ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2017

March 28, 2018

DCM

DATA Communications Management Corp.

Annual Information Form
for the year ended December 31, 2017

March 28, 2018

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EXPLANATORY NOTES

General

The information in this Annual Information Form, or AIF, is stated as at December 31, 2017, 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 Thistle Printing Limited, as at March 28, 2018.

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 and short-term debt, and/or, growing our existing digital communications business; the risk that we may not be successful in sustaining and 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 by DCM; the failure to realize the expected benefits from acquisitions and risks associated with the integration of acquired businesses, increases in the costs of paper and other raw materials used by us; our ability to maintain relationships with our customers, 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.

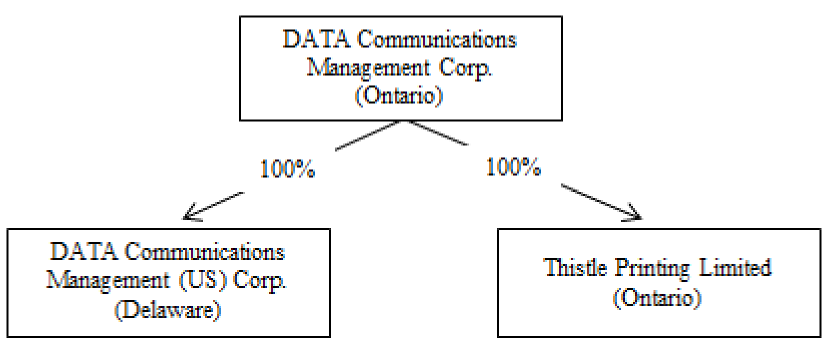
Also on July 4, 2016, the Corporation amended its articles to consolidate all the issued and outstanding Common Shares, or the Share Consolidation, on the basis of a ratio of one post-consolidation Common Share for each 100 pre-consolidation Common Shares. As a result of the Share Consolidation, the 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".

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 28, 2018, including the jurisdiction of establishment or incorporation of the entities:



BUSINESS OF DCM

At DCM, we help our customers better manage their on-and offline communications needs and solve their complex communications needs. We dig deeper to understand the challenges they're looking to overcome and use that insight to provide solutions that allow them to create better connections with their customers. Our services include comprehensive commercial print; multiplatform communications management; one-to-one marketing and custom loyalