ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2018

March 29, 2019

DCM | THE BRAND BEHIND YOUR BRAND

DATA Communications Management Corp.

Annual Information Form
for the year ended December 31, 2018

March 29, 2019

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EXPLANATORY NOTES

General

The information in this Annual Information Form, or AIF, is stated as at December 31, 2018, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, in this AIF, the term "Corporation" refers to DATA Communications Management Corp. and "DCM", "we" "us" and "our" refers to the Corporation and its subsidiaries, DATA Communications Management (US) Corp. and Perennial Inc. or Perennial, as at March 29, 2019.

Unless otherwise indicated or the context otherwise requires, in this AIF, "Common Shares" refers to common shares of the Corporation, "Shareholders" refers to holders of Common Shares.

Currency and Fiscal Periods of the Corporation

Unless otherwise indicated, all dollar amounts in this AIF are expressed in Canadian dollars and references to "**$**" are to Canadian dollars.

In this AIF, unless otherwise indicated, all references to fiscal years of the Corporation refer to the 12 months ended December 31.

Forward-Looking Statements

Certain statements in this AIF constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, objectives or achievements 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 AIF, 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 our current views regarding future events and operating performance, are based on information currently available to us, and speak only as of the date of this AIF. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results and, will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause our actual results, performance, objectives or achievements to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that we made or took into account in the preparation of these forward-looking statements include: the limited growth in the traditional printing industry and the potential for further declines in sales of our printed business documents relative to historical sales levels for those products; the risk that changes in the mix of products and services sold by us which are related to reduced demand for our printed products will continue to adversely affect our financial results; the risk that we may not be successful in reducing the size of our legacy print business, realizing the benefits expected from restructuring and business reorganization initiatives, reducing costs, reducing and paying our long-term debt, and, growing our existing digital and marketing communications businesses; the risk that we may not be successful in managing our organic growth; our ability to invest in, develop and successfully market new digital and other products and services; competition from competitors supplying similar products and services, some of whom have greater economic resources than us and are well-established suppliers; our ability to grow our sales or even maintain historical levels of our sales of printed business communications documents; the impact of economic conditions on our businesses; risks associated with acquisitions and/or investments in joint ventures by DCM; the failure to realize the expected benefits from acquisitions and risks associated with the integration of acquired businesses, and DCM's investment in the joint venture between Aphria Inc. and Perennial; increases in the costs of paper and other raw materials used by us; our ability to maintain relationships with our customers; risks relating to future legislative and regulatory developments and other business risks involving the wellness, medical and adult-use marijuana markets in Canada and internationally generally; risks relating to our ability to access sufficient capital on favourable terms to fund our business plans from internal and

external sources; and, our ability to make scheduled payments of principal and interest on, or to refinance, our indebtedness depends on our future operating performance and cash flow, which are subject to prevailing economic conditions, interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control and, the credit agreements governing our senior indebtedness contain numerous restrictive covenants that limit us with respect to certain business matters, including, but not limited to, our ability to incur additional indebtedness, pay distributions, make investments, sell or otherwise dispose of assets and merge or consolidate with another entity. Additional factors are discussed elsewhere in this AIF and under the heading "Risks and Uncertainties" in the Corporation's publicly available disclosure documents, as filed by the Corporation on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this AIF as intended, planned, anticipated, believed estimated or expected. Unless required by applicable securities law, we do not intend and do not assume any obligation to update these forward-looking statements.

CORPORATE STRUCTURE

Name, Address and Organization

The Corporation is governed by the *Business Corporations Act* (Ontario), or the OBCA, pursuant to articles of amalgamation dated January 1, 2014 and is a reporting issuer under applicable securities laws in Canada. Our head and registered offices are located at 9195 Torbram Road, Brampton, Ontario, Canada L6S 6H2.

On July 4, 2016, the Corporation amended its articles to change its name from DATA Group Ltd. to DATA Communications Management Corp.

Also on July 4, 2016, the Corporation amended its articles to consolidate all the issued and outstanding Common Shares, or the Share Consolidation, on the basis of a ratio of one post-consolidation Common Share for each 100 pre-consolidation Common Shares. As a result of the Share Consolidation, the number of issued and outstanding Common Shares was reduced from 1,197,504,525 to 11,975,053. In connection with the Share Consolidation, the exercise price and number of Common Shares issuable, and other entitlements, under awards granted pursuant to the Corporation's long-term incentive plan and the conversion price of the Debentures were each proportionately adjusted to reflect the Share Consolidation.

On January 1, 2018, DCM completed an internal reorganization pursuant to which the Corporation's Canadian subsidiaries, BGI Holdings Inc. and 1416395 Alberta Ltd., which we collectively refer to as "BOLDER Graphics", dissolved and distributed their respective assets to the Corporation and the Corporation assumed the liabilities of those entities. Also on January 1, 2018, the Corporation's subsidiaries, Thistle Printing Limited and Griffin House Graphics Limited, amalgamated pursuant to the OBCA to form a new corporation called "Thistle Printing Limited".

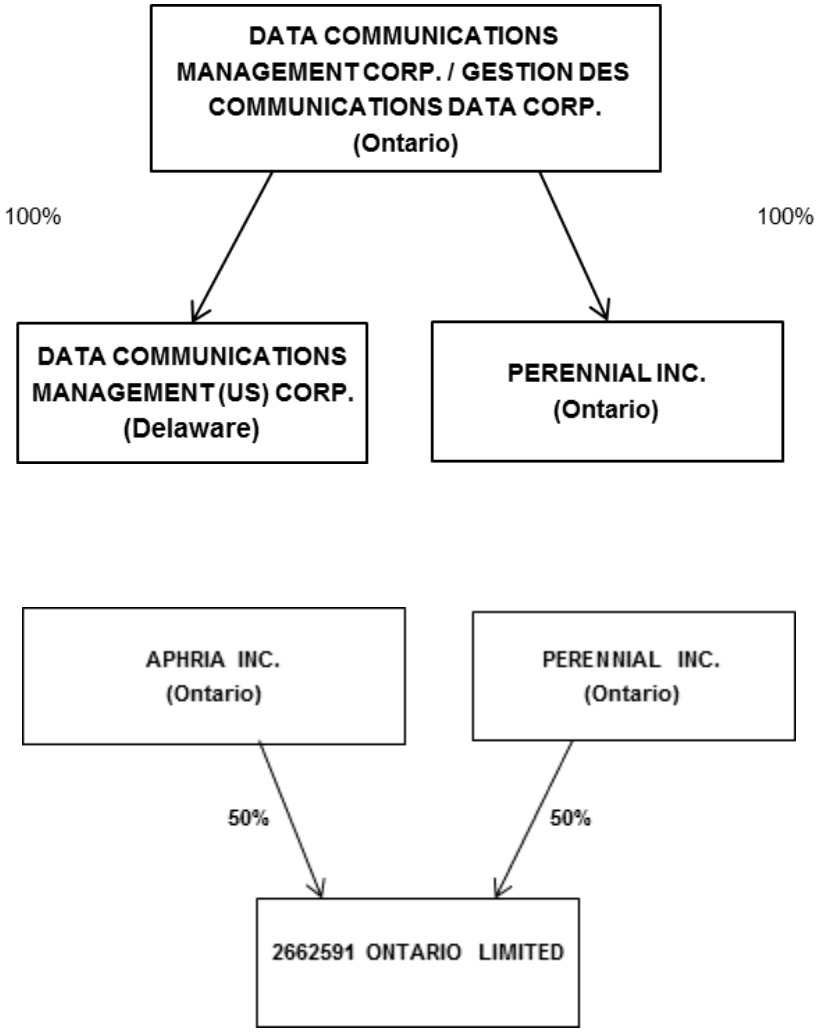
On November 8, 2018, DCM's wholly owned subsidiary Perennial Inc. and Aphria Inc., a leading global cannabis company, entered into a joint venture agreement, or the Joint Venture, and formed a subsidiary named 2662591 Ontario Limited, which is owned 50% by Perennial Inc. and 50% by Aphria Inc.

On January 1, 2019, DCM completed a further internal reorganization pursuant to which the Corporation's subsidiary, Thistle Printing Limited, amalgamated with DCM pursuant to the OBCA.

Additional information with respect to the Corporation will be set out in its Management Information Circular in respect of its upcoming annual meeting of Shareholders, a copy of which will be filed with Canadian securities regulatory authorities and will be available on SEDAR at www.sedar.com, and is incorporated by reference in this AIF.

Intercorporate Relationships

The following chart illustrates the organizational structure of the Corporation and its subsidiaries as at March 29, 2019, including the jurisdiction of establishment or incorporation of the entities:



BUSINESS OF DCM

At DCM, we are *the brand behind your brand*, ensuring our customers present a powerful brand story across multiple platforms. We take the time to understand their businesses, offering them tailored solutions backed by customized technology platforms that help them win.

We serve customers through eight core capabilities:

1) One-Touch Brand Management
2) Channel Audit & Optimization
3) Multimedia Campaign Management
4) Location-Specific Marketing
5) Comprehensive Commercial Print
6) 1:1 Marketing
7) In-Store Impact
8) Custom Loyalty Execution

We operate over 20 facilities across Canada and in the northeastern U.S. in Chicago and New York. Historically, we have derived most of our revenues from sales to customers in Canada.

We target:

- Blue chip companies
- Mid- to large-sized businesses
- Organizations with major distribution networks and consumer-facing communication requirements

Our solutions are primarily offered as bundled packages of products and services under multi-year, preferred-partner or single-source agreements. Increasingly, we are leveraging existing relationships to offer marketing and communications solutions to long-standing operations customers. Our solutions are also sold individually.

We have a well-diversified customer base that includes Canadian Schedule I banks; insurance companies; large national retailers; federal, provincial, and municipal government agencies; provincial and regional healthcare service providers; provincial lottery and gaming providers; national not-for-profit entities; and large energy and utility companies. More than 70% of our revenues in fiscal 2018 were derived from long-term customer relationships supported by service level agreements. Such contracts typically have terms of between one and five years. They generally contain price adjustment clauses based on volume, cost of raw materials (in particular paper pricing), labour and/or the Consumer Price Index. Relationships with smaller customers are not typically subject to long-term contracts.

DCM has enjoyed continuing relationships for more than 10 years with the majority of our 25 largest customers based on fiscal 2018 sales. No single customer accounted for more than 10% of revenues during each of the last five fiscal years.

We have one operating segment: DCM. See details in *Operations*.

Product and Service Overview

DCM's Eight Core Capabilities

DCM provides end-to-end brand strategy and communications management through the following eight solutions. Each can encompass various modular products and services, tailored to meet specific customer needs.

1) One-Touch Brand Management – Offers customers a single point-of-contact for solving complex communication challenges across the enterprise. Dramatically improves efficiency for organizations with many locations, employees, and brand touchpoints. Overcomes challenges related to multiple lines of business, brand identity and consistency, and regulatory compliance.

2) Channel Audit & Optimization – Enables network-wide analysis of all digital and print touchpoints across the brand, resulting in actionable recommendations for maximizing marketing return on investment.

3) Multimedia Campaign Management – Enables on-demand, pre-approved execution and fulfillment of multimedia campaign collateral by location. Supports communications from initial brief through to final procurement and execution, providing visibility and ensuring return on investment at all stages of the communications lifecycle.

4) Location-Specific Marketing – Enables customized, location-specific print, kitting and fulfillment for the unique physical requirements of individual retail locations, scaled across the network. Helps customers manage the big picture while leveraging local resources and delivering regional messages.

5) Comprehensive Commercial Print – Encompasses industry-leading print management and excellence in all aspects of prepress, press, post-press, design, procurement, warehousing, and fulfillment. Our nationwide network provides economies of scale while our regional presence ensures efficiency.

6) 1:1 Marketing – Includes customized, direct-to-consumer marketing, using analytics to ensure a targeted message is delivered to the right individual via the most effective channel.

7) In-Store Impact – Analyzes impact of all digital and print communication touchpoints in the physical space where the brand comes to life.

8) Custom Loyalty Execution – Enables customized, effective execution, management, and direct delivery of all consumer-facing touchpoints of loyalty and rewards programs.

Platforms, Products and Services

Within our eight core capabilities, we offer an array of modular platforms, products, and services. They are listed alphabetically in this section.

Analytics
DCM collects data at different stages of the communications lifecycle and uses it to:

- Improve customer operations – including by streamlining workflows to drive down costs; empowering frontline staff to eliminate bottlenecks; digitizing paper transactions; improving information access; increasing inventory visibility to prevent stock-outs and improve distribution

- Increase communications impact – including by data cleansing, analyzing, profiling, segmentation, and modelling to drive marketing efficiency, customer response, and revenue

Barcode and RFID Solutions
We produce integrated forms and labels and barcoding, RFID (radio-frequency identification), and RTLS (real-time location system) solutions to improve efficiency and safety in areas ranging from supply chain management to patient medication.

Business Cards, Letterheads, and Envelopes
We produce standard and custom business cards and letterhead, and print a full range of envelopes from standard business to art-lined and custom envelopes. Customers can customize and re-order stationery directly via the templates in our DATAOnline e-commerce platform.

Business Forms
We provide a complete line of custom and stock documents such as invoices, purchase orders, statements, new-account welcome kits, and employee-enrollment kits.

Content and Workflow Management Platforms
DCM manages several robust technology platforms, typically offered in conjunction with broader solutions and related services.

- DATAOnline (DOL) – DOL is a proprietary web-to-print/digital/fulfillment platform that enables users to select, customize, and order branded material. Template-based functionality ensures key content remains locked down while approval bottlenecks are eliminated. Customers can track all usage and expenses while front-line staff produce market-ready collateral.

- Digital Asset Management (DAM) – Our secure DAM platform enables users to store, locate, and share brand assets quickly and easily while helping to maintain consistency.

- Multimedia Campaign Management (MCM) – MCM enables marketers to work collaboratively with agencies, suppliers, and project managers to plan, budget, create, and execute campaigns. Features include collaborative proofing, real-time updates, cost management, and detailed reporting.

- Regulatory Communications – This platform enables organizations in tightly regulated sectors like finance and energy to quickly and accurately produce communications with complex, varied terms and conditions. It automates manually intensive, error-prone processes, minimizing business risk and improving agility.

- Retail Campaign Management (RCM) – RCM helps retailers expedite and optimize in-store campaigns. Functionality includes planning, creation, collaboration, production, fulfillment, delivery, put-up/take-down, data analysis, and reporting. It also offers robust features such as unique store profiling, which ensures materials are accurately produced to meet individual location requirements.

Custom Point-of-Sale Transaction Rolls
These are small paper rolls bearing customers' pre-printed logos. They come in a variety of sizes and are often used for point-of-sale cash register receipts, ATM receipts, and other similar applications.

