended December 31, 2022	
	DCM Plan	**MCC Plan**	**Quoted**	**Percentage of plan assets**	Quoted	Percentage of plan assets
Domestic equities	**$ 485**	**$ 21,681**	**$ 22,166**		$ 473	
Foreign equities	**9,718**	**39,874**	**49,592**		9,838	
Equity instruments	**$ 10,203**	**$ 61,555**	**$ 71,758**	**35%**	$ 10,311	22%
Short and mid-term bonds	**$ 6,967**	**$ 11,456**	**$ 18,423**		$ 6,352	
Long-term bonds	**25,121**	**82,988**	**108,109**		24,056	
Commercial mortgages	**6,715**	—	**6,715**		6,268	
Debt instruments	**$ 38,803**	**$ 94,444**	**$ 133,247**	**64%**	$ 36,676	77%
Cash and cash equivalents	**$ 416**	**$ 2,091**	**$ 2,507**	**1%**	$ 439	1%
Total	**$ 49,422**	**$ 158,090**	**$ 207,512**	**100%**	$ 47,426	100%

ELEMENTS OF DEFINED BENEFIT EXPENSE RECOGNIZED IN THE STATEMENTS OF OPERATIONS

The following is a summary of the expense recognized for the defined benefit provisions and unfunded SERPs of the DCM and MCC pension plans:

	Funded	**Unfunded**	**December 31, 2023**
Administration expenses	**$ 617**	**$ —**	**$ 617**
Interest expense	**7,553**	**462**	**8,015**
Interest income	**(7,387)**	**—**	**(7,387)**
Total net interest expenses (income)	**166**	**462**	**628**
Defined benefit expense recognized	**$ 783**	**$ 462**	**$ 1,245**

	Funded	Unfunded	December 31, 2022
Administration expenses	$ 300	$ —	$ 300
Interest expense	1,763	217	1,980
Interest income	(1,929)	—	(1,929)
Total net interest expense (income)	(166)	217	51
Defined benefit expense recognized	$ 134	$ 217	$ 351

AMOUNTS RECOGNIZED IN THE STATEMENT OF COMPREHENSIVE INCOME

The following is a summary of the amounts recognized in the statement of comprehensive income (loss) for the defined benefit provisions of the DCM and MCC pension plans and unfunded SERPs:

	Funded	Unfunded	December 31, 2023
Re-measurements:			
- Gain from change in financial assumptions	$ **6,224**	$ **380**	$ **6,604**
- Experience (gains) losses	**4,657**	**52**	**4,709**
- Loss on plan assets, excluding amounts included in interest income	**(4,807)**	**—**	**(4,807)**
	6,074	**432**	**6,506**
Deferred income tax effect	**(1,597)**	**(110)**	**(1,707)**
Defined benefit recovery recognized	$ **4,477**	$ **322**	$ **4,799**

	Funded	Unfunded	December 31, 2022
Re-measurements:			
- Loss from change in demographic assumptions	$ (523)	$ —	$ (523)
- Gain from change in financial assumptions	(12,115)	(1,182)	(13,297)
- Experience (gains) losses	(2,294)	81	(2,213)
- Loss on plan assets, excluding amounts included in interest income	15,288	—	15,288
	356	(1,101)	(745)
Deferred income tax effect	(90)	278	188
Defined benefit expense recognized	$ 266	$ (823)	$ (557)

DCM manages its pension plans by meeting with an actuarial consultant and the fund managers on a regular basis and reviews periodic reports outlining changes in the plan liabilities and the return on pension assets relative to the market. Assumptions are reviewed on an ongoing basis and adjustments are made whenever management believes that conditions have materially changed.

SIGNIFICANT ACTUARIAL ASSUMPTIONS ADOPTED IN MEASURING DCM'S DEFINED BENEFIT OBLIGATIONS

	December 31, 2023	December 31, 2022
Defined Benefit Pension Plans		
Discount rate	4.60 %	5.30 %
Rate of compensation increase	3.00 %	3.00 %
SERPs		
Discount rate	4.60 %	5.20 %

DCM decreased the discount rate that was used to calculate its defined benefit obligations as at December 31, 2023 to reflect current Canadian economic conditions and long-term interest rates. The salary increase assumption remained unchanged at December 31, 2023.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Canada. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	December 31, 2023	December 31, 2022
Retiring at the end of the reporting period:		
Male	22.0-21.9	22.0
Female	24.4-24.6	24.3
Retiring in 25 years after the end of the reporting period:		
Male	23.3-23.7	23.2
Female	25.5-26.2	25.5

Through its defined benefit plans, DCM is exposed to a number of risks, the most significant of which are detailed below:

ASSET VOLATILITY

For a defined benefit pension plan, fluctuations in the value of plan assets are assessed in the context of fluctuations in the plan liabilities. The plan liabilities are calculated using a discount rate set with reference to high quality corporate bond yields. As discount rates change, the value of the plan liabilities will fluctuate, if the growth of plan liabilities exceeds that of plan assets a deficit will result.

The defined benefit provision of the DATA Communications Management Pension Plan and Moore Canada Corporation Pension Plan are closed to new membership, which means the investment time horizon is shrinking as the plans matures.

The defined benefit provision of the DATA Communications Management Pension Plan currently holds a small proportion of equities, approximately 21% of total assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. The defined benefit provision of the DATA Communications Management Pension Plan’s investment time horizon and financial position are key inputs in deciding on the proportion of equities held.

The investment strategy for the DATA Communications Management Pension Plan reflects an ongoing (rather than solvency) focus following a duration matching strategy using pooled funds in an attempt to match the interest rate sensitivity of plan assets to plan liabilities. The equity and bond target allocations are 20% and 80%, respectively, and the equity portfolio structure did not change relative to the previous year.

Prior to the acquisition by DCM, the Moore Canada Corporation Pension Plan funded ratio was in the 90% funded target category and 50% of the plan's assets were invested 50% in a growth portfolio and the other 50% of the plan's assets were invested in a liability hedging portfolio. During the remainder of 2023, the plan's funded ratio improved to the 95% funded target category and the plan's assets allocation was revised to be 45% invested in a growth portfolio and 55% invested in a liability hedging portfolio. During the fourth quarter of 2023, DCM developed an alternative derisking strategy to enhance the plan's asset return while reducing interest rate risk. Beginning in 2024 and as the plan matured, the Moore Canada Corporation Pension Plan Pension Plan’s level of investment risk will reduced by lowering the proportion of equities and increasing the proportion of bonds which are a better match to the plan liabilities. This de-risking glide path will dynamically shift the plan's assets from equities to bonds to better match liabilities commenced and will be concluded when the solvency ratio reaches 105%.

Through the derisking schedule, the Moore Canada Corporation Pension Plan is expected to lower its interest rate risk, inflation risk and equity risk. In 2024, the Moore Canada Corporation Pension Plan will have 45% equities and 55% bonds. When the solvency ratio reaches 105%, the Moore Canada Corporation Pension Plan is expected to

have 20% equities and 80% bonds. This derisking strategy is reviewed annually to consider the current environment and may be revised at any point in time.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

SALARY RISK

The present value of the pension benefit obligations is calculated by reference to the future salaries of plan participants, so salary increases of the plan participants greater than assumed will increase plan liabilities.

LIFE EXPECTANCY

The majority of the plans' obligations provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The sensitivity of the defined benefit obligations for the DATA Communications Management Pension Plan, Moore Canada Corporation Pension Plan and their respective SERPs to changes in assumptions at December 31, 2023 and at December 31, 2022 are set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

		December 31, 2023	
		Impact on defined benefit obligations	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	**0.25%**	**$ (5,759)**	**$ 6,019**
Salary growth rate	**0.25%**	**612**	**(595)**
		Increase by 1 year in assumption	**Decrease by 1 year in assumption**
Life expectancy		**$ 6,123**	**$ (5,763)**

		December 31, 2022	
		Impact on defined benefit obligations	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	$ (1,207)	$ 1,261
Salary growth rate	0.25%	113	(106)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		$ 1,301	$ (1,331)

Each sensitivity analysis disclosed in this note is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to variations in significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as for calculating the liability recognized in the statements of financial position.

The weighted average duration of the defined benefit obligations is 10.62 years (2022 – 9.65 years).

Expected maturity analysis of undiscounted pension benefits:

		Less than a year	Between 1 to 2 years	Between 3 to 5 years	Between 5 to 10 years
At December 31, 2023	**$**	**15,033 $**	**15,274 $**	**47,106 $**	**79,836**
At December 31, 2022	$	3,498 $	3,533 $	10,983 $	19,197

The annual pension expense for the defined contribution provision of the DATA Communications Management Pension Plan and RRSP Matching Plans are based on the amounts contributed in respect of eligible employees. The annual pension expense for the GCCP and Unifor Pension & Benefit Plans, which are accounted for as a defined contribution plan, is based on amounts contributed based on a percentage of wages of unionized employees who are covered by the respective collective bargaining agreements, all of whom are employed at DCM facilities located in the Province of Québec and Ontario.

DCM's pension expense related to DCM's defined contribution plans are as follows:

		For the year ended December 31, 2023		For the year ended December 31, 2022
Defined contribution plan	**$**	**1,350**	$	948
Defined benefit multi-employer plans	**$**	**395**	$	372

DCM expects that, in 2024, contributions to the defined benefit provision of the DATA Communications Management Pension Plan will be approximately $322, contributions to the defined contribution provision of the DATA Communications Management Pension Plan and RRSP Matching Plans will be approximately $1,700, contributions to the SERPs will be approximately $932, contributions to the GCPP will be approximately $445 and contributions to the Unifor Pension & Benefit Plans will be approximately $171.

16 Other post-employment benefit plans

Costs related to the DCM OPEB Plan and the OPEB LTD Plans are actuarially determined using the projected unit credit method. The actuarial present value of all future projected benefits determined as at the valuation date and management's best assumptions.