Direct Mail
DCM offers full creative consultation, production expertise, and execution of direct mail, with services including:

- 1:1 variable full-colour digital print
- Long-run addressed mail and Canada Post's Neighbourhood Mail™
- Membership cards and labels
- Financial statement inserts
- Retail promotion
- Not-for-profit premium packages
- Commercial print of base stock for variable printing
- National lettershop resources that include capabilities like matched-mail inserting, ink jet, poly-bagging, and dimensional mail
- One of Canada's largest selections of eco-friendly and FSC® (Forest Stewardship Council) options, including envelopes

We verify and correct addresses through Canada Post's Address Correction and National Change of Address service and append missing information using databases such as Universe Canada™ and Info-Direct™. Mail is distributed directly through Canada Post and the U.S. Postal Service to ensure rapid delivery.

E-forms and E-presentment
We produce a range of digital documents such as invoices, applications, various smartforms, and talking PDFs for visually impaired users.

Email
Our complete suite of email marketing solutions includes newsletters, welcome emails, automated and triggered campaigns, transactional email, and e-flyers. Our email marketing solutions are available both as a standalone service and as part of larger multiplatform campaigns that might include direct mail and customized landing pages.

Event Tickets
We provide ticket, event-entry, and marketing services for some of North America's largest events and sports franchises. Products include season-ticket packages, fan packages, entry/VIP credentials, parking passes, and printing hardware and software. Marketing services include direct mail, email, and landing pages for fan acquisition and retention campaigns.

Finishing
We provide full post-production support through services such as binding, cutting, folding and lamination.

Gift and Loyalty Cards
We produce gift, membership, reward and employee cards. Services include creative development, variable printing, database management, secure warehousing, and card fulfillment.

Kitting and Delivery
We assemble packaged kits of documents and promotional items and deliver them directly to end customers. Services can be provided on-demand (e.g. when a customer opens a bank account and is mailed a welcome kit the next day), or as part of a scheduled service (e.g. a monthly statement, bill, or invoice).

Lottery Rolls and Selection Slips
We are a leading provider of lottery ticket roll products in Canada. We supply most Canadian provincial lotteries with the base roll thermal paper from which the tickets are printed using thermal printers at the point-of-purchase. We also produce lottery ticket selection slips. We manufacture these products in secure facilities, then warehouse and distribute them to customers as required.

Order, Rebate, and Returns Processing
These services include:

- Receiving telephone and online orders
- Processing cash, cheque, and credit card payments
- Fulfilling orders
- Tracking shipments on behalf of customers
- Providing detailed database documentation and reporting
- Managing rebate programs, including communication, mailing, and reporting
- Handling returns – we receive, open, and assess returned items, then manage restocking or refurbishing

Primary/Marketing Labels
We design and print labels for applications ranging from direct mail packages and retail shelf pricing to product labels for consumer-packaged goods.

Print-on-Demand
Many of our printed products are produced using our print-on-demand (POD) services. POD enables customers to have their material printed directly from a file, bypassing the usual pre-production steps of film and plates, and eliminating the need for large preprinted inventories of items. Files can be accepted in a variety of formats and

program platforms. Designed for fast turnarounds and smaller print runs, POD services are available through our on-demand digital print centres—sometimes located on-site at customer locations—and through DATAOnline.

Secure Print Products
We offer exclusive security paper stock for use with our secure printing processes and government-certified secure production facilities. Together, these factors help improve protection against fraud in the case of sensitive documents such as money orders, cheques, and gift certificates.

Variable Print and Personalization
We help customers integrate variability—personalized names, imagery, versions—into their direct marketing to create more relevant, timely communications. We receive customer data and apply it as personalized information on custom or preprinted material such as statements and invoices. We then mail the final product directly to end customers.

Wide/Large/Grand Format
We produce wide, large and grand format products directly for customers in the retail and financial services markets, as well as through media and consumer packaging intermediaries. Products range from in-store signage and point-of-sale to outdoor, transit, display and packaging. Services include planning, creation, printing, shipping, put-up, and take-down.

DCM Manufacturing and Operations

DCM's manufacturing network extends across North America and employs more than 1,400 people. Functions within this network are outlined in the sections that follow.

Distribution and Fulfillment
Our warehousing facilities provide distribution and fulfillment both as part of contractual service level agreements (SLAs) and one-off campaigns. Products are transported to customers primarily by nationally recognized couriers and other short-haul, regional, contract, and custom carriers. Fulfillment services include standard pick-and-pack; custom kitting, which can combine both static and variable material; and specialty packaging of premium items.

Inventory Management
Our inventory management capabilities include pallet, shelf, and secure cage and vault storage, supported by real-time reporting via DATAOnline. Through ongoing inventory analysis, we eliminate obsolescence, reduce overage (excess inventory), speed up processes, and lower costs.

Manufacturing
DCM leases all its manufacturing and warehousing facilities — see *Properties* for details. For information on specific locations and their output, see *Operations*.

Operations
In 2017, DCM began implementing changes to further refocus our operations. That process continued into 2018. Our Granby facility exit was completed in February 2018 and the Multiple Pakfold facility exit was completed March 1, 2018. In February 2018, we combined our BOLDER Graphics operations with our existing Calgary operations in conjunction with the termination of the BOLDER Graphics facility lease.

Our six centres of excellence are summarized in the following table:

LOCATION	KEY PRODUCTS AND SERVICES
Brampton, Ontario	• Business forms; labels; gift cards and combination form and label solutions • Multiple Pakfold® produces business forms, cheques and labels primarily for independent brokers and resellers in Canada
Burlington, Ontario	• Large-format print including large-format packaging, outdoor communications, transit and in-store signage
Calgary, Alberta	• Digital print; commercial print; direct mail; kit fulfillment; event tickets and gift cards; and large-format print
Drummondville, Québec	• Business forms; jumbo rolls; lottery rolls and selection slips; direct mail and specialty courier envelopes
Mississauga, Ontario	• Digital print; direct mail; kit fulfillment and large-format print
Toronto, Ontario	• Commercial/litho/offset print, direct mail, corporate communications, and binding and finishing

In addition, we maintain smaller specialty manufacturing/warehousing facilities in Brossard, Quebec; Edmonton, Alberta; and Chicago, Illinois. We also manage five on-demand digital print centres, several of which are on-site at customer locations across Canada and in the U.S.

Sales and Marketing

Sales
Our Sales team comprises account executives from across the organization who typically have expertise in sectors such as financial services, retail, energy, and hospitality. They work to align DCM solutions with customers' needs and serve as key contacts for account management.

Sales is supported by a dedicated Customer Experience team (also aligned by vertical market), which supports customers through day-to-day account management.

Marketing
Marketing services are delivered primarily through DCM's Perennial division. Perennial is the strategic and creative powerhouse behind DCM. For over 25 years, Perennial has created compelling retail and marketing solutions for major brands across Canada and around the world. These capabilities include strategy, creative direction and design, and back-end production and development.

Industry Competition

DCM's principal competitors are the Canadian reporting unit of R.R. Donnelley & Sons Company, Xerox Canada Inc., and technology companies looking to provide total document management and outsourcing solutions. There are also many smaller regional and local companies that compete with us in other product offerings.

Our principal competitors in the comprehensive commercial print and direct mail markets include Transcontinental Inc., St. Joseph's Printing Limited and several smaller, regional and local competitors. We also have a number of specialty competitors such as CGI Group Inc. and Symcor Inc., and others located regionally and locally across Canada.

Our key differentiating factors in these industry segments are:

- Breadth of offering
- Innovative solution development, including integrated digital and print capabilities
- Vertical market expertise
- National representation across Canada
- Our ability to control a brand's national expression while allowing for regional variation and customization
- Perennial's capabilities, including brand strategy, customer research and insights, and creative expertise
- Technology and application integration into customers' workflows
- Customer service, including the ability to meet savings and time requirements
- Purchasing power due to our scale of operations
- Product quality and reliability

Properties

As of March 1, 2019, we operated out of 20 leased facilities strategically located across Canada, two facilities in the State of Illinois and one in New York City. These facilities support manufacturing/warehousing, on-demand digital print centres, and sales/administrative offices. We believe that all of our facilities are adequately equipped and maintained to support our existing and planned operations. All leases of our premises are in good standing in all material respects.

Employees

As of March 1, 2019, we had approximately 1,425 employees in various positions including production, warehousing, sales, marketing, customer service and in support functions. As a general matter, we require our sales representatives to enter into employment agreements with non-competition covenants. Approximately 13% of our employees are represented by labour unions. The collective agreement with respect to unionized employees previously located at our facility in Granby, Quebec, and now relocated to Drummondville, Quebec expires on April 30, 2021. The collective agreements with respect to the other unionized employees at our facility in Drummondville, Quebec expire on March 13, 2021. The collective agreements with respect to unionized employees at our facility in Toronto, Ontario were renegotiated in 2018 and will now expire on June 30, 2022.

DCM considers its relations with its employees to be good and we strive to maintain a positive relationship with the unions representing our unionized employees.

Information Technology

We believe that our use of integrated technology applications and workflow processes provides us with a competitive advantage to better serve our customers and manage sourcing and procurement from third party vendors. Our proprietary DATAOnline software is a leading-edge web-to-print, web-to-digital and web-to-fulfilment application, which provides our customers with an integrated platform for on-demand design, ordering and production, including real-time inventory management and customer reporting. More than 600 customers and 200,000 active users use this tool to manage their communications requirements. In 2018, more than 300,000 orders, and approximately 35% of our revenues were processed through DATAOnline. In addition, we manage third party vendor sourcing, including quoting, document management and reporting through our marketing communications management platform. We use this application for the quoting, sourcing and procurement of products and services from more than 50 third party vendors of commercial print, large format, stationery, envelopes, bindery and other

services. We also offer an integrated campaign management application, which provides multi-platform campaign collaboration tools for our clients to plan, budget, create, collaborate and execute campaigns across multiple channels. In addition, we use a variety of workflow tools to manage confidential client data and coordinate variable print on demand services, and various marketing communications campaigns including digital and web-based applications.

Our information systems provide the basis of our financial reporting, as they provide data supporting a wide variety of financial matters, including sales, distribution, purchasing and expenses. We also use third-party cloud-based applications for certain financial reporting, budgeting and planning. In addition to our core applications, we leverage third-party cloud-based solutions to enhance our customer-facing technology. Our technology equipment and back-up systems are located in secure premises, and we employ a nationwide disaster recovery system.

We are in the advanced stages of implementation of a new enterprise-wide, fully integrated, third-party cloud-based enterprise resource planning, or ERP, application which, when completed, will replace our current ERP systems and a number of disparate other third-party providers. We are integrating the core ERP application with a specialized third-party print production application, and our proprietary DATAOnline application. All of DCM's core facilities are expected to be integrated onto this system in 2019, with the exception of the Eclipse and Perennial facilities which are planned for integration at a later date. Once completed, we expect to realize significant benefits from these applications, including streamlined internal reporting, enhanced business insights, improved customer service levels, improved process integration and workflows, and a scalable infrastructure to accommodate growth and integrate further acquisitions. DCM believes that its technology platform, together with its integration into our customer facing applications, provides us with a unique competitive advantage to better serve our customers.

Intellectual Property

In Canada, we have 39 Canadian trademark registrations, one trademark application, eight patent registrations, and two copyrighted works on which security interests have been registered. Also, we have two trademark registrations and one patent registration in the U.S. We believe our trademarks and other proprietary rights are material to the operations of our business. We do not believe that any of our trademarks, patents, software or other proprietary rights material to our business are being infringed by third parties, or that they infringe proprietary rights of third parties. We occasionally add to our portfolio of patents and trademarks and take a proactive approach to protecting our brand identities.

Seasonality

Our revenue is subject to seasonal advertising and mailing patterns of certain clients. Typically, higher revenues and profit are generated in the fourth quarter relative to the other three quarters, however, this can vary from time to time by changes in clients' purchasing decisions throughout the year. As a result, our 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.

Environmental Regulations

Our operations and real property are subject to a complex and onerous legislative regime, including statutes, regulations, by-laws, the common law, guidelines and policies, as well as permits and other approvals relating to the protection of the environment and workers' health and safety. This governance encompasses, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), the storage, treatment, transportation and distribution of dangerous goods and hazardous materials, remediation of releases and the presence of hazardous materials, land use and zoning and employee health and safety, which we refer to as Environmental, Health and Safety Requirements. Certain of these Environmental, Health and Safety Requirements may impose joint and several liability on lessees and owners or operators of facilities for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal.

Environmental liability is an inherent risk of our business, associated principally with past and present business operations involving the use, storage, handling and contracting for recycling or disposal of hazardous and non-hazardous materials, such as washes, inks, alcohol-based products, fountain solution, photographic fixer and developer solutions, machine and hydraulic oils, and solvents. We generate both hazardous and non-hazardous waste.

Limited environmental investigations have been conducted at certain of our properties. Based on these investigations and all other available information, we believe our current operations are in substantial compliance with Environmental, Health and Safety Requirements. We are not aware of any liability under Environmental, Health and Safety Requirements that we believe would have a material adverse effect on our business, financial condition or results of operations. No assurance can be given, however, that all potential environmental liabilities have been identified or that future uses, conditions or legal requirements (including, without limitation, those that may result from future acts or omissions or changes in applicable Environmental, Health and Safety Requirements) will not require material expenditures to maintain compliance or resolve potential liabilities.

Reorganizations

Cost reductions and enhancement of operating efficiencies have been areas of focus for DCM over the past four years in order to improve margins and better align costs with the declining revenues we have experienced, a trend that has been faced by the industry for several years now. We will continue to evaluate our operating costs for further efficiencies as part of our commitment to making our business more agile, focused, optimized and unified.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Over the past four years, we have engaged in a variety of initiatives to restructure our operations in response to declines in certain product sales of our printed business documents relative to historical sales levels. Those activities have included plant and warehouse consolidations and closures, labour force reductions and cost savings initiatives. These restructuring activities are described in greater detail in our management's discussion and analysis for the years 2016, 2017 and 2018, copies of which are available at www.sedar.com.

During that period, we have also sought to add new products and services with a view to generating new sources of revenues and net income, primarily through acquisitions.

Acquisitions During 2017

On February 22, 2017, we acquired substantially all of the assets of Eclipse Colour and Imaging Corp., or Eclipse. The Eclipse business is a leading Canadian supplier of large format and point-of-purchase printing and packaging, with approximately 100 employees operating in an 80,000 square foot facility located in Burlington, Ontario. The acquisition of the Eclipse business added significantly expanded wide format, large format, and grand format printing capabilities to our portfolio of products and services, with Eclipse having a product mix focused on in-store print, outdoor, transit, display, packaging, kitting and fulfilment capabilities. We believe that the combined wide format printing, distribution and fulfilment capabilities of Eclipse and DCM provide a unique national offering in the market to better serve the combined businesses' customer base.

On February 22, 2017, we acquired all of the issued and outstanding common shares of Thistle Printing Limited, or Thistle, a full-service commercial printing company with approximately 65 employees operating in a 42,000 square foot facility located in Toronto, Ontario. The acquisition of Thistle provided DCM with a full-service commercial print facility in Eastern Canada and has enabled us to expand our margins by insourcing commercial printing capabilities which we had historically outsourced to local tier two suppliers. The acquisition added expertise in commercial printing, design, process and bindery services to our portfolio of products and services, and complements our capabilities in direct mail, fulfilment and data management.

On November 10, 2017, we acquired all of the issued and outstanding shares of BGI Holdings Inc. and 1416395 Alberta Ltd. BOLDER Graphics is a leading Western Canadian marketing communications business. Its core capabilities are in large format digital printing, offering point of sale signage, corporate packaging, outside signage and vehicle graphics. BOLDER Graphics also specializes in loose-leaf bindery and stationary and other commercial print capabilities. At the time of the acquisition, BOLDER Graphics had 40 employees operating out of its facility in Calgary, Alberta. The acquisition of BOLDER Graphics benefited DCM by strengthening our large format presence in the market, together with the addition of BOLDER Graphics' customer base of leading western Canadian retailers and other brands.

Acquisition of Perennial Group of Companies

On May 8, 2018, we acquired 100% of the outstanding common shares of Perennial Group of Companies Inc., a privately held holding company of Perennial Inc., or PINC, and The Finished Line Studios Inc., or TFL. PINC is one of Canada's leading design firms focused on creating and delivering design strategies for major retail brands in Canada and around the world, and TFL, an independent, multi-function creative, execution and production art studio (collectively, Perennial Group). Perennial Group has approximately 50 employees operating from an 18,000 square foot office located in Etobicoke, Ontario and a 5,000 square foot office in Bolton, Ontario. The acquisition of Perennial Group has added a new suite of services which include business and brand strategy, consumer insights, environmental and graphic design, communications and retail operations design and strategy. On closing, Perennial Group was amalgamated as Perennial Inc., or Perennial.

We acquired Perennial for a total purchase price of approximately $13.2 million, comprised of $8.2 million in cash paid on closing (after giving effect to the working capital adjustment of $1.2 million), $2.5 million through the issuance of common shares of the Corporation, and $2.5 million in the form of a subordinated, unsecured non-interest bearing vendor take back note, or the VTB. The VTB is repayable as follows: $1.0 million payable on the first anniversary of closing of the Perennial acquisition, $1.0 million on the second anniversary of closing of the Perennial acquisition and $0.5 million on the third anniversary of closing of the Perennial acquisition. See "Material Contracts – Perennial Purchase Agreement".

Perennial Joint Venture

On November 7, 2018, DCM announced that Perennial, a wholly owned subsidiary of DCM, and Aphria Inc., or Aphria, a leading global cannabis company, had entered into a joint venture agreement for the purpose of the development, production, marketing and sale of non-Aphria branded new products, brands and product categories on the domestic and international adult-use cannabis markets. The Joint Venture will initially focus on cannabis-infused products for the wellness, medical and adult-use markets. The Joint Venture is owned equally by Perennial and Aphria. It will select specific projects to collaborate on and seek to leverage the respective capabilities of Perennial, DCM and Aphria. The Joint Venture agreement includes typical terms related to corporate governance, capital contributions, intellectual property, and other standard matters. As at December 31, 2018 and for the year then ended, the Joint Venture did not have any significant balances or transactions.

Senior Credit Facilities

On June 28, 2017, we established a $3.5 million non-revolving credit facility pursuant to a credit agreement dated as of June 28, 2017, or the Bridging Credit Facility, between the Company and Bridging Finance Inc. The Bridging Credit Facility would have matured on June 28, 2018 and could have been repaid in full or partially at any time without any fee upon sixty days prior written notice to the lender, subject to the prior written consent of our other senior lenders. Advances under the Bridging Credit Facility were repayable on demand and bore interest at a rate equal to the prime rate of interest charged by a Canadian chartered bank from time to time plus 10.3% per annum, calculated and payable monthly. The Bridging Credit Facility was fully repaid on May 8, 2018, including accrued and unpaid interest and the security for this facility was released.

On May 8, 2018, we established a $12.0 million non-revolving term loan facility with Crown Capital Fund IV, LP, a fund managed by Crown Capital Fund IV Management Inc. ("Crown") pursuant to a credit agreement dated as of April 30, 2018, or the Crown Credit Facility between the Company and Crown. Approximately $8.2 million of the proceeds from the Crown Facility was used to fund the up-front cash component of the Perennial

acquisition and $3.5 million of the proceeds from the Crown Facility was used to repay in full the outstanding balance of the Bridging Credit Facility. The balance of the Crown Facility was used for general working capital purposes. See “Material Contracts – Senior Credit Facilities”.

On July 31, 2018, DCM entered into a commitment with the Canadian chartered bank that provides its revolving credit facility, the Bank, to lease equipment by way of a demand, non-revolving lease facility, Bank Lease Facility, for approximately $2.4 million. As part of this arrangement, DCM initially entered into an agreement to purchase the equipment from a third-party supplier. All of DCM’s rights, title and interest in the equipment were subsequently assigned to the Bank by way of an agreement dated July 31, 2018. The Bank advanced funds pursuant to an interim funding agreement dated July 31, 2018 to pay for the upfront amounts required by the third-party supplier in exchange for a monthly fee payable by DCM which is calculated by multiplying the annual prime rate of the Bank plus 0.75% by the total value of funds advanced and pro-rated for the days the funds remain outstanding. The Bank Lease Facility is expected to begin in the first quarter of 2019 and will have monthly payments of approximately $37 thousand per month over a five-year term. On July 31, 2018, the Bank Credit Agreement was amended to allow DCM to enter into the Bank Lease Facility for an amount not to exceed $3.0 million. The Bank Credit Facility excludes the Bank Lease Facility from the maximum principal amount of debt available of $35.0 million and has added a cross collateralization condition to include the equipment leased as collateral under Bank Credit Facility and DCM’s other assets as collateral under the Bank Lease Facility.

MATERIAL CONTRACTS

The only material contracts we or any of our predecessors entered into during the year ended December 31, 2018 or prior to said fiscal year (and which are still in effect), other than in the ordinary course of business, are as follows:

- the Shareholder Rights Plan referred to below under “Shareholder Rights Plan”;
- the Perennial Purchase Agreement referred to below under “Perennial Purchase Agreement”;
- the Crown Credit Agreement referred to above under “General Development of the Business – Senior Credit Facilities”;
- the Bank Credit Agreement referred to below under “Material Contracts – Senior Credit Facilities”; and
- the KST Agreement referred to below under “Agreement with KST”.

Each of the foregoing documents is available on SEDAR at www.sedar.com.

Senior Credit Facilities

DCM maintains a revolving credit facility, or the Bank Credit Facility, with a Canadian chartered bank, or the Bank, pursuant to an amended and restated credit agreement, or Bank Credit Agreement, between the Company and the Bank. DCM also maintains an amortizing term loan facility, or the IAM IV Credit Facility, with Integrated Private Debt Fund IV LP, or IAM IV, a fund managed by Integrated Asset Management Corp. or IAM, pursuant to an amended and restated credit agreement, or the IAM IV Credit Agreement, between the Company and IAM. Upon closing of an acquisition on February 22, 2017, DCM became a co-borrower of an existing credit agreement, or the IAM III Credit Agreement with Integrated Private Debt Fund III LP or IAM III, another fund managed by IAM, pursuant to a credit agreement which IAM III has advanced to DCM a term loan facility, or the IAM III Credit Facility. On November 10, 2017, DCM established a $5.0 million secured, non-revolving term loan facility, or the IAM V Credit Facility with Integrated Private Debt Fund V LP, or IAM V, a loan managed by IAM pursuant to a credit agreement, or the IAM V Credit Agreement and, together with the IAM III Credit Agreement and the IAM IV Credit Agreement, or the IAM Credit Agreements.

The IAM III Credit Facility matures on October 15, 2022 and had an original principal amount of $8.0 million. Indebtedness outstanding under the IAM III Term Credit Facility bears interest at a fixed rate equal to 6.1% per annum. Under the terms of the IAM III Term Credit Agreement, we are required to make mandatory blended equal monthly repayments of principal and interest such that, on maturity, the principal and applicable interest will have been fully repaid. Amounts that are repaid cannot be reborrowed. We may, upon prior written notice to IAM III, prepay the IAM III Term Credit Facility in whole, but not in part, at any time provided that we pay IAM III a prepayment premium equal to the difference between (i) the present value of the principal and interest payments that would have been made had the prepayment not been made, discounted at the rate determined by IAM III based on the yield on Government of Canada debt obligations having terms approximately equal to the term from the date of prepayment to the original maturity date of the IAM III Term Credit Facility; and (ii) the face value of the principal amount being prepaid at the date of prepayment.

The IAM IV Credit Facility matures on March 10, 2023 and had an original principal amount of $28.0 million. Indebtedness outstanding under the IAM IV Credit Facility bears interest at a fixed rate equal to 6.95% per annum. Under the terms of the IAM IV Credit Agreement, we are required to make mandatory blended equal monthly repayments of principal and interest such that, on maturity, advances under the IAM IV Credit Facility and applicable interest on those advances will have been fully repaid. Amounts that are repaid cannot be reborrowed. We may, upon prior written notice to IAM IV, prepay the IAM IV Credit Facility in whole, but not in part, at any time provided that we pay IAM IV a prepayment premium equal to the greater of three months' interest on the amount prepaid and the difference between (i) the present value of the principal and interest payments that would have been made had the prepayment not been made, discounted at the rate determined by IAM IV based on the yield on Government of Canada debt obligations having terms approximately equal to the term from the date of prepayment to the original maturity date of the IAM IV Credit Facility; and (ii) the face value of the principal amount being prepaid at the date of prepayment.

The IAM V Credit Facility matures on May 15, 2023 and had an original principal amount of $5.0 million. Indebtedness outstanding under the IAM V Credit Facility bears interest at a fixed rate equal to 6.95% per annum. Under the terms of the IAM V Credit Agreement, we are required to make mandatory blended equal monthly repayments of principal and interest such that, on maturity, the principal and applicable interest will have been fully repaid. Amounts that are repaid cannot be reborrowed. We may, upon prior written notice to IAM V, prepay the IAM V Credit Facility in whole, but not in part, at any time provided that we pay IAM V a prepayment premium equal to the difference between (i) the present value of the principal and interest payments that would have been made had the prepayment not been made, discounted at the rate determined by IAM V based on the yield on Government of Canada debt obligations having terms approximately equal to the term from the date of prepayment to the original maturity date of the IAM V Credit Facility; and (ii) the face value of the principal amount being prepaid at the date of prepayment.

The Bank Revolving Facility has a maximum available principal amount of $35.0 million. Advances under the Bank Revolving Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin and may not, at any time, exceed the lesser of $35.0 million and a fixed percentage of the Corporation's aggregate accounts receivable and inventory (less certain amounts). The original maturity duty of the Bank Revolving Facility was the earlier of March 31, 2020 and the date on which the Bank Revolving Facility is terminated pursuant to the terms of the Bank Credit Agreement.

On March 5, 2019, we amended the terms of the Bank Credit Agreement to, among other things, extend the maturity date of the Bank Credit Facility by approximately three years to January 31, 2023 from its original maturity date of March 31, 2020; reduce the interest rate payable on advances under the Bank Credit Facility by 15 basis points; eliminate an early termination fee that was payable in the event the Bank Credit Facility was terminated or repaid prior to maturity; and make amendments related to the calculation of certain financial covenants as a result of the adoption of IFRS 16 (Leases) effective for reporting periods on or after January 1, 2019. The amendments related to IFRS 16 include clarification that calculation of DCM's fixed charge coverage ratio under the Bank Credit Facility will be completed on substantially the same basis as prior to the adoption of IFRS 16, after giving effect to changes in the accounting treatment of leases related to right-of-use assets. As a result, definitions of certain terms related to IFRS 16 were added to the Bank Credit Facility. The Corporation's financial covenant ratios under the Bank Credit Agreement were not changed. We intend to amend the terms of the IAM Credit Agreements and the Crown Credit Agreement in a similar manner to account for the adoption of IFRS 16.

The Crown Facility has a five-year term beginning on May 7, 2018 and can be repaid at any time after twenty-four months, subject to prepayment fee, upon ten days prior written notice to Crown. The Crown Facility bears interest at a rate equal to 10% per annum, calculated daily and payable in arrears on a quarterly basis. The Crown Facility is subordinated in right of payment to the prior payment in full of DCM's indebtedness under the Bank Credit Agreement and the IAM Credit Agreements and is secured by a conventional security on all of the assets of DCM and its subsidiaries. In addition, a total of 960,000 warrants have been issued to Crown in connection with the Crown Facility. Each warrant entitles the holder to acquire one DCM common share at an exercise price of $1.75 for a period of five years, commencing on May 8, 2018. The Crown Facility can be prepaid in full at any time after twenty-four (24) months from the date of the funding anniversary. The penalties attached to each option are: (a) 3% prepayment penalty fee on the principal loan outstanding if the prepayment option is exercised during or after the 24th month but before the 36th month following the date of the funding anniversary, (b) 2% prepayment penalty fee on the principal loan outstanding if the prepayment option is exercised during or after the 36th month but before the 48th month following the date of the funding anniversary, or (c) 1% prepayment penalty fee on the principal loan outstanding if the prepayment option is exercised during or after the 48th month but before the 60th month following the date of the funding anniversary.

Under the terms of the IAM Credit Agreement, we must ensure that the aggregate of the principal amount outstanding under the IAM III Credit Facility, IAM IV Credit Facility, the IAM V Credit Facility, the Crown Facility and the principal amount outstanding under the Bank Credit Agreement does not exceed $72.0 million.

Each of the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement the IAM V Credit Agreement and the Crown Credit Agreement contains customary representations and warranties, covenants which require us to maintain certain financial ratios and restrictive covenants which limit the discretion of our Board of Directors and management with respect to certain business matters, including the declaration or payment of dividends on the Common Shares without the consent of the Bank, IAM III, IAM IV and IAM V, as applicable. The Bank Credit Agreement limits the amount we may spend on capital expenditures to an aggregate amount not to exceed $5.5 million during any fiscal year, and the IAM III Credit Agreement, the IAM IV Credit Agreement, the IAM V Credit Agreement and Crown Credit Agreement limit the incurrence of capital expenditures to no more than $5.0 million in any fiscal year.