The following summarizes the change in the obligations related to the DCM OPEB Plan and OPEB LTD Plans, including the plan assumed on the acquisition of Moore Canada Corporation:

		December 31, 2023		December 31, 2022
Balance – Beginning of year	**$**	**2,695**	$	2,971
Current service cost		**385**		179
Interest expense		**176**		92
Benefits paid		**(471)**		(365)
Balance - Acquired from acquisition of MCC		**848**		—
Re-measurements:				
- Loss from change in demographic assumptions		**36**		21
- Loss (gain) from change in financial assumptions		**109**		(312)
- Experience losses (gains)		**(172)**		109
Balance – End of year	**$**	**3,606**	$	2,695

ELEMENTS OF OTHER POST EMPLOYMENT BENEFIT EXPENSE RECOGNIZED IN THE STATEMENTS OF OPERATIONS

The following summarizes the elements of the benefit expense related to the DCM OPEB Plan and OPEB LTD Plans:

		December 31, 2023		December 31, 2022
Current service cost	**$**	**385**	$	179
Interest expense		**176**		92
Re-measurements:				
- Loss (gain) from change in demographic assumptions		**36**		(127)
- Gain from change in financial assumptions		**72**		(170)
- Experience losses (gains)		**(154)**		10
Benefit (recovery) recognized	**$**	**515**	$	(16)

AMOUNTS RECOGNIZED IN THE COMPREHENSIVE INCOME

The following summarizes the amounts recognized in the statement of comprehensive income (loss) related to the DCM OPEB Plan:

		December 31, 2023		December 31, 2022
Re-measurements:				
- Loss from change in demographic assumptions	**$**	**—**	$	148
- Loss (gain) from change in financial assumptions		**37**		(142)
- Experience losses (gains)		**(18)**		99
		19		105
Deferred income tax effect		**(5)**		(26)
Benefit expense (recovery) recognized	**$**	**14**	$	79

SIGNIFICANT ACTUARIAL ASSUMPTIONS ADOPTED IN MEASURING DCM'S OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

DCM OPEB Plan	**December 31, 2023**	December 31, 2022
Discount rate	**4.60%**	5.30%
Health care cost trend rate – Initial	**5.78%**	6.11%
Health care cost trend rate declines by 2040 (2022 – 2040)	**4.00%**	4.00%

OPEB LTD Plans	**December 31, 2023**	December 31, 2022
Discount rate	**4.60%**	5.30%
Health care cost trend rate – Initial	**5.23%**	5.31%
Health care cost trend rate declines by 2040 (2022 – 2040)	**4.00%**	4.00%

SENSITIVITY ANALYSIS ON OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The effects on the DCM OPEB Plan and OPEB LTD Plans of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

	Impact on other post-employment benefit obligations		
At December 31, 2023	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**0.25%**	**$ (52)**	**$ 54**
Health care cost trend rates	**1.00%**	**198**	**(180)**
		Increase by 1 year in assumption	**Decrease by 1 year in assumption**
Life expectancy		**$ 50**	**$ (49)**

	Impact on other post-employment benefit obligations		
At December 31, 2022	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	$ (39)	$ 41
Health care cost trend rates	1.00%	144	(131)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		$ (47)	$ 49

Expected maturity analysis of undiscounted other post-employment benefits:

	Less than a year	Between 1 to 2 years	Between 3 to 5 years	Between 5 to 10 years
At December 31, 2023	**$ 502**	**$ 474**	**$ 1,309**	**$ 2,326**
At December 31, 2022	$ 390	$ 329	$ 804	$ 1,025

DCM expects that, in 2024, contributions to its DCM OPEB Plan and OPEB LTD Plans will be approximately $502.

17 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 year:

	Number of Common shares		Amount
Balance – January 1, 2022 and December 31, 2022	**44,062,831**	**$**	**256,478**
Exercise of warrants – April 3, 2023	**138,157**		**167**
Exercise of warrants – April 21, 2023	**1,510,000**		**1,191**
Exercise of options – May 23, 2023	**604,695**		**1,422**
Shares issued – May 25, 2023	**8,707,200**	**$**	**24,480**
Balance – December 31, 2023	**55,022,883**	**$**	**283,738**

During the year ended December 31, 2023, DCM completed a private placement (the "Offering") of common shares of the Company ("Common Shares"). Upon closing of the Offering, the Company issued 8,707,200 Common Shares at a price per share of $3.00 for gross proceeds of $26,121 (or $24,221 after closing costs). A total of $478 was recorded in equity as the deferred tax impact on the share issue costs. In connection with the Offering, the Company issued Agent broker warrants (see further discussion below).

WARRANTS

A summary of warrant activities for the year ended December 31, 2023 and the year ended December 31, 2022 is as follows:

	2023			2022		
	Number of Warrants		**Weighted average Exercise Price**	Number of Warrants		Weighted average Exercise Price
Warrants outstanding - beginning of year	**1,648,157**	**$**	**0.30**	1,863,607	$	0.28
Granted	**261,216**		**3.16**	—		—
Expired			**—**	(215,450)		0.19
Exercised	**(1,648,157)**		**0.30**	—		—
Warrants outstanding - end of year	**261,216**	**$**	**3.16**	1,648,157	$	0.30

The outstanding warrants had an exercise price range as follows:

	December 31, 2023	December 31, 2022
	Number of Warrants	Number of Warrants
$3.16	**261,216**	—
$0.99	**—**	77,078
$0.32	**—**	61,079
$0.26	**—**	1,510,000
Warrants outstanding	**261,216**	1,648,157

During the year ended December 31, 2023, 1,648,157 warrants were exercised for total proceeds of $489.

In connection with the Offering, DCM issued 261,216 broker warrants. Each warrant entitles the holder to acquire one Common Share at an exercise price of $3.16 for a period of 2 years, commencing on May 25, 2023. The total fair value of the warrants issued was estimated to be $219 using the Black-Scholes option-pricing model, assuming a risk-free interest of 4.23%, a weighted average life of 2.0 years, a dividend yield of nil and an expected volatility of 55.95% based on comparable companies.