A failure by the Corporation to comply with its obligations under the Bank Credit Agreement, the IAM Credit Agreements, or the Crown Credit Agreement, together with certain other events, including a change of control of the Corporation and a change in the Corporation's chief executive officer, president or chief financial officer (unless a replacement officer satisfactory to IAM III, IAM IV and IAM IV, acting reasonably, is appointed within 60 days of such change), 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.

Each of the Bank Credit Facility, the IAM III Credit Facility, the IAM IV Credit Facility, the IAM V Credit Facility and the Crown Facility is secured by conventional security charging all the property and assets of the Corporation and its affiliates.

In connection with the amendments to our senior credit facilities and the Eclipse and Thistle acquisitions in February 2017, we entered into an amended and restated inter-creditor agreement with the Bank, IAM III, IAM IV, and the holders of the vendor take-back notes issued pursuant to those acquisitions, 1959197 Ontario Inc. (formerly Eclipse Colour and Imaging Corp.) and Capri Media Group Inc. Upon the establishment of the IAM V Credit Agreement, IAM V became a party to the inter-creditor agreements. Upon the establishment of the Crown Credit Agreement, Crown became a party to the inter-creditor agreement. The terms of these agreements establish the relative priorities of the respective liens of those lenders on DCM's present and after-acquired property and certain other rights, priorities and interests of those lenders, including with respect to the enforcement of the respective security held by them for payment of the Corporation's respective obligations under its senior credit facilities and those vendor take-back notes.

As at March 1, 2019, we had outstanding borrowings of $26.6 million and letters of credit granted of $0.7 million under the Bank Credit Facility, outstanding borrowings of $3.8 million under the IAM III Credit Facility, outstanding borrowings of $18.0 million under the IAM IV Credit Facility, and outstanding borrowings of $4.0 million under the IAM V Credit Facility, and outstanding borrowings of $12.0 million under the Crown Credit

Facility. See "Risk Factors – Debt Obligations and Restrictive Covenants; Ability to Refinance; Change of Control; Change of Senior Executives".

Perennial Purchase Agreement

On April 30, 2018, we entered into a purchase agreement with Christopher Lund, Marina Lund, and The Lund Family Trust, or the Perennial Parties, to acquire all of the issued and outstanding common shares of Perennial Group of Companies Inc., all the issued and outstanding common shares of Perennial Inc., and all of the issued and outstanding common shares of The Finished Line Studios Inc. The Perennial Purchase Agreement includes covenants, representations and warranties of Mr. Lund, Mrs. Lund and The Lund Family Trust, in favour of the Corporation which are customary for a transaction of this nature, including representations and warranties with respect to corporate matters, title to shares, encumbrances, financial matters, absence of changes, condition and sufficiency of assets, contracts and commitments, customers and suppliers, intellectual property, employees, benefit plans, taxes, realty, environmental, compliance with laws, litigation, conduct of business, product liabilities and warranties, permits, insurance, brokers' fees, and certain securities laws matters, together with indemnities of the Perennial Parties in favour of the Corporation with respect to certain customary matters. The Perennial Purchase Agreement also contains covenants, indemnities and representations and warranties of the Corporation in favour of the Perennial Parties. which are customary for a transaction of this nature, including representations and warranties with respect to certain corporate and securities matters.

Each of the Perennial Parties has entered into customary non-competition and non-solicitation agreements in favour of the Corporation pursuant to which the Perennial Parties have agreed to not compete with DCM for a period of five years from the completion of the Perennial acquisition and to refrain from soliciting the employees and customers of DCM for the same five year period, subject in each case to limited exceptions.

Agreement with KST

On May 31, 2016, the Corporation entered into a settlement, nomination and standstill agreement, or the KST Agreement, with KST and Harinder Takhar, or the KST Parties. Pursuant to the terms of the KST Agreement, the Corporation agreed to include an eligible designee of KST in its slate of nominees for election as directors of the Corporation at the 2016 annual meeting of the Corporation's Shareholders and at subsequent Shareholder meetings. KST's nomination rights will terminate on the date on which KST ceases to own at least 5% of the outstanding voting securities of the Corporation. The KST Parties have agreed that, until July 1, 2019, or the Standstill Period, neither the KST Parties nor any of KST's associates, affiliates, subsidiaries, or certain other persons, will, take certain actions, including, among other things, acquiring or disposing of securities of the Corporation, except in certain circumstances; soliciting proxies; proposing any nominee for election to the board of directors other than KST's designee; presenting or proposing certain transactions involving the Corporation or any of its subsidiaries or its or their securities or a material amount of its or their assets or businesses; or instituting, soliciting or assisting with any proceeding against or involving the Corporation or any of its current or former directors or officers (other than to enforce the KST Agreement). The Corporation granted to KST anti-dilution rights to participate in future offerings of Common Shares (or securities convertible into, or exchangeable for, Common Shares) on a pro rata basis, subject to certain exceptions. KST's anti-dilution rights will terminate on the date on which KST owns 5% or less of the outstanding Common Shares. In addition, KST will have the right, in certain circumstances, to purchase Common Shares in the open market for the purpose of maintaining its then percentage ownership of the outstanding Common Shares. In no event may KST beneficially own in excess of 15.54% of the outstanding voting securities of the Corporation. KST has agreed to grant the Corporation a right of first offer to arrange for purchasers of the Corporation's securities which KST desires to sell from time to time, subject to certain exceptions. KST has agreed that, during the Standstill Period, it will vote the Common Shares held by it in accordance with the recommendation of the Corporation's board of directors with respect to the election of directors and the appointment of auditors and certain matters to be submitted for shareholder approval at the Corporation's 2016 annual meeting of shareholders.

Shareholder Rights Plan

Effective January 1, 2012, DCM's Board of Directors adopted a shareholder rights plan, which became a contract of the Corporation pursuant to the Amalgamation. The terms of the shareholder rights plan are set out in the shareholder rights plan agreement dated as of January 1, 2012, or the Shareholder Rights Plan, between the

Corporation and Computershare Investor Services Inc., a copy of which has been filed with Canadian securities regulatory authorities and is available at www.sedar.com. Shareholders re-confirmed the Shareholder Rights Plan on May 20, 2014 and again on June 28, 2017 for a further three years. For a description of the Shareholder Rights Plan, please refer to information set out further under the heading "Reconfirmation of the Shareholder Rights Plan" on pages 12 to 16 of the Management Information Circular of the Corporation dated May 19, 2017, which information is incorporated by reference to this AIF. A copy of that Management Information Circular has been filed with the Canadian securities regulatory authorities and is available at www.sedar.com.

CAPITAL STRUCTURE

We are authorized to issue an unlimited number of Common Shares. There are no authorized classes of securities of our company other than the Common Shares. As at March 1, 2019, we had 21,523,515 Common Shares issued and outstanding as fully paid and non-assessable.

Our Shareholders are entitled to receive notice of any meetings of Shareholders and to attend and cast one vote per Common Share at all such meetings. Shareholders are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by our Board of Directors at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding-up of our company are entitled to receive on a pro-rata basis those of our assets subject to the rights, privileges, restrictions and conditions attaching to any shares ranking in priority to the Common Shares with respect to dividends or liquidation. The Common Shares have no conversion, retraction, pre-emptive or subscription rights, nor do they contain any sinking or purchase fund provisions.

DIVIDENDS

We did not pay any dividends on our Common Shares in any of the last three fiscal years.

Dividend Policy

Our Board of Directors established and adopted a dividend policy. We do not currently pay dividends on our Common Shares and do not intend to do so for the foreseeable future.

Our dividend policy is subject to the discretion of our Board of Directors and will be evaluated on an ongoing basis, and may be revised subject to business circumstances and expected capital requirements depending on, among other things, our earnings, financial liquidity requirements, capital spending opportunities, growth opportunities, the satisfaction of solvency tests imposed by the OBCA for the declaration of dividends and other conditions existing at such future time.

Restriction on Paying Dividends

Under the terms of the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement, and the IAM V Credit Agreement and the Crown Credit Agreement, we are not permitted to declare or pay dividends or other distributions on our Common Shares without the prior consent of the Bank, IAM III, IAM IV, IAM V and Crown, as applicable.

MARKET FOR SECURITIES

Trading Price and Volume

Between January 1, 2018 and market close December 31, 2018, our Common Shares were listed on the TSX under the symbol "DCM". The following table shows the range of high and low prices per Common Share as at the close of market and total monthly volumes of Common Shares traded on the TSX during that period.

Price per Common Share ($)

Month	High	Low	Total Volume (Common Shares)
January	$1.40	$1.06	840,000
February	$1.42	$1.12	406,000
March	$1.60	$1.25	856,800
April	$1.97	$1.42	751,200
May	$2.02	$1.60	440,300
June	$1.96	$1.60	461,300
July	$1.98	$1.50	819,100
August	$1.72	$1.45	316,300
September	$1.60	$1.40	137,500
October	$1.52	$1.17	386,500
November	$1.35	$1.04	428,800
December	$1.33	$1.05	373,200

CONTRACTUAL RESTRICTION ON TRANSFER OF SECURITIES

Set out in the table below is a summary of the number of Common Shares held, to our knowledge, in escrow or that are subject to a contractual restriction on transfer and the percentage of the outstanding Common Shares as at December 31, 2018 (unless otherwise noted).

Designation of Class	Number of Securities held in escrow or that are subject to a Contractual Restriction		Total Percentage of Class
Common Shares	KST Industries Inc. (May 31, 2016) Marina Lund (May 8, 2018)	2,000,878 1,394,856	9.3% 6.5% (Mar 1, 2019)
	Total:		15.8%

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Notes:

1. Based upon publicly available information, as at March 1, 2019, KST holds a total of 2,000,878 Common Shares. For a description of the contractual restrictions on the securities of the Corporation held by KST, see "Material Contracts – Agreement with KST."

2. In connection with the acquisition of Perennial completed on May 8, 2018, the Corporation issued an aggregate of 1,394,856 Common Shares to the former shareholders of Perennial and entered into a lock-up agreement with the vendor, Marina Lund, pursuant to which the vendor has agreed that it will not transfer those Common Shares until May 8, 2019, subject to certain exceptions.

MANAGEMENT OF DCM

Directors and Officers

Our directors are William Albino, Gregory J. Cochrane, Merri Jones, ICD.D, James J. Murray, O.Ont, SIOR, Michael G. Sifton, J.R. Kingsley Ward and Derek J. Watchorn.

The following sets out, for each of our directors and the executive officers, the person's name, municipality of residence, position with the Corporation and principal occupation. The term of office for each of the directors of

the Corporation will expire at the time of the next annual meeting of Shareholders. As at March 29, 2019, our directors and executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 4,772,652 Common Shares, representing 31.5% of the issued and outstanding Common Shares.

Name and Municipality of Residence	**Position**	**Principal Occupation**
Directors		
WILLIAM ALBINO[(1)(2)(3)] Ontario, Canada	Director of the Corporation	Corporate Director
GREGORY J. COCHRANE Ontario Canada	Director of the Corporation; President and Chief Executive Officer of the Corporation	President and Chief Executive Officer of the Corporation
MERRI JONES[(3)] Ontario, Canada	Director of the Corporation	Corporate Director
JAMES J. MURRAY[(1)(2)] Ontario, Canada	Director of the Corporation	Principal and Senior Vice President, Lennard Commercial Realty Limited
MICHAEL G. SIFTON Ontario, Canada	Director of the Corporation	Corporate Director
J.R. KINGSLEY WARD[(3)] Ontario, Canada	Director of the Corporation	Managing Partner of VRG Capital Corp.
DEREK J. WATCHORN[(1)(2)] Ontario, Canada	Director of the Corporation	Consultant

Notes:
(1) Member of the Audit Committee.
(2) Member of the Corporate Governance Committee.
(3) Member of the Human Resources and Compensation Committee.

Executive Officers (in addition to Gregory J. Cochrane)		
JAMES E. LORIMER Ontario, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer of the Corporation
ALAN ROBERTS Ontario, Canada	Senior Vice-President, Operations	Senior Vice-President, Operations

Name and Municipality of Residence	Position	Principal Occupation
JUDY HOLCOMB-WILLIAMS Ontario, Canada	Senior Vice-President, Chief Culture Officer	Senior Vice-President, Chief Culture Officer
MICHAEL COTÉ Ontario, Canada	Senior Vice-President, Chief Commercial Officer	Senior Vice-President, Chief Commercial Officer

Our officers who have not held their principal occupation with the Corporation for more than five years have had the following principal occupations during the last five years:

- ***Gregory J. Cochrane*** joined the Corporation as President in November 2016 and became President and Chief Executive Officer in June 2018. Previously, he was a director of the Corporation from June 2016 until November 2016 and Managing Partner, VRG Capital Corp. since 2011.
- ***James E. Lorimer*** joined the Corporation as Interim Chief Financial Officer in May 2015 and became our Chief Financial Officer in August 2015. Previously, he was Managing Director & Principal, Ludwig Wessel & Associates (a financial services-focused recruiting company) from December 2009 until January 2014 and provided independent advisory services from January 2014 until May 2015.
- ***Alan Roberts*** re-joined DCM in February 2012 as Vice President Operations, On Demand Services & Marketing Campaign Management. In October 2013 he became Vice President, Operations, and in July 2014 became Senior Vice President, Operations. Previously, he was Client Delivery Manager of Xerox Canada from December 2009 until June 2011, and Program Manager, Communications and Marketing Services for Xerox Canada from March 2011 until February 2012. He had previously been General Manager at DCM from December 1996 until March 2003.
- ***Judy Holcomb-Williams*** was appointed Senior Vice-President, Chief Culture Officer in March 2018 and was previously Vice-President, Human Resources at DCM since January 2014. Previously, she was Director, Organizational Capability, Global at S.A. Armstrong Limited (a manufacturer of fluid technology systems) from December 2011 until December 2013 and prior to that was General Manager, Human Resources at Mabe Canada Inc. (a manufacturer and distributor of appliances) from September 2008 until November 2011.
- ***Michael Coté*** joined the Corporation as Senior Vice-President, Corporate Development and Strategy in September 2017 and became Senior Vice-President, Chief Commercial Officer in November 2017. Previously he was Senior Vice-President, Chief Commercial Officer at Purolator where he held progressive leadership roles for over 16 years. Prior to that he had practiced corporate commercial and real estate law at Goodmans, LLP.