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 5,502,288 common shares, or 10% of the issued and outstanding common shares of DCM. The shares to be awarded will be authorized and unissued shares.

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

(a) Restricted share unit (“RSU”)

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

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

	December 31, 2023	December 31, 2022
	Number of RSUs	Number of RSUs
Balance - beginning of year	**3,154,305**	2,400,715
Units granted	**348,110**	904,207
Units forfeited	**(115,920)**	—
Units paid out	**(1,188,558)**	(150,617)
Balance - end of year	**2,197,937**	3,154,305

During the year ended December 31, 2023, the CEO and President of DCM was granted 143,506 RSUs (2022 – 357,985 RSUs) and a total of 204,604 RSUs (2022 – 546,222 RSUs) were awarded to other members of DCM's management.

Of the total outstanding RSUs at December 31, 2023, nil (December 31, 2022 – nil) have vested and are payable. The carrying amount of the liability relating to the RSUs at December 31, 2023 included in accounts payable and accruals was $4,814 (2022 – $3,501).

During the year ended December 31, 2023, compensation expense of $3,762 (2022 – $1,740) was recognized in the 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 year ended December 31, 2023 and the year ended December 31, 2022 is as follows:

	2023			2022		
	Number of Options		**Weighted average Exercise Price**	Number of Options		Weighted average Exercise Price
Options outstanding - beginning of year	**4,700,886**	**$**	**0.97**	3,950,886	$	0.91
Granted	**750,000**		**3.42**	750,000		1.30
Forfeited	**(250,000)**		**3.42**	—		—
Exercised	**(671,886)**		**1.38**	—		—
Options outstanding - end of year	**4,529,000**	**$**	**1.18**	4,700,886	$	0.97
Exercisable	**2,987,333**	**$**	**0.89**	2,867,553	$	0.99

The outstanding Options had an exercise price range as follows:

	December 31, 2023	December 31, 2022
	Number of Options	Number of Options
$0.69	**2,500,000**	2,500,000
$0.85	**125,000**	125,000
$1.29	**654,000**	654,000
$1.30	**750,000**	750,000
$1.38	**—**	671,886
$3.42	**500,000**	—
Options outstanding	**4,529,000**	4,700,886

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

		April 27, 2023		April 4, 2022
Expected life (years)		7.0		7.0
Expected volatility		60 %		40 %
Dividend yield		— %		— %
Risk free rate of return		2.92 %		2.41 %
Weighted average fair value of options granted	$	2.09	$	0.58
Forfeiture rate		10 %		10 %

On April 27, 2023, options to purchase up to 750,000 common shares were awarded to a member of key management. Once vested, the options are exercisable for a period of seven years from the grant date at an exercise price of $3.42 per share, representing the fair value of the Common Shares on the date of grant. 250,000 of these options were forfeited during the year and the remaining 500,000 options vest at a rate of 1/2 each year beginning on April 27, 2024.

During the year ended December 31, 2023, 671,886 options were exercised in exchange for 604,695 common shares (as a result of the net settlement of certain options) for total proceeds of $751.

During the year ended December 31, 2023, compensation expense of $675 (2022 – $328) was recognized in the 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 year ended December 31, 2023, 195,701 DSUs (2022 – 358,582 DSUs) were granted, and nil DSUs were paid out (2022 – nil). The carrying amount of the liability included in accounts payable and accruals relating to the 2,629,404 DSUs outstanding at December 31, 2023 was $6,889 (December 31, 2022 – $3,529 and 2,433,703 DSUs outstanding).

During the year ended December 31, 2023, an expense of $3,360 (2022 – $971) was recognized in the consolidated statement of operations related to DSUs granted of $492 (2022 - $573), and fair value adjustments of $2,821 (2022 - $398).

18 Earnings per share

		For the year ended December 31, 2023		For the year ended December 31, 2022
BASIC EARNINGS PER SHARE				
Net (loss) income for the year attributable to common shareholders	**$**	**(15,854)**	$	13,966
Weighted average number of shares		**50,832,543**		44,062,831
Basic (loss) earnings per share	**$**	**(0.31)**	$	0.32
DILUTED EARNINGS PER SHARE				
Net (loss) income for the year attributable to common shareholders	**$**	**(15,854)**	$	13,966
Weighted average number of shares		**50,832,543**		44,062,831
Adjustments for calculation of diluted earnings per share:				
Options		**—**		1,235,008
Warrants		**—**		1,274,227
Weighted average number of shares in calculating diluted earnings per share		**50,832,543**		46,572,066
Diluted (loss) earnings per share	**$**	**(0.31)**	$	0.30

For the year ended December 31, 2023, options to purchase up to 4,029,000 common shares were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive. 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 they were out-of-the-money as of December 31, 2023.

During the year ended December 31, 2022, options to purchase up to 671,886 common shares and warrants to purchase up to nil common shares were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive.