Biographies of Directors

William Albino. Mr. Albino has been a director of the Corporation since August 2012. He currently chairs the Audit Committee of our Board of Directors and is a member of the Corporate Governance Committee and the Human Resources & Compensation Committee. Prior to his retirement in 2011, Mr. Albino was Chief Executive Officer of Smart Systems for Health, an agency of the Ontario Government charged with developing and implementing electronic health records for all Ontarians. Before that assignment, Mr. Albino was an Executive Vice President of EDS Canada, responsible, at various times, for EDS business in the Telecommunications, Government, and Manufacturing sectors. He spent two years as head of his own consulting company while acting as an independent investor in start-up technology companies. Mr. Albino's longest employment - 25 years - was with Xerox Corporation where he held numerous positions, in both Canada and the US, culminating in his assignment as Vice-President and General Manager of the company's largest division. Mr. Albino has a Bachelor of Arts degree from the University of Toronto and a Masters of Business Administration from The Richard Ivey School of Business at Western University. He is presently a director of The Aurora Historical Society and the Big Brother and Sisters Council of Champions.

Gregory J. Cochrane. In June 2018, Mr. Cochrane was elected a director and appointed CEO upon the retirement of Mike Sifton. As President & CEO, Mr. Cochrane has overall operating responsibility for DCM. He's had an extensive career in marketing services, communication and event management, as well as private equity investment. He began his marketing career in product management with General Electric, then worked with S.C. Johnson. In 1981 he bought into Mariposa Communications. By 1997, when the company was sold to Mosaic Group, he and his partner had built the largest event company in Canada. In 2001 he became a lead investor in Pareto Corporation, a start-up marketing services business which became a publicly traded entity in 2004. He served as a director until 2010, when the company was sold to a private equity firm. In 2011 Mr. Cochrane joined VRG Capital, a private equity family office; there he served as lead investor and/or director in a number of public and private companies including Wheels Group, Jones Brown Insurance Brokerage, Founders Advantage Capital, and GlobeAlive Technology Partners. In 2016 he joined DCM as an investor and director; he resigned as director when he became President in November 2016. Greg currently is on the advisory boards of Kensington Capital and the Smith School of Business at Queen's University. He is a founding donor of the Centre for Business Venturing at Queen's University and is on the advisory board of "Capitalize 4 Kids," Canada's premier investment conference. He has served on boards for groups and associations including Junior Achievement, The Down Syndrome Association of Toronto, The Canadian Business Hall of Fame, and St. Joseph's Health Centre. In 1992, Greg received Canada's 125th Commemorative Anniversary medal for volunteerism in the community. Greg has an MBA from the Smith School of Business, and a BBA from Bishop's University in Sherbrooke, Quebec.

Merri L. Jones, ICD.D. Ms. Jones joined DCM's board in June 2018. Prior to joining DCM's board, she was a member of the company's Advisory Committee from January 2017 and currently serves on the Human Resources & Compensation Committee of the Board. Ms. Jones has over 40 years' experience within the financial services industry with expertise across sales and marketing, finance, strategy and human resources. She was the first female to lead a schedule II bank in Canada, having been President and Chief Executive Officer of First Interstate Bancorp from 1986 to 1990. Ms. Jones currently sits on the board of directors of Canaccord Genuity Group Inc. and is Chairman of Starlight Capital's Independent Review Committee. She previously held senior leadership roles including Executive Vice President, Private Wealth, at Fiera Capital from 2010 to 2015; President of GBC Asset Management in 2008 and 2009; President and Chief Executive Officer of AGF Private Wealth Management from 2003 to 2007; President, Chief Operating Officer and Director of TAL Private Management from 1996 to 2003; and as President and Chief Executive Officer of CIBC Trust in 1995 and 1996. She has served on a number of advisory boards and investment review committees.

James J. Murray, O.Ont., SIOR. Mr. Murray joined DCM's Board in June 2016 and is currently a member of the Audit Committee and the Corporate Governance Committee of our Board. Mr. Murray's career spans 50 years in the commercial brokerage industry and he is currently a Principal and Senior Vice-President of Lennard Commercial Realty Limited in its Mississauga Office. Until early March 2018, Mr. Murray was the Senior Vice-President and Director of Business Development of Cushman & Wakefield Ltd. Brokerage, where he held the role of team leader on major assignments including the Mississauga and Oakville campuses of Sheridan College, Movati Health Clubs, the TPCL Head Office in Calgary, Alberta, the sale of Imperial Oil's tank farm in Mississauga, the Community Door in Mississauga and Brampton and the sale of Kingsway Financial's primary office building to the Region of Peel. Prior to joining Cushman & Wakefield, Mr. Murray was the Managing Director and Partner of J.J. Barnicke. Mr. Murray is a member of the Society of Industrial & Office Realtors and is President and Chair for the Hazel McCallion Foundation for Arts, Heritage and Culture. He has also served two six-year terms as a Board Member and Vice Chair of the Peel Regional Police Services Board, as well as serving a 12-year term on the Board of Governors of the Credit Valley Hospital. Mr. Murray was named "Business Person of the Year" by the Mississauga Board of Trade in 2009 and has also been awarded the Queen's Silver Jubilee medal and the Queen's Diamond Jubilee medals. In 2015, Mr. Murray was awarded the highly prestigious Order of Ontario.

Michael G. Sifton. Mr. Sifton has served as a director of DCM since April 2015, was President and CEO of the company from April 2015 until November 2016, and continued as CEO of the company from November 2016 until his retirement in June 2018. He is a past Director of Yellow Pages Limited. Mr. Sifton was previously a Managing Director at Beringer Capital, a private equity firm based in Toronto. Mr. Sifton has had a long and successful career in the newspaper publishing business with extensive experience managing print operations. He was President and Chief Executive Officer of Sun Media, Canada's largest newspaper publisher by household penetration and reach. Prior to that, he led the formation and eventual public offering of Osprey Media Group guiding its acquisition by Sun in 2007. Mr. Sifton was President of Hollinger Canadian Newspapers G.P. and

President and Chief Executive Officer of family-owned Armadale Communications. Mr. Sifton is a former Chairman of the Board of Governors of St. Andrew's College in Aurora, Ontario. Mr. Sifton holds a Bachelor of Commerce (Honours) from Queen's University.

J.R. Kingsley Ward, (B.A., B.Comm.). Mr. Ward joined DCM's Board in 2014 and has served as Chairman of the Board since June 2016. He also serves as Chairman of the Human Resources and Compensation Committee of our Board. Mr. Ward has more than 25 years of experience initiating, structuring and monetizing private equity investments, Mr. Ward is both Chairman of his family holding company, the Vimy Ridge Group and Managing Partner at VRG Capital, a private equity firm. He also serves as: Chairman of Clarus Securities, an institutional investment dealer; Founders Advantage Capital (TSX: FCF), a public private equity firm; and Nucro Technics, a pharmaceutical contract support organization. Mr. Ward is also a Co-Founder and Director of Globalive Technology Partners, an AI and blockchain technology company and is a former Chairman of Jones Brown Holdings Inc.. He currently is and has been a Director of numerous other public and private companies. Mr. Ward has been actively involved in YPO (Young Presidents' Organization) since 1999, holding a number of Executive positions.

Derek J. Watchorn. Mr. Watchorn joined the DCM Board in June 2016 and presently serves as Chairman of the Corporate Governance Committee and is a member of the Audit Committee of our Board. For the past nine years, Mr. Watchorn has been acting as a consultant on several projects, notably as a member of the management committee involved with the redevelopment of the Buttonville Airport land and, until recently, in respect of joint venture involving a major shopping centre and several other properties in Budapest. Mr. Watchorn, a lawyer by trade, has extensive experience in the real estate industry through a variety of senior management and director positions he has held with both public and private organizations in Ontario and abroad. Mr. Watchorn is a director of Timbercreek Financial Corp., a member of the Audit Committee and Chairman of its Corporate Governance Committee. Mr. Watchorn was the President and CEO of Revera Inc. (formerly Retirement Residences REIT) from October 2004 until June 2009. Prior to that, he served in London, England as Executive Vice President of Canary Wharf plc and as Executive Director of TrizecHahn plc. Mr. Watchorn was a senior partner of the law firm Davies Ward Phillips & Vineberg LLP, which he joined as a solicitor in 1968 and became partner of in 1970. During the period from 1987 to 2004 (excluding his tenure with TrizecHahn), Mr. Watchorn was a senior advisor to the Paul Reichmann family in Toronto and, in that capacity, during a three-year period from 1987 until 1990, served on a seconded basis as Executive Director of Olympia & York Canary Wharf plc. Mr. Watchorn was previously a director of Patheon Inc.

Committees of the Board of Directors of DCM

Our Board of Directors has established an Audit Committee, a Human Resources and Compensation Committee and a Corporate Governance Committee. For a description of the responsibilities of the Corporate Governance Committee and the Human Resources and Compensation Committee, respectively, refer to the Corporation's Management Information Circular that is furnished in connection with the solicitation of proxies for use at the annual meeting of Shareholders to be held in 2019, a copy of which will be filed with Canadian securities regulatory authorities and will be available at www.sedar.com.

Audit Committee

Charter of the Audit Committee

The Charter of the Audit Committee, as approved on January 1, 2015, is set out in Schedule A to this AIF.

Composition of the Audit Committee

Our Audit Committee is composed of three directors: William Albino (Chair), James J. Murray and Derek J. Watchorn. Each member of the Audit Committee is independent and financially literate as defined under Multilateral Instrument 52-110 – Audit Committees.

Relevant Education and Experience of the Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set forth in their respective biographies above under "– Directors and Officers".

Audit Fees

During the years ended December 31, 2018 and 2017, the Corporation retained its principal accountant, PricewaterhouseCoopers LLP, to provide services in the categories and for the amounts that follow:

	2018	**2017**
● Audit fees……	$717,686	$558,000
● Audit-related fees……	$93,000	$142,300
● Tax fees ……	$114,350	$164,960
● All other fees……	$8,756	$11,160

The nature of the category and description of fees is summarized below.

Audit fees. For the years ended December 31, 2018 and 2017, the fees disclosed in the table above under the item "Audit fees" represent fees paid or payable for audit and review services performed in connection with the consolidated financial statements of the Corporation. Audit fees for the year ended 2018 includes final invoices received and out of pocket disbursements for 2017 but charged to the Corporation in 2018.

Audit-related fees. Audit-related fees were paid or are payable for services not arising as part of audit or review of the consolidated financial statements and are not reported under the audit fees item above. For the years ended December 31, 2018 and 2017, these services consisted of professional services related to the SOC 2 Type 2 report, pension audit and other assurance services.

Tax fees. For the years ended December 31, 2018 and 2017, tax fees were paid or are payable by DCM and its subsidiaries for tax compliance services and tax advice and planning. A portion of the fees paid in 2018 were for the due diligence services for the recent acquisition.

All other fees. For the years ended December 31, 2018 and 2017, these fees were paid or are payable by DCM to the Canadian Public Accountability Board.

Pre-approval Policies and Procedures

The Audit Committee has adopted a policy to deal with the engagement of external auditors.

The policy provides that the Audit Committee may delegate pre-approval authority to engage external auditors for audit and non-audit services to any two of its members. Members who exercise this authority are required to report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The external auditor is prohibited from providing certain services, such as bookkeeping or other services related to our accounting records or financial statements, financial information systems design and implementation, appraisal valuation services or fairness opinions, actuarial services or internal audit outsourcing services. Our Chief Financial Officer will report to the Audit Committee at each regularly scheduled meeting as to the total fees paid to the external auditor by service type as well as any items approved under delegated discretion during the quarter.

RISK FACTORS

An investment in our securities involves risks. In addition to the other information contained in this AIF, investors should carefully consider the risks described below before investing in our securities. The risks described below and in our other publicly available disclosure documents are not the only ones facing DCM. Additional risks not currently known to us or that we currently believe are immaterial may also impair the business, results of operations, financial condition and liquidity of DCM.

Risks Related to the Business

Limited Growth in the Traditional Printing Industry

The overall printing industry is highly competitive and certain subsectors within the printing industry have experienced overall decline rates over the last several years. We have experienced, and expect to experience, further declines in certain product sales of our printed business documents relative to historical levels of sales for those products. Historically, we have depended heavily on sales of printed business forms and documents. In particular, we have relied, and expect to rely in the future, on revenues from our legacy print business as a source of capital to fund our investment in digital products and services as a means of reducing our reliance on our legacy print business and increase our revenues and profitability, and to reduce our outstanding indebtedness. Operating expenses associated with our legacy print business are significant and we have implemented significant cost savings initiatives in order to reduce those expenses to a level which is commensurate with the revenues of that business. However, the overall printed forms industry has shown year over year declines in the last few years due to technological advancements resulting in the decline in the use of traditional paper-based forms. In addition, the printed document industry historically has been affected by general economic and industry cycles that have materially and adversely affected print distributors and print manufacturers. Accordingly, for us to continue to maintain historical levels of sales, or to experience growth in printed document sales, we must increase our market share and individual customer share and respond to changes in demand in this segment of the industry. There can be no assurance that we will achieve growth in our legacy print business or that we will be successful in maintaining historical levels of sales from that business, or that we will implement and realize reductions in expenses in a timely manner to a level which reflects the size of our legacy print business and enables us to operate that business on a profitable basis. Failure to do so could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, we also face competition from alternative sources of communication and information transfer, such as electronic mail, digital and web-based forms and other digital communication technologies. These sources of communication together with the rapid growth of digital advertising may adversely impact printed product sales in the future.

Inability to Sustain and Manage Organic Growth

A principal component of our strategy is to continue our organic growth. We may not be successful in growing our business or in managing our organic growth and a failure to do so could have a material adverse effect on our business, financial condition, liquidity and results of operations and the ability of the Corporation to declare and pay dividends to Shareholders. Our growth depends on our ability to accomplish a number of things, including successfully introducing new products and gaining market acceptance for them; identifying and developing new geographic markets; establishing and maintaining favourable relationships with customers in new markets and market segments and maintaining and expanding these relationships in existing markets; successfully gaining greater "share of wallet" in our existing customer base by offering additional services and solutions to these customers; and successfully managing expansion and obtaining the required financing. Any growth we achieve may require additional employees and an increase in the scope of both our operational and financial systems and the geographic area of our operations.

Security of Information Technology

We require segregation and protection of our information, including security over employee information, financial records and operational data, or Confidential Information. Some of this Confidential Information is held and managed by third-party service providers. Any failure in data security or any system vulnerability (internal or external) could result in harm to the reputation or competitive position of DCM. To reduce the level of vulnerability,

we have implemented security measures, including monitoring and testing, maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access of Confidential Information and to reduce the likelihood of disruptions to our IT systems.

Despite these measures, our information systems, including our back-up systems and any third-party service provider systems that we employ, are vulnerable to damage, interruption, disability or failures due to a variety of reasons, including physical theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events.