19 Changes in working capital

		For the year ended December 31, 2023		For the year ended December 31, 2022
Trade receivables	**$**	**(3,586)**	$	(3,063)
Inventories		**14,361**		(8,087)
Prepaid expenses and other current and non-current assets		**(2,051)**		(43)
Trade and accrued liabilities		**(3,452)**		4,177
Deferred revenue		**591**		673
	$	**5,863**	$	(6,343)

20 Assets Held for Sale

	Trenton, Ontario	
At December 31, 2022	$	**0**
Acquisition of MCC (note 4)		**25,800**
Disposal		**(25,800)**
Reclassification from property, plant and equipment (note 7)		**8,650**
	$	**8,650**

On March 30, 2023 DCM entered into a sale and leaseback agreement to sell the MCC Oshawa warehouse facility subject to closing the acquisition. The transaction closed on June 8, 2023 (see notes 4 and 8).

As mentioned in note 11, during the year ended December 31, 2023, DCM announced its decision to close the Trenton, Ontario manufacturing facility and transfer production to its Brampton, Ontario manufacturing facility. In October 2023, DCM entered into an agreement to sell the facility subject to customary closing conditions and completed the sale in January 2024 (note 27). This sales 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 closure of this facility.

A summary of cost and accumulated depreciation of the Trenton facility as of December 31, 2023 is as follows:

	Trenton, Ontario	
Cost	**$**	**8,928**
Accumulated Depreciation		**(278)**
	$	**8,650**

As the carrying amounts of this facility will be recovered through a sale transaction, this facility has been classified as an asset held for sale as of December 31, 2023. As of December 31, 2023, DCM measured the asset held for sale at the lower of its carrying amount and estimated fair value less cost to sell (level 3 fair value) of $8,650.

21 Commitments and Contingencies

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

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

In the normal course of business, DCM has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, leasing contracts and license agreements. These indemnification arrangements may sometimes require

such third parties to compensate counterparties for losses as a result of breaches in representations, covenants and warranties provided by the Company or as a result of litigation or other third-party claims or statutory sanctions that may be suffered by the counterparties as a consequence of the relevant transaction. In some instances, the terms of these indemnities are not explicitly defined. No accruals have been required to be made as at December 31, 2023 with respect to these agreements.

Executive employment agreements allow for additional payments of approximately $4,940 if the individuals are terminated without cause, and approximately $4,940 in the event of a change in control.

DCM makes contributions to the Québec Graphic Communication Pension Plan (the “GCPP”), based on a percentage of the wages of its unionized employees covered by the respective collective bargaining agreements, all of whom are employed at DCM facilities located in the Province of Québec.

The GCPP is a negotiated contribution defined benefit multi-employer pension plan which provides retirement benefits to unionized employees in the printing industry. The GCPP is administered by a joint Board of Trustees composed of representatives of participating employers and of the unions representing plan members in collective bargaining. Based upon the terms of those applicable collective agreements, DCM’s estimated annual negotiated contribution to the GCPP for 2024 is $445.

The GCPP’s most recent funding actuarial report (as at December 31, 2022) disclosed a going concern surplus of 107.3% and that negotiated contributions are in excess of the current service cost of the plan. On a solvency basis (or wind up basis) the valuation shows a deficit on a solvency or wind up basis of 11.2%.

Bill 34 was adopted by Québec in April 2015 to clarify Québec pension legislation for negotiated contribution defined benefit multi-employer pension plans to, among other things:

- limit required employer contributions only to those amounts specified in the applicable collective agreements negotiated with the relevant unions;
- eliminate the employer's obligation to fund deficiencies; and
- require the Board of Trustees to develop and implement a recovery plan when the negotiated contributions are not sufficient to fund the plan, including the reduction of accrued benefits of all members.

22 Capital structure

DCM’s objectives when managing its capital structure are:

- To seek to ensure sufficient liquidity to safeguard DCM’s ability to continue as a going concern;
- To maintain a strong capital base so as to maintain shareholders’, creditors’, customers', suppliers' and market confidence; and
- To deploy capital to provide an appropriate investment return to its shareholders

DCM’s capital structure consists of long-term debt (including the current portion) and shareholders’ equity. DCM’s primary uses of capital are to finance increases in working capital, make payments towards its long-term obligations, and fund investments in capital expenditures and business acquisitions.

DCM manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure in line with its present strategic plan, DCM may issue new shares. Management anticipates that any major acquisition or significant growth initiatives would be financed in part with additional equity and debt.

DCM is not subject to any externally imposed capital requirements other than the covenants and restrictions under the terms of its Credit Facilities, including the requirement to meet certain financial ratios and financial conditions pertaining to permitted investments, acquisitions, lease agreements, dividends and subordinated debt.

DCM's capital structure is as follows:

		December 31, 2023		December 31, 2022
Credit facilities (note 13)	**$**	**100,251**	$	27,047
Lease liabilities (note 12)		**155,315**		39,802
Total long-term debt	**$**	**255,566**	$	66,849
Total equity	**$**	**28,764**	$	22,847

23 Financial instruments

DCM's financial instruments consist of cash, trade receivables, bank overdraft, trade payables and accrued liabilities, credit facilities, and lease liabilities, as indicated in DCM's statements of consolidated financial position as at December 31, 2023 and 2022. DCM does not enter into financial instruments for trading or speculative purposes.

FAIR VALUE OF FINANCIAL INSTRUMENTS

DCM's non-derivative financial instruments are comprised of cash, trade receivables, bank overdraft, trade payables and accrued liabilities, credit facilities, and lease liabilities. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments at fair value through the profit and loss include restricted share units and director share units, which are recorded as a liability at fair value on the grant date and are subsequently adjusted for changes in the price of DCM's common shares through the consolidated statements of operations.