We and our third-party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach our security measures or those of our third-party service providers' information systems.

As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat our security measures or those of our third-party service providers. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of our or our third-party service providers' security measures, which could result in a breach of Confidential Information.

If we do not allocate and effectively manage the resources necessary to build and sustain a reliable IT infrastructure, fail to timely identify or appropriately respond to cybersecurity incidents, or our or our third-party service providers' information systems are damaged, destroyed, shut down, interrupted or cease to function properly, our business could be disrupted and we could, among other things, be subject to: the loss of or failure to attract new customers; the loss of revenue; the loss or unauthorized access to Confidential Information or other assets; the loss of or damage to trade secrets; damage to our reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs.

Failure to Develop and Successfully Market New Product and Service Options

Our ability to continue to generate comparable net income is based, in part, on the addition of new products and services which could be sold to existing and prospective customers. There can be no assurance that we will develop new products or services that will receive market acceptance nor that those new products or services, if any, will yield favourable margins. The failure to develop and successfully market new products and services at favourable margins could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Competition from Competitors Supplying Similar Products and Services

Some of our competitors have greater economic resources than we do and are well-established suppliers. If consolidation in the document management, business and marketing communications management markets or printing industry occurs, some competitors may become larger and pose an additional competitive threat to our business. A competitor may reduce the price of its products or services in an attempt to gain increased sales, and the corresponding pricing pressure placed on us may result in reduced profit margins or cash flow. A loss of business may occur if we do not meet competitive prices that fall below our profitability targets. Several of our products and services are sold into select market segments and there can be no assurance that these segments will not attract additional competitors that could have greater financial, technological, manufacturing and marketing resources than we do.

Debt Obligations and Restrictive Covenants; Ability to Refinance; Change of Control; Change of Senior Executives

We have third party debt service obligations under the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement, the IAM V Credit Agreement, the Crown Credit Agreement and the vendor take-back notes issued in connection with the Eclipse, Thistle, BOLDER Graphics and Perennial

acquisitions. The degree to which we are leveraged could have important consequences to the holders of our securities, including: (i) a portion of our cash flow from operations is dedicated to the payment of the principal of and interest on indebtedness, thereby reducing funds available for distribution to Shareholders; and (ii) certain of our borrowings are at variable rates of interest, which exposes us to the risk of increased interest rates. Our ability to make scheduled payments of principal and interest on, or to refinance, our indebtedness depends on our future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control.

Each of the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement, the IAM V Credit Agreement and the Crown Credit Agreement contains numerous restrictive covenants that limit us with respect to certain business matters. These covenants place restrictions on, among other things, our ability to incur additional indebtedness, create liens or other encumbrances, pay distributions or make certain other payments, investments, loans and guarantees, make acquisitions and sell or otherwise dispose of assets and merge or consolidate with another entity.

Under the terms of the IAM III Credit Agreement, the IAM IV Credit Agreement and the IAM V Credit Agreement, we must ensure that the aggregate of the principal amount outstanding under the IAM III Credit Facility, the IAM IV Credit Facility, IAM V Credit Facility, the Bank Credit Facility and the Crown Credit Facility, calculated on a consolidated basis in accordance with generally accepted accounting principles, referred to as Total Funded Debt, does not exceed $72.0 million (after giving effect to the provisions of the inter-creditor agreement between the Corporation, its senior lenders and certain other parties described under "Material Contracts – Senior Credit Facilities"); and the Corporation must maintain (i) a ratio of Total Funded Debt to EBITDA (as defined below) for its four most recently completed fiscal quarters of not greater than 3.00 to 1; (ii) a debt service coverage ratio of not less than 1.50 to 1; and (iii) a working capital current ratio of not less than 1.10:1. In addition, the IAM Credit Agreements permit cash payments in respect of the vendor take-back promissory notes issued in connection with the Corporation's acquisitions, as well as distributions in cash to shareholders and/or related parties for consulting fees, in an amount equal to the Excess Cash Flow (as defined below) provided the debt service coverage ratio for the four most recently completed fiscal quarter is greater than 2.00 to 1 and there is no default or event of default. The excess cash flow is calculated by taking EBITDA less payments for (i) cash taxes; (ii) capital expenditures; (iii) principal and interest on the Bank Credit Facility, IAM Credit Agreements and the Crown Facility and (iv) interest on capital leases for the two most recently completed fiscal quarters ("Excess Cash Flow"). The Excess Cash Flow is required to be calculated as at March 31 and September 30 of each calendar year (the "Excess Cash Flow Determination Date") which determines the quantum of payments that can be made for the following six-month period until the next Excess Cash Flow Determination Date.

Under the terms of the Bank Credit Agreement, the Corporation must maintain a fixed charge coverage ratio of not less than 1.0 to 1.0 from January 1 to March 31, 2018, then at all times thereafter, not less than 1.1 to 1.0 calculated on a consolidated basis, in respect of any particular trailing 12 month period, as EBITDA for such period less, (i) to the extent paid by the Corporation after the adoption of IFRS 16 principal and interest in respect of lease liabilities; (ii) cash taxes; (iii) cash distributions (including dividends paid), and (iv) non-financed capital expenditures paid in such period, divided by the total amount required by the Corporation to service its outstanding debt for such period, excluding to the extent paid following the Corporation's adoption of IFRS 16**.**

Under the terms of the Crown Credit Agreement, the Corporation must maintain (i) a fixed charge ratio, at the end of each quarter, of no less than 1.4 to 1.0; and (ii) a net debt to EBITDA ratio, of not greater than 4.0 to 1.0 for each quarter up until December 31, 2019 and 3.0 to 1.0 for each quarter thereafter. On September 30, 2018, the Corporation received a waiver on the Crown Facility regarding the requirement to meet a fixed charge coverage ratio of 1.4 to 1.0 for the quarters ending December 31, 2018, March 31, 2019 and June 30, 2019.

A failure by the Corporation to comply with its obligations under the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement, the IAM V Credit Agreement, the Crown Credit Agreement or, in certain circumstances, the vendor take-back notes issued pursuant to the BOLDER Graphics and Perennial acquisitions, together with certain other events, including a change of control of the Corporation, 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.

For purposes of the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement, IAM V Credit Agreement and the Crown Agreement, "EBITDA" means net income or net loss for the relevant period, calculated on a consolidated basis in accordance with generally accepted accounting principles, plus amounts deducted, or minus amounts added, in calculating net income or net loss in respect of: the aggregate expense incurred for interest on debt and other costs of obtaining credit; income taxes, whether or not deferred; 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; and any other extraordinary, non-recurring or unusual items. Under the Bank Credit Agreement, the IPD III Credit Agreement, the IPD IV Credit Agreement, the IPD V Credit Agreement and Crown Credit Agreement, the pro forma financial results of the Eclipse business, Thistle, BOLDER Graphics and Perennial are included on a trailing twelve-month basis effective as of the respective closing dates of the Eclipse and Thistle, BOLDER Graphics and Perennial acquisitions.

For purposes of the Bank Credit Agreement, a change of control of means: (i) any event or circumstance whereby any person, or group of persons acting jointly or in concert, acquire voting control or direction over 25% or more of the votes attaching to the equity interests of the Corporation (on a fully diluted basis after giving effect to the conversion or exchange of securities convertible into, exchangeable for, or otherwise carrying the right to acquire equity interests); or (ii) the Corporation fails to beneficially and legally own and control 100% of the equity interests of its subsidiaries, DATA Communications Management (US) Corp. or Perennial Inc.

For purposes of the IAM III Credit Agreement, the IAM IV Credit Agreement and the IAM V Credit Agreement, a change of control will be deemed to have occurred if (i) any person or persons acting together at any time own or control, directly or indirectly, at least 20% of the outstanding equity interests in the Corporation (calculated on a fully diluted basis after taking into account any conversion rights assuming such conversion has actually occurred); or (ii) the Corporation does not, or ceases to, own and control, directly or indirectly, 100% of the voting shares of each any entity that has guaranteed the Corporation's obligations under the IAM III Credit Agreement, the IAM IV Credit Agreement and the IAM V Credit Agreement (which includes DATA Communications Management (US) Corp. and Perennial Inc. or does not, or ceases to, have the right, directly or indirectly, to appoint a majority of the board of directors of any such guarantor. For purposes of the IAM III Credit Agreement, the IAM IV Credit Agreement and the IAM V Credit Agreement, an event of default will also be deemed to have occurred on the first day on which a majority of the members of the Board of Directors are not Continuing Directors where "Continuing Directors" means, as of any date of determination, any member of the Board of Directors who: (i) was a member of the Board of Directors on March 10, 2016; (ii) was a replacement of a director who has either (A) died, or (B) ceased to be qualified as a director under the OBCA; or (iii) was nominated for election, or appointed, to the Board of Directors with the approval of a majority of the Continuing Directors who were members of the Board of Directors at the time of such nomination or election.

Upon the occurrence of an event of default under the Bank Credit Agreement, the Bank would, among other things, be entitled to: (i) suspend the Corporation's ability to require any further advances under the Bank Credit Agreement; (ii) cancel all or any part of its commitments under the Bank Credit Agreement; (iii) accelerate the maturity of all or any part of our indebtedness outstanding under the Bank Credit Agreement and declare that amount to be immediately payable on demand; and (iv) exercise any and all of its rights and remedies under the Bank Credit Agreement or any other document or agreement delivered to the Bank under or in connection with the Bank Credit Agreement or any of the facilities provided for therein should we fail to repay such amount. Upon the occurrence of an event of default under the IAM III Credit Agreement, the IAM IV Credit Agreement or the IAM V Credit Agreement, IAM III, IAM IV or IAM V, as applicable, would, among other things, be entitled to (i) accelerate the maturity of all or any part of our indebtedness outstanding under the IAM III Credit Agreement, the IAM IV Credit Agreement and the IAM V Credit Agreement, respectively, and declare that amount to be immediately payable on demand; and (ii) enforce the security that we have granted to IAM III, IAM IV and IAM V over substantially all of our assets and realize on and sell or cause the sale of all or any part of such assets should we fail to repay such amount. Upon a demand by Crown for repayment of amounts outstanding under the Crown Credit Agreement and the failure of the Corporation to repay such amounts, Crown would be entitled to reinforce the

security that we have granted to Crown. The exercise of any of such remedies by the Bank, IAM III, IAM IV, IAM V or Crown could have a material adverse effect on our business, financial condition and liquidity. As at March 1, 2019 we had outstanding borrowings of $26.6 million and letters of credit granted of $0.7 million under the Bank Credit Facility, outstanding borrowings of $3.8 million under the IAM III Credit Facility, outstanding borrowings of $18.0 million under the IAM IV Credit Facility, outstanding borrowings of $4.0 million under the IAM V Credit Facility, and outstanding borrowings of $12.0 million under the Crown Credit Facility.

Under the terms of the IAM III Credit Agreement, the IAM IV Credit Agreement and the IAM V Credit Agreement, respectively, the Corporation has agreed that it will not, without the prior written consent of IAM III, IAM IV, and IAM V, change (or permit any change in) its Chief Executive Officer, President or Chief Financial Officer, provided that, if he or she voluntarily resigns as an officer of the Corporation, or if any such person has either died or is disabled and can therefore no longer carry on his or her duties of such office, the Corporation will have 60 days to replace such officer, such replacement officer to be satisfactory to IAM III, IAM IV and IAM V, acting reasonably. We have obtained such consents for the appointment of Gregory J. Cochrane as Chief Executive Officer upon Mr. Sifton's retirement from that position in June 2018.

If the indebtedness under the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement, the IAM V Credit Agreement or Crown Credit Agreement were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness**.**

We may incur additional indebtedness in connection with future acquisitions or for working capital or other corporate purposes.

Availability of Capital to Refinance Debt Obligations, Business Plans, Capital Expenditures, Joint Venture Investments and Potential Acquisitions

We will need to refinance our existing credit facilities or other debt obligations in the future. In addition, future business plans capital expenditures, investments in the Joint Venture, and potential acquisitions may require additional financing. Further declines in the traditional printing industry and a deterioration in the Canadian economy or a prolonged weak economic environment may further constrain our ability to meet our future financing requirements, increase our weighted average cost of capital and cause other cost increases from counterparties also faced with liquidity problems and higher costs of capital. Disruptions and high volatility in the capital markets could reduce the amount of capital available or increase the cost of such capital. No assurances can be given as to our ability to refinance our debt obligations nor as to the future availability of capital. If we are unable to obtain such additional financing, when and if required, or to refinance our credit facilities or other debt obligations, or we are only able to obtain such additional financing or refinance those credit facilities or other debt obligations on less favourable and/or more restrictive terms, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

The Bank Credit Facility is Subject to Floating Interest Rates

As at March 1, 2019, all of our outstanding indebtedness under the Bank Credit Facility was subject to floating interest rates, and therefore is subject to fluctuations in interest rates. Interest rate fluctuations are beyond our control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on our financial performance.

Uncertainty in Economic Conditions

Our operating results are sensitive to economic conditions, which can have a significant impact on us. A prolonged weak economic environment in Canada may lead to lower demand for our products and services, which would result in lower revenues, higher production costs and lower levels of profitability.

In the past, we have responded to poor economic conditions by implementing various restructuring initiatives in an effort to reduce our operating costs. These initiatives require us to incur restructuring expenses, which adversely impact our net income for the relevant financial periods. We may implement similar initiatives in

the future in response to deterioration in the economy. In 2015, we implemented a series of significant restructuring initiatives in an effort to improve the efficiency of our operations and recorded total restructuring expenses of $13.6 million in the fiscal year ended December 31, 2015. In 2017, we continued our restructuring and on-going productivity improvement initiatives and recorded total restructuring expenses of $9.5 million in the fiscal year ended December 31, 2017. In 2018, we continued our restructuring and on-going productivity improvement initiatives and recorded total restructuring expenses of $2.7 million in the fiscal year ended December 31, 2018. There can be no assurance that our efforts to reduce costs will become effective as quickly as we expect, nor that additional restructuring expenses will not be taken, which could adversely impact our profitability should our revenues decline further than expected as a result of a weaker economic environment. If our revenues were to decline further than expected in those circumstances, any cost reduction measures taken by us in response may not be sufficient and further reductions may be necessary.