The fair value for other non-derivative financial instruments such as cash, trade receivables, bank overdraft, trade payables and accrued liabilities approximates their carrying value because of the short-term maturity of these instruments. Credit facilities are initially recognized at the discounted present value of the amounts required to be paid to derive their fair value and are then measured at amortized costs using the effective interest method. The fair values are not materially different from their carrying amounts since the interest payable on these borrowings is close to market rates.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying values and the fair values of DCM's financial instruments are classified into the categories listed below in accordance with IFRS 9.

December 31, 2023	**Carrying Value**	**Fair Value**
Financial assets at amortized cost (1)	**$135,608**	**$135,608**
Financial liabilities at amortized cost (2)	**317,592**	**319,207**
Financial liabilities FVTPL (3)	**11,703**	**11,703**

December 31, 2022	Carrying Value	Fair Value
Financial assets at amortized cost (1)	$58,838	$58,838
Financial liabilities at amortized cost (2)	102,193	102,724
Financial liabilities FVTPL(3)	7,030	7,030

(1) Includes cash and cash equivalents, and trade receivables.
(2) Includes trade payables and accrued liabilities (excluding financial liabilities related to commodity taxes that are not contractual and that arise as a result of statutory requirements imposed by governments and, therefore, do not meet the definition of financial assets or financial liabilities), bank overdrafts, credit facilities, and lease liabilities (as IFRS 7 does not require disclosure of the fair value of leases, the fair value column in the table above reflects their carrying value).
(3) Includes RSUs and DSUs.

Credit facilities are categorized as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs including own credit risk. 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 year.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

DCM is exposed to various risks as it relates to financial instruments. These risks and the processes for managing the risk are set out below.

CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subjected DCM to credit risk consisted of cash and trade receivables. The carrying amount of assets included in the consolidated statements of financial position represents the maximum credit exposure.

DCM grants credit to customers in the normal course of business. DCM typically does not require collateral or other security from customers; however, credit evaluations are performed prior to the initial granting of credit terms when warranted and periodically thereafter. Normal credit terms for amounts due from customers call for payment within 0 to 60 days.

DCM has trade receivables from clients engaged in various industries, including financial institutions, insurance, healthcare, lottery and gaming, retailing, not-for-profit, energy and governmental agencies that are not concentrated in any specific geographic area. DCM does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by DCM's large client base.

To measure the ECLs, trade receivables, including unbilled receivables, have been grouped based on similar credit risk characteristics, past due status and other relevant factors. The expected default rates are calculated based on management's estimate as well as historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on economic factors affecting the ability of the customers to settle the trade receivable.

On that basis, the loss allowance as at December 31, 2023 was determined using default rates under the provision matrix for an amount of $1,720 (2022 – $1,565), of which $1,197 (2022 – $1,150) relates to unbilled receivables.

The following default rates are used to calculate the ECLs on billed receivables as at December 31, 2023 and December 31, 2022, respectively:

December 31, 2023	**Total**	**Less than 30 days**	**Over 30 days**	**Over 60 days**	**Over 90 days**
Default rates		0.11%	0.22%	0.30%	9.66%
Billed receivables balance	**$85,989**	$49,828	$23,055	$9,048	$4,058
Billed receivables ECL [1]	**$523**	$54	$50	$27	$392

December 31, 2022	Total	Less than 30 days	Over 30 days	Over 60 days	Over 90 days
Default rates		0.13%	0.13%	0.33%	22.60%
Billed receivables balance	**$41,554**	$26,316	$10,369	$3,291	$1,578
Billed receivables ECL	**$415**	$34	$13	$11	$357

The following default rates are used to calculate the ECLs on unbilled receivables as at December 31, 2023 and December 31, 2022, respectively:

December 31, 2023	**Total**	**Less than 30 days**	**Over 30 days**	**Over 60 days**	**Over 90 days**
Default rates		0.81%	0.91%	1.03%	13.44%
Unbilled receivables balance	**$33,687**	$22,308	$2,753	$1,358	$7,268
Unbilled receivables ECL	**$1,197**	$181	$25	$14	$977

December 31, 2022	Total	Less than 30 days	Over 30 days	Over 60 days	Over 90 days
Default rates		0.86%	1.56%	1.28%	15.75%
Unbilled receivables balance	$14,641	$3,840	$2,765	$1,327	$6,709
Unbilled receivables ECL	**$1,150**	$33	$43	$17	$1,057

At the end of each reporting period, management reassesses the default rates. Default rates are applied to the billed and unbilled receivable balances to calculate the credit default reserve. Management assesses the adequacy of this reserve quarterly, taking into account historical experience, current collection trends, the age of receivables and, when warranted and available, the financial condition of specific counterparties. When collection efforts have been reasonably exhausted, specific balances are written off. As at December 31, 2023 the Company has $4,058 (5%) of its billed receivables that are over 90 days old (2022 - $1,578 or 5%).