Expansion Through Acquisitions and/or Investments in Joint Ventures and Other Initiatives

In 2017, we completed the Eclipse, Thistle and BOLDER acquisitions and in May 2018, the Perennial acquisition as described elsewhere in this AIF. In November 2018, we announced Perennial had entered into the Joint Venture with Aphria, as described elsewhere in this AIF. While investment to date in this initiative is not significant, as the business plans for the Joint Venture are developed it may require additional investment. We will continue to identify, acquire and develop suitable acquisition targets and investment opportunities in both new and existing markets. While we intend to be careful in selecting businesses to acquire or invest in, acquisitions and investments involve a number of risks, including the possibility that we pay more than the acquired assets are worth; we may fail to realize the expected benefits from these; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of integrating and assimilating the operations and personnel of the business; the challenge of implementing uniform standards, controls procedures and policies throughout the business; the inability to integrate, train, retain and motivate key personnel of the business; the potential disruption of our ongoing business and the distraction of management from its day-to-day operations; the inability to incorporate businesses successfully into our operations; and the potential impairment of relationships with our employees, customers and strategic partners. Such risks, if they materialize, could have a material adverse effect on our business, financial condition, liquidity and results of operations.

We issued a total of 3,377,988 Common Shares in order to fund a portion of the purchase price for the assets of Eclipse, the shares of Thistle, the shares of BOLDER Graphics and the shares of Perennial, respectively, which represented in aggregate approximately 15.8% of our outstanding Common Shares at the time of the Perennial acquisition. In addition, we may not be able to maintain the levels of operating efficiency that any acquired companies had achieved or might have achieved separately. Successful integration of each of the acquired companies' operations would depend upon our ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, we may not be able to achieve the cost savings and other benefits that we would hope to achieve with these acquisitions. Any difficulties in this process could disrupt our ongoing business, distract our management, result in the loss of key personnel or customers, increase our expenses and otherwise materially adversely affect our business, financial condition, liquidity and results of operations.

In the event of any future acquisitions or business investments, we could issue additional Common Shares (and/or securities convertible into or exchangeable for Common Shares), which would dilute our existing Shareholders' interests, or incur debt or assume liabilities. The Corporation cannot assure investors that this would not have a material adverse effect on our business, financial condition, liquidity and operating results. Additional indebtedness would make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures. The terms of any additional indebtedness may include restrictive financial and operating covenants, which would limit our ability to compete and expand.

Inherent in any acquisition, there is risk of liabilities and contingencies that we may not discover in our due diligence prior to consummation of a particular acquisition, and we may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies in any future acquisition could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Increases in the Cost of, and Supply Constraints related to, Paper or Other Raw Materials

In fiscal 2018, the cost of paper, carbon and other raw materials represented approximately 36.8% of our related revenues. Increases in paper costs could have a material adverse effect on our business, financial condition, liquidity and results of operations. Although our client agreements typically enable us to pass along paper price increases to our clients, we cannot be certain that we will be able to pass on future increases in the cost of paper to our customers consistent with industry practice. Moreover, rising paper costs and their consequent impact on our pricing could lead to a decrease in the volume of products sold. The overall paper market is beyond our control and, as a result, we cannot be certain that future paper price increases will not result in decreased volumes and decreased cash flow and profitability.

Due to the significance of paper in the manufacture of most of our products, we are dependent upon the availability of paper. During periods of tight paper supply, many paper producers allocate shipments of paper based on the historical purchase levels of customers. Unforeseen developments in world paper markets coupled with shortages of raw paper could result in a decrease in supply, which would cause a decrease in the volume of product we could produce and sell and, could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Additionally, we use a number of raw materials, including carbon, ink, film, offset plates, chemicals and solvents, glue, wire and subcontracted components, which are subject to price fluctuations beyond our control. There has generally been a lag time before those increases could be passed on to our customers. There can be no assurance that the price of our raw materials will not increase in the future or that we will be able to pass on those increases to our customers consistent with industry practice. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on our business, financial condition, liquidity and results of operations. We cannot be certain that a shortage of any of these raw materials will not occur in the future or what effect, if any, such a shortage would have on our cash flow and profitability.

Future Legislative and Regulatory Developments and Other Business Risks Involving the Wellness, Medical and Adult-use Marijuana Markets in Canada and Internationally Generally

In November 2018, our wholly owned subsidiary Perennial and Aphria formed the Joint Venture, which is owned 50% by Perennial Inc. and 50% by Aphria. The purpose of the Joint Venture is the development, production, marketing and sale of non-Aphria branded new products, brands and product categories on the domestic and international adult-use cannabis markets. The Joint Venture will initially focus on cannabis-infused products for the wellness, medical and adult-use markets. It will select specific projects to collaborate on and seek to leverage the respective capabilities of Perennial, DCM and Aphria.

There is no guarantee that domestic legislation regulating the manufacturing, distribution and sale of cannabis-infused products for these markets will be enacted according to the terms announced by various jurisdictions, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Joint Venture. Further, there is no guarantee that Health Canada or other domestic or international regulatory bodies will approve the contemplated manufacturing of products, nor that any third-party manufacturers of such products will be approved by such regulatory bodies, or, if approved, that manufacturing supply agreements and product distribution agreements will be available to the Joint Venture on commercial terms, nor that the Joint Venture's business plans, which are in an early stage of development, will be successfully launched, if at all. The failure of the Joint Venture to successfully execute its strategy (including receiving the expected Health Canada and other regulatory approvals in a timely fashion) could adversely affect the business, financial condition and results of operations of the Joint Venture and may result in the Joint Venture not meeting anticipated or future demand when it arises, or whether demand arises at all.

Customer Relationships

We do not always enter into long-term, written agreements with customers. As a result, there is a risk that some of our customers may, without notice or penalty, terminate their relationship with us at any time. In addition, even if customers should decide to continue their relationship with us, there can be no guarantee that customers will purchase the same amount of our products as they did in the past, that margins on such products will be consistent to

those experienced in the past, or that purchases will be on similar terms. A loss of several customers, a substantial decrease in order volumes from several customers, a loss of a significant customer or a change in the terms of our relationship with a significant customer could have an adverse impact on our business, financial condition, liquidity and results of operations.

Operating Hazards

Our revenues are dependent on the continued operation of our facilities. The operation of our facilities involves a number of risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. We may also have exposure to future claims with respect to workplace exposure, workers' compensation and other matters. There can be no assurance as to the actual amount or the timing of these liabilities. The occurrence of material operational problems, including but not limited to the above events, may have a material adverse effect on our business, financial condition, liquidity and results of operations.

Negotiation of Collective Agreements

Our union agreements have typically been for three to five years in duration. The collective agreement with respect to the unionized employees previously located at our facility in Granby, Québec and now relocated to Drummondville, Québec, expires on April 30, 2021. The collective agreements with respect to the other unionized employees at our facility in Drummondville expires on March 13, 2021. The collective agreements with respect to unionized employees at our facility in Toronto, Ontario were successfully renegotiated in 2018 and will now expire on June 30, 2022.

Adverse Change in Labour Relations

As of March 1, 2019, we employed approximately 1,425 employees, approximately 13% of whom are members of various local labour unions. If unionized employees were to engage in a concerted strike or other work stoppage, or if other employees were to become unionized, we could experience a disruption of operations, higher labour costs or both. A lengthy strike could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Negotiation of Facilities Leases

We lease all of our facilities. There can be no assurance as to our ability to renegotiate these leases on terms acceptable to us or at all. If we are unable to renew certain leases as they mature, we may seek alternative facilities to lease or to consolidate certain operations into other facilities. The failure to renew certain leases, obtain extensions to those leases, or secure alternate facilities on terms acceptable to us could result in dislocation of certain production, warehousing and other operational functions, which could have a resulting material adverse effect on our business, financial condition, liquidity and results of operation.

Pension and Other Post-Employment Benefit Plans

Applicable pension legislation requires that the funded status of our ongoing registered defined benefit pension plan be determined periodically on both a going concern basis (i.e., essentially assuming indefinite plan continuation) and a solvency basis (i.e., essentially assuming immediate plan termination).

Where an actuarial valuation reveals a solvency deficit, current regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation. The solvency liability is influenced primarily by long-term interest rates and by the investment return on plan assets and also by certain statutory benefit enhancements that may apply on a plan termination. The interest rate used to calculate benefit obligations for solvency purposes is a prescribed rate derived from the interest rates on long-term Government of Canada bonds. In the current low interest rate environment, the calculation results in a higher present value of the pension obligations, leading to a larger unfunded solvency position. See the discussion of our pension liabilities in the Corporation's

Management's Discussion and Analysis of Financial Condition and Results of Operations filed with Canadian securities regulatory authorities and available at www.sedar.com.

We may have to make substantial monthly, annual and/or one-time cash contributions to our pension plans, including in connection with any reduction of support services or integration of facilities, and the level of those contributions will increase in the event of poor pension fund investment performance and/or further declines in long-term Government of Canada bond rates. Deteriorating economic conditions may result in significant increases in our funding obligations, which could have a material adverse effect on our business, financial condition and results of operations. Underfunded pension plans or a failure or inability of us to make required cash contributions to our registered pension plans could have a material adverse effect on our business, financial condition and results of operations.

In May 2017, the Ontario Ministry of Finance announced major reforms to the funding framework for defined benefit pension plans. The proposed new framework is based on an enhanced going-concern approach, whereby solvency funding requirements would be eliminated except for plans that are less than 85% funded. The regulations supporting the transitional measures which assist plan sponsors prior to the full reforms being implemented were enacted into legislation in June 2017. During year ended December 31, 2018, we engaged actuaries to complete an updated actuarial valuation of the DATA Communications Management Pension Plan, which confirmed that, as at January 1, 2018, the solvency position of the DATA Communications Management Pension Plan had improved since the previous valuation. Based upon the January 1, 2018 actuarial report, our annual minimum funding obligation for the defined benefit provision of the DATA Communications Management Pension Plan for 2018 remained unchanged at $0.6 million when compared to the actuarial report as at January 1, 2017. The annual minimum funding obligation will decrease from $1.4 million based on the actuarial report as at January 1, 2017 to $0.5 million for 2019 and 2020.

DCM makes contributions to the Québec Graphics Communications Supplemental Retirement and Disability Fund of Canada, or SRDF, 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 SRDF is a negotiated contribution defined benefit, multi-employer pension plan which provides retirement benefits to unionized employees in the printing industry. The SRDF is jointly-trusteed by representatives of the employers of SRDF members and the unions which represent SRDF members in collective bargaining.

Under Québec pension legislation for negotiated contribution defined benefit multi-employer pension plans:

- Employers' contributions are limited to those amounts specified in the applicable collective agreements;
- Reduction of accrued benefits while the plan is ongoing or upon plan termination is allowed, if the plan is insufficiently funded; and
- The responsibility of participating employers to fund their prorated share of the solvency deficit upon withdrawal from the plan or termination of the plan, except if withdrawal from the plan or termination of the plan occurs prior to April 2, 2020, is removed.

The most recent funding actuarial report for the SRDF (as at December 31, 2017), which takes into account the 2016 restructuring of the plan, disclosed that:

- Total employers' contributions determined pursuant to collective agreements cover the minimum total contributions required under applicable Québec pension legislation;
- The plan has a going concern funding surplus with a ratio of 105%; and
- While the plan has a solvency deficiency with a solvency funded ratio of 80%, Quebec pension legislation does not require the solvency deficit be funded.

In addition, DCM sponsors a number of multi-employee, defined benefit employee pension and non-pension benefit plans which are administered by Unifor Local 591G for the hourly employees of Thistle Printing Limited ("Unifor Pension & Benefit Plans"). The SRDF 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 obligations to the SRDF 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 participated in a Supplementary Executive Retirement Plan, or SERP, which provides for pension benefits payable as a single life annuity with a five-year guarantee. The SERP is unfunded and its pension benefits will be paid out of the general funds of DCM.

DCM expects that, in 2019, contributions to the defined benefit provision of the DATA Communications Management Pension Plan will be approximately $0.5 million, contributions to the defined contribution provision of the DATA Communications Management Pension Plan will be approximately $1.4 million, contributions to the SERP will be approximately $0.5 million, contributions to the SRDF will be approximately $0.6 million and contributions to the Unifor Pension & Benefit Plans will be approximately $0.1 million.

Certain of our employees are provided with post-employment and long-term employment benefits, including health care and life insurance benefits on retirement and the continuation of health care, dental care benefits and pension contributions for employees on long-term disability. These non-pension post-employment and other long-term employee benefit plans are funded on a pay-as-you-go basis.

Seasonality

Sales of some of our products are subject to seasonal advertising and mailing patterns of certain clients. Typically, higher revenues and profit are generated in the fourth quarter relative to the other three quarters, however, this can vary from time to time by changes in clients' purchasing decisions throughout the year. While certain variable costs can be managed to match seasonal patterns, a significant portion of costs, including rent, are fixed and cannot be adjusted for seasonality.

Proprietary Rights May Not be Adequately Protected

Our success and ability to compete depends in part upon our proprietary technology, trademarks and copyrights. We regard the software underlying our DATAOnline system as proprietary, and rely primarily on trade secrets, copyright and trademark law to protect these proprietary rights. We have registered some of our trademarks and patents. Existing trade secrets and copyright laws afford only limited protection. Unauthorized parties may attempt to copy aspects of our software or to obtain and use information that we regard as proprietary. Policing unauthorized use of our software is difficult. We generally enter into confidentiality and assignment agreements with our employees and generally control access to and distribution of our software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our services or technology without authorization, or to develop similar services or technology independently. We are not aware that any of our owned software, trademarks or other proprietary rights that are material to the operations of our business infringes the proprietary rights of third parties. However, there can be no assurance that third parties will not assert infringement claims against us in the future. Any such claims, with or without merit, can be time consuming and expensive to defend and may require us to enter into royalty or licensing agreements or cease the alleged infringing activities.

Uninsured and Underinsured Losses and Insurance Costs

We will use our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on our assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of our assets. A substantial loss without adequate insurance coverage could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our cost of maintaining professional errors and omissions insurance and director and officer liability insurance is significant. We could experience higher insurance premiums as a result of adverse claims experience or

because of general increases in premiums by insurance carriers for reasons unrelated to our own claims experience. Generally, our insurance policies must be renewed annually. Our ability to continue to obtain insurance at affordable premiums also depends upon our ability to continue to operate with an acceptable claims record. A significant increase in the number of claims against us, the assertion of one or more claims in excess of our policy limits or the inability to obtain adequate insurance coverage at acceptable rates, or at all, could have a material adverse effect on our business, financial condition and results of operations.

Environmental, Health and Safety Requirements

Our operations are subject to the Environmental, Health and Safety Requirements. As a result of our operations, we are or may be subject from time to time to orders, fines, penalties, civil claims, administrative and judicial proceedings and inquiries relating to Environmental, Health and Safety Requirements. Any such incident could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, changes to existing Environmental, Health and Safety Requirements or the adoption of new Environmental, Health and Safety Requirements in the future, changes to the enforcement of Environmental, Health and Safety Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by us, could require expenditures which might materially affect our business, financial condition, liquidity and/or results of operations.