Judgment by management is required to determine both (a) the revenue and billed receivables to be recognized, where price concessions may need to be given to encourage customers to settle older amounts promptly as a result of billing issues under IFRS 15 (as revenue can only be recognized to the extent that it is highly probable that a significant reversal in the amount of revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved), and (b) ECL provisions required under IFRS 9 to reflect impairments of its trace receivables as a result of customers inability to settle the billed receivables. DCM has recorded a provision of $400 within the billed receivable balance (and against revenue) for potential price concessions that may need to be given to customers, separately from the expected credit losses in the table above.

The movement in DCM's expected credit loss provision for 2023 and 2022 are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance – Beginning of year	$ 1,565	$ 1,283
Acquisition of MCC	384	—
Net reversals (write offs) of receivables during the year	861	648
Increase (decrease) in loan loss allowance	(1,090)	(366)
Balance – End of year	$ 1,720	$ 1,565

LIQUIDITY RISK

Liquidity risk is the risk that DCM may encounter difficulties in meeting obligations associated with financial liabilities as they become due.

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

December 31, 2023	Less than a year	1 to 3 years	4 years and greater	Total
Trade payables and accrued liabilities	$ 75,766	$ —	$ —	$ 75,766
Lease liabilities (note 12)	16,578	66,136	198,331	281,045
Credit facilities (note 13) (1)	14,440	86,467	24,736	125,643
Total	$ 106,784	$ 152,603	$ 223,067	$ 482,454

December 31, 2022	Less than a year	1 to 3 years	4 years and greater	Total
Trade payables and accrued liabilities	$ 44,133	$ —	$ —	$ 44,133
Lease liabilities	9,094	21,245	26,192	56,531
Credit facilities (1)	13,183	17,164	—	30,347
Total	$ 66,410	$ 38,409	$ 26,192	$ 131,011

(1) Credit facilities as at December 31, 2023 subject to floating interest rates consisting of the Bank Credit Facility, expiring on April 24, 2026. As at December 31, 2023, the outstanding balances totaled $44,009 and bore interest at a floating rate of 8.45% per annum. The amounts at December 31, 2023 include estimated interest totaling $3,719 for 2024, $3,719 for 2025 and $1,859 for 2026. The estimated interest was calculated based on the total borrowings outstanding at the end of the year and the annual floating interest rate in effect as at December 31, 2023. Credit facilities at December 31, 2023 subject to fixed interest rates consisting of the FPD VI Credit Facility, expiring on December 17, 2026 and the FPD VI New Credit Facility expiring on April 21, 2028. As at December 31, 2023, the outstanding balances totaled $57,857, of which $7,857 bore interest at a fixed rate of 5.95% and $50,000 bore interest at a fixed rate of 8.08% per annum. The amounts at December 31, 2023 include estimated interest totaling $4,388 for 2024, $3,778 for 2025, $3,105 for 2026 and $3,210 for 2027/2028.

(2) Credit facilities at December 31, 2022 subject to floating interest rates consisting of the Bank Credit Facility, expiring on November 8, 2024, and the Bank Term Loan, expiring on May 8, 2024. As at December 31, 2022, the outstanding balance totaled $5,869 for 2023 and $5,913 for 2024, respectively, and bore interest at a floating rate of 6.95% and 9.95%, respectively, per annum. The amounts at December 31, 2022 include estimated interest totaling $875 for 2023, and $494 for 2024. The estimated interest was calculated based on the total borrowings outstanding at the end of the year and the annual floating interest rate in effect as at December 31, 2022. Credit facilities at December 31, 2022 subject to fixed interest rates consisting of the FPD IV Credit Facility, expiring on March 10, 2023, the FPD V Credit Facility, the FPD V Credit Facility expiring on May 15,

2023 and the FPD VI Facility expiring on December 15, 2026. As at December 31, 2022, the outstanding balances totaled $15,536, of $6,107 bore interest at a fixed rate of 6.95% per annum and $9,429 bore interest at a fixed rate of 5.95% per annum. Monthly blended principal and interest payments of $422 and of $91, are due on the FPD IV and FPD V facilities respectively, and $131 on the FPD VI facility. The amounts at December 31, 2022 include estimated interest totaling $647 for 2023, $432 for 2024, $338 for 2025 and $244 for 2026.

DCM also has contingent obligations in the form of letters of credit. DCM believes that the currently projected cash flow from operations and cash on hand will be sufficient to fund its currently projected operating requirements, including expenditures related to its growth strategy, payments associated with provisions as a result of on-going productivity improvement initiatives, payment of income tax liabilities, contributions to its pension plans, maintenance or investment in new capital expenditures, and interest and scheduled repayments of borrowings under its credit facilities.

While estimated forecast compliance with financial covenants is sensitive to key assumptions used for forecast revenues, gross margins and expenses (which in turn impact earnings before interest, income taxes, depreciation and amortization (EBITDA)), management are satisfied that the Company's forecasts and projections through to March 31, 2025 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. As a result, the Company has concluded that it will have adequate access to liquidity to satisfy its obligations within the next fifteen months (note 1).

MARKET RISK

INTEREST RATE RISK

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. DCM's interest rate risk arises from credit facilities issuances at floating interest rates.

At December 31, 2023, $44,009 of DCM's indebtedness outstanding was subject to floating interest rates of 8.45% per annum; a 1% increase/decrease in interest rates would have resulted in an increase/decrease in the loss by $440 for the year ended December 31, 2023 (2022 – $118), respectively. At December 31, 2023, $7,857 was subject to a fixed interest rate of 5.95% per annum and $50,000 was subject to a fixed interest rate of 8.08 per annum.

CURRENCY RISK

Currency risk is the risk that the fair value of future cash flows arising from a financial instrument will fluctuate because of changes in foreign currency exchange rates. In the normal course of business, DCM does not have significant foreign exchange transactions, and accordingly, the amounts and currency risk are not expected to have an adverse material impact on the operations of DCM. Management considers the currency risk to be low and does not hedge its currency risk; therefore, sensitivity analysis is not presented.

24 Expenses by nature

		For the year ended December 31, 2023		For the year ended December 31, 2022
Raw materials and other purchases	**$**	**210,458**	$	123,929
Wages and benefits*		**136,339**		88,329
Occupancy costs		**19,719**		8,088
Restructuring expenses		**20,308**		—
Depreciation and amortization		**21,723**		11,160
Technology-enabled subscription expenses		**4,131**		854
Acquisition and integration costs (excluding ROU asset impairments)		**10,439**		1,870
Right-of-use asset impairment (note 8)		**464**		
Research and development		**3,804**		1,015
Other expenses		**19,885**		10,644
Net fair value (gains) losses on financial liabilities at fair value through profit or loss*		**7,122**		2,711
Total cost of revenues and operating expenses	**$**	**454,392**		248,600

** The net fair value (gains) losses on financial liabilities at fair value through profit or loss (RSUs and DSUs) was previously presented within wages and benefits in the prior years financial statements and has been disclosed separately this year in the table above (see also note 3).*

25 Segmented information

The CEO of DCM is the 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. The recently acquired MCC business brought together two similar sized businesses with similar economic characteristics, particularly in terms of the nature of the products and services, production processes, type of customers and methods used to provide these products and services to customers.

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

Revenue by geographical location of our customers is set out below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Canada	$ 419,893	$ 260,874
United States	27,832	12,930
	$ 447,725	$ 273,804

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Product sales	$ 396,316	$ 239,355
Technology-enabled subscription services and fees	14,721	5,317
Freight services	13,247	8,402
Warehousing services	12,173	7,325
Technology-enabled hardware solutions	8,516	12,156
Marketing and other services	2,752	1,249
	$ 447,725	$ 273,804

26 Related party transactions

On March 15, 2018, DCM entered into a loan agreement with a key member of management, of $107 to finance the purchase of Common Shares. The original maturity date was March 15, 2023, the loan term was subsequently extended by an additional three years. Interest will accrue at a rate of 3% per annum on the unpaid balance. The loan is unsecured and repayable upon maturity. As at December 31, 2023, the balance owing of $114 (2022 – $110) was included within other non-current assets in the consolidated statement of financial position.

COMPENSATION OF KEY MANAGEMENT

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Salaries and other short-term employee benefits	$ 3,473	$ 4,227
Termination and retirement benefits	1,567	—
Post-employment benefits	10	14
Share-based compensation expense	2,978	1,055
Total	$ 8,028	$ 5,296

During the year ended December 31, 2023, key management personnel (excluding compensation awarded to Directors) were granted 252,260 RSUs (2022 – 707,333 RSUs). Key management personnel (excluding compensation awarded to Directors) were issued 750,000 options to purchase Common Shares in 2023 (2022 - nil).

During the year ended December 31, 2023, DCM's general and administration expenses included an expense of $2,978 (2022 – $1,055) for these share-based compensation awards.

During the year ended December 31, 2023, DCM's general and administration expenses include a charge of $3,360 (2022 – $971) for DSU's issued to directors for the duties performed by DCM's Board, of which $2,715 (2022 – $398) relates to a fair value adjustment (note 17).

27 Subsequent event

On January 11, 2024, DCM completed the sale and leaseback of its Trenton, Ontario manufacturing facility, which was acquired as part of the Company's acquisition of MCC (note 4) and was classified on the consolidated balance sheet as an asset held for sale at the year end (note 20). 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.

Corporate Information

Directors

J.R. Kingsley Ward [3]
Chairman, Director

Gregory J. Cochrane [3]
Vice Chairman, Director

Merri L. Jones [1, 3]
Director

James J. Murray O.Ont., SIOR [2]
Director

Michael G. Sifton [1, 2]
Director

Alison Simpson [3]
Director

Derek J. Watchorn [1, 2]
Director

Richard Kellam
Director

Officers

Richard Kellam
President & Chief Executive Officer

James E. Lorimer
Chief Financial Officer & Corporate Secretary

Christine Custodio
Senior Vice President, Operations

Jason Sharpe
Senior Vice President, Commercial Leadership

Corporate Information

Auditors
PricewaterhouseCoopers LLP

Transfer Agent
Computershare Investor Services Inc.

Corporate Counsel
McCarthy Tétrault LLP

Corporate Office
9195 Torbram Road
Brampton, Ontario L6S 6H2
Telephone: 905-791-3151
Facsimile: 905-791-1713

Website
datacm.com

Toronto Stock Exchange Symbol
DCM

OTCQX Symbol
DCMDF

[1] Member, Audit Committee (Chairperson is Michael G. Sifton)

[2] Member, Corporate Governance Committee (Chairperson is Derek J.Watchorn)

[3] Member, Human Resources & Compensation Committee (Chairperson is J.R. Kingsley Ward)

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