Dependence on Key Personnel

Our success depends upon the personal efforts of a small group of senior management. Although we believe we will be able to replace our key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Risk of Legal Proceedings

We are involved from time to time in various litigation matters, including lawsuits based upon product liability, personal injury, breach of contract, indemnification claims, and lost profits or other consequential damage claims. The outcomes of litigation, regulatory investigations, and arbitration disputes are inherently difficult to predict, and as a result there is the risk that an unfavourable outcome from any of these types of matters could negatively affect our business and the results of our operations, our liquidity and our financial condition. Regardless of outcome, litigation may result in substantial costs and expenses and significantly divert the attention of our management. We may not be able to prevail in, or achieve a favourable settlement of, pending litigation. In addition to pending litigation, future litigation or government proceedings could lead to increased costs or interruption of our normal business operations.

Doing Business in the United States

We have and will continue to selectively expand into the U.S. with our existing customers who have U.S. operations. Although our sales in the U.S. in 2018 represented a small portion of our total revenues for that year, we anticipate that a larger portion of our sales could be derived from our U.S. operations in the future. Currency rate movements in Canada and the U.S. impact our financial position (as a result of foreign currency translation adjustments) and our future earnings. For example, if the value of the Canadian dollar rises against the U.S. dollar, our investments and earnings in the U.S. may be negatively affected, and vice versa.

Managing operations in the U.S. requires attention and resources to ensure compliance with applicable U.S. laws. Accordingly, while we strive to maintain a comprehensive compliance program, we cannot guarantee that an employee, agent or business partner will not act in violation of our policies or Canadian or other applicable laws. Such violations can lead to civil and/or criminal prosecutions substantial fines and the revocation of our rights to continue certain operations and also cause business and reputational loss.

Risks Related to the Structure of DCM

Payment of Dividends on Common Shares

We do not currently pay dividends on the Common Shares and we do not intend to declare a dividend on the Common Shares for the foreseeable future.

The Corporation May Issue Additional Common Shares Diluting Existing Shareholders' Interests

The Corporation's articles authorize the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as will be established by our Board of Directors without the approval of any Shareholders. Shareholders will have no pre-emptive rights in connection with such further issues, any of which may have the effect of significantly diluting existing Shareholders interests in the Corporation.

LEGAL PROCEEDINGS

We are involved from time to time in various litigation matters, including lawsuits based upon product liability, personal injury, breach of contract, indemnification claims, and lost profits or other consequential damage claims. The outcomes of litigation, regulatory investigations, and arbitration disputes are inherently difficult to predict, and as a result there is the risk that an unfavourable outcome from any of these types of matters could negatively affect our business.

The Corporation is not or was not party to material legal proceedings, and its property is not and was not the subject of material legal proceedings, during the year ended December 31, 2018. The Corporation is not aware of any material legal proceedings outstanding, threatened or pending as of the date hereof by or against it or its subsidiaries.

The Corporation is not and was not, during the year ended December 31, 2018, subject to: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making investment decisions, or (c) settlement agreements entered into before a court relating to Canadian securities legislation or with a Canadian securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

J.R. Kingsley Ward, chairman of the board of directors of the Corporation and Gregory J. Cochrane, President of the Corporation, own, in aggregate, directly or indirectly, greater than 50% of the outstanding voting securities of Capri Media Group Inc., or Capri. Capri owned all of the outstanding shares of Thistle prior to the acquisition of those shares by the Corporation. Each of Mr. Cochrane and Mr. Ward indirectly own 30% of Capri. As a result of the acquisition of Thistle, Mr. Ward increased his direct and indirect ownership interest in the Corporation from 0.5% to 1.9% at that time and Mr. Cochrane increased his direct or indirect ownership interest in the Corporation at that time from 1.6% to 2.9%.

In connection with the Thistle acquisition, the board of directors established a special committee, or the Independent Committee, comprised of three independent members of the board, William Albino, James J. Murray and Derek J. Watchorn, to supervise the negotiation of the terms of the Thistle transaction and make a recommendation to the board as to approval of the transaction.

The Independent Committee retained Cormark Securities Inc., or Cormark, to provide it with an opinion as to the fairness, from a financial point of view, to the holders of the Corporation's common shares of the consideration to be paid to Capri pursuant to the Thistle transaction. Cormark advised the Independent Committee that Cormark was independent of DCM, Thistle and Capri and their respective associates and affiliates. Cormark's fee for providing its fairness opinion was not contingent on the completion of the Thistle transaction.

The Independent Committee met on several occasions to review the proposed terms of the Thistle transaction, receive reports from management as to Thistle's financial results and operations and proposed financing arrangements in connection with both the Thistle and Eclipse transactions and related matters.

The Independent Committee also received a presentation from Cormark as to its views regarding the fairness to the Shareholders, from a financial point of view, of the consideration to be paid to Capri for the shares of Thistle.

Subsequently, Cormark delivered to the Independent Committee a written opinion to the effect that, as of January 31, 2017 and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth therein, the consideration to be paid to Capri for the shares of Thistle pursuant to the Thistle transaction was fair, from a financial point of view, to the Shareholders.

After careful consideration of the terms of the Thistle transaction and the associated opportunities, risks and uncertainties, and consultation with Cormark and the Independent Committee's legal advisors, the Independent Committee unanimously determined that the acquisition of Thistle was in the best interests of the Corporation and resolved to recommend that the board approve the Thistle acquisition.

The Thistle acquisition was unanimously approved by the board (other than Mr. Ward, who did not participate in the Board's consideration of the transaction) following the recommendation of the Independent Committee.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal transfer office in Toronto.

AUDITORS

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario. The auditors of the Corporation were first appointed on November 15, 2004, pursuant to the provisions of the declaration of trust of a predecessor to the Corporation.

INTEREST OF EXPERTS

The Corporation's auditors, PricewaterhouseCoopers LLP, Chartered Accountants, have prepared an independent auditors' report dated March 22, 2019 in respect of the consolidated financial statements of the Corporation as at December 31, 2018 and 2017 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

No director, officer or employee of PricewaterhouseCoopers LLP is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's Management Information Circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2018.

SCHEDULE A

DATA COMMUNICATIONS MANAGEMENT CORP.

AUDIT COMMITTEE CHARTER

A. Name

There will be an Audit Committee ("**Audit Committee**") of the board of directors (the "**Board**") of DATA Communications Management Corp. (the "**Corporation**").

B. Purpose

The purpose of the Audit Committee, as delegated by the Board, is to provide oversight and make recommendations to the Board with respect to the Corporation's compliance with all financial disclosure and legal and regulatory requirements relating thereto and provide oversight of accounting systems and internal controls, the quality and integrity of the financial reports and the independence, qualification and performance of the Corporation's external auditors ("**External Auditors**").

In exercise of its oversight, it is not the duty or responsibility of the Audit Committee or its members to: (1) plan or conduct audits; or (2) determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles, including international financial reporting standards ("**GAAP**").

Management ("**Management**") of the Corporation is responsible for: (1) the preparation, presentation and integrity of the Corporation's financial statements; (2) maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported in accordance with accounting standards and applicable laws and regulations.

C. Composition of Committee, Constitution and Frequency of Meetings

The Audit Committee will consist of at least three members, one of whom is the Chair, all as determined by the Board. At an Audit Committee meeting a quorum will be not less than a majority of its members. New Audit Committee members will participate in such training and orientation as may be deemed by the Board or the Corporate Governance Committee of the Board to be necessary or appropriate in the circumstances.

The Audit Committee members will satisfy the independence and financial literacy requirements of applicable legislation and stock exchange rules.

At least one member of the Audit Committee must have accounting or related financial expertise, which must involve: (1) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (2) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (3) experience in the preparation, auditing, analyzing or evaluating financial statements that present a breadth and complexity of issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; (4) experience with internal controls and procedures for financial reporting; and (5) an understanding of Audit Committee functions.

The Audit Committee will meet at least quarterly and more frequently as the Audit Committee, in its discretion, deems desirable. The Audit Committee can, in its discretion, invite others to attend its meetings. The Audit Committee will meet separately with Management and the External Auditors periodically, as it deems necessary, but not less than annually.

The Audit Committee will have the authority to: (1) engage independent counsel and other advisors, as it determines necessary to carry out its duties; and (2) set and pay the compensation for any advisors employed by the Audit Committee.

The Chair of the Audit Committee will, on behalf of the Audit Committee, report to the Board on matters considered by the Audit Committee, its activities and compliance with this Charter.

At least once every two years the Audit Committee will perform a self-evaluation to: (1) determine the Audit Committee's effectiveness; (2) evaluate Audit Committee succession plans related to Committee membership; and (3) review and assess the adequacy of this Charter and, if required, recommend changes to the Board.

D. Responsibilities

1. Duties with Respect of the Appointment and Work of the External Auditors

- The External Auditors will both report to, and be ultimately accountable to, the Audit Committee and the Board as the representatives of the shareholders of the Corporation and be responsible for planning and carrying out the audit of the annual financial statements of the Corporation.

- The Audit Committee will recommend to the Board: (1) the External Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and (2) the compensation of the External Auditors.

- The Audit Committee will be directly responsible for the oversight of the work of the External Auditors, which will include the following:

  (i) review of the mandate of the External Auditors;

  (ii) review of the independence of the External Auditors, including the rotation of the partners assigned in accordance with applicable laws and professional standards, the internal quality control findings of the External Auditors' firm and peer reviews, and both the nature of and amount of non-audit fees;

  (iii) review of the performance of the External Auditors, including the relationship between the External Auditors and Management and the evaluation of the lead partner of the External Auditors, taking into account the opinions of Management;

  (iv) removal of the External Auditors if circumstances warrant, after due inquiry and discussion with the External Auditor;

  (v) review analyses prepared by Management or the External Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;

  (vi) resolution of any disagreements with Management; and

  (vii) review of any audit problems or difficulties with Management's response.

- The Audit Committee will discuss with the External Auditors the critical accounting policies and practices and be advised of alternative accounting treatments of financial information and the treatment preferred by the External Auditors.

- The Audit Committee will also receive all material written communications between the External Auditors and Management, including the Management letter and schedule of unadjusted differences.

- The Audit Committee will discuss with the External Auditors and then approve the audit plan, scope, responsibilities, budget, staffing, the objectives, coordination, reliance upon Management, general audit approach, audit and related fees, the responsibilities of Management and the External Auditors, and timing.

- The Audit Committee will pre-approve all review or attest engagements and non-audit services which the External Auditors may perform for the Corporation or its subsidiaries, in each case including fees. The Audit Committee may delegate to one of its members the approval of such services. In such instances, the items approved will be reported to the Audit Committee at its next scheduled meeting following such pre-approval.

- The Audit Committee will review the practices related to the hiring of partners, employees or former partners and employees of the present and former External Auditors to ensure compliance with the rules of any applicable regulatory authority or stock exchange.

2. Financial Reporting and Compliance

- The Audit Committee will review and discuss with Management and the External Auditors where appropriate, the following financial documents and reports prior to public disclosure:

  (i) annual audited financial statements, including the report of the External Auditors to shareholders of the Corporation and quarterly financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations;

  (ii) all press releases discussing earning results or prospective earnings results, including pro forma or adjusted non-GAAP information;

  (iii) all certifications that may be made by the Chief Executive of the Corporation and Chief Financial Officer of the Corporation on the annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting;

  (iv) any legal, tax or regulatory matters that may have a material impact on the Corporation's or its subsidiaries' operations and financial statements; and

  (v) any financial information contained in any prospectus, information circular or other disclosure documents or regulatory filings containing financial information of the Corporation or its subsidiaries.

- The Audit Committee will ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.

- The Audit Committee will oversee any auditing or accounting reviews or similar procedures or investigations.

- The Audit Committee will review, as appropriate, any report required by the appropriate regulatory authority to be included in the annual management information circular related to the matters covered by this Charter, including the disclosure of the External Auditors' services and fees, Audit Committee members and their qualifications and activities of the Audit Committee.

- The Audit Committee will, if necessary, launch special investigations with full access to books, records, facilities and personnel of the Corporation and its subsidiaries.

- The Audit Committee will review and approve any report to shareholders and others required by applicable laws or regulations or stock exchange requirements stating whether it has:

  (vi) reviewed and discussed the audited financial statements with Management and the External Auditors, as appropriate;

  (vii) received from the public accountants all reports and disclosures required under legal, listing and regulatory requirements and this Charter and have discussed such reports and disclosures with the External Auditors, including reports and disclosures with respect to the independence of the External Auditors; and

  (viii) based on the reviews and discussions referred to in clauses (i) and (ii) above, recommend to the Board that the audited financial statements be included in the annual report.

3. Financial Reporting Processes, Accounting Policies and Standards

- The Audit Committee will review with Management major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles and use of material estimates and judgement in preparing the financial statements. This will also include a review of analyses prepared by Management setting forth the impact of alternative GAAP methods and their impact on the financial statements.

- The Audit Committee will review all related party transactions entered into by the Corporation or its subsidiaries.

- The Audit Committee will also review the use of material special purpose entities and the business purpose and economic effect of material off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Corporation and its subsidiaries; the treatment for financial reporting purposes of any significant transactions which are not a normal part of operations, including any material off-balance sheet financing; legal including unasserted claims, tax or regulatory matters that may have a material impact on the operations and financial statements including the use of any “pro forma” or “adjusted” information not in accordance with GAAP.

4. Internal Controls and Internal Audit

- Management is responsible for designing an effective system of internal controls. The Audit Committee will oversee the activities of Management in implementing policies and procedures that ensure the risks are identified and that controls are adequate, in place and functioning properly.

- The Audit Committee will review any major issues regarding the adequacy of the internal controls and the actions being taken in light of any material control deficiencies. This will include a review of internal control findings made by Management and the External Auditors. The Audit Committee will also discuss with the External Auditors the major accounting risk exposures and the steps Management has undertaken to control them.

- Management is responsible for reviewing, subject to Audit Committee oversight, the adequacy and effectiveness of the system of internal controls.

- The Audit Committee will participate in the appointment, promotion or dismissal of the Chief Financial Officer of the Corporation and/or Controller of the Corporation and help determine his or her qualifications, access and compensation.

5. Other

- The Audit Committee will have procedures for the receipt, retention and treatment of complaints received by the Corporation or its subsidiaries regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation or its subsidiaries of concerns regarding questionable accounting or auditing matters.

- Management will report to the Audit Committee on a timely basis all discovered incidents of fraud within the Corporation or its subsidiaries, regardless of monetary value.

- The Audit Committee will at least annually provide oversight of the Corporation's and its subsidiaries' risk management policies, including environmental risks, disaster recovery and business continuity plans, investment policies and insurance coverage.

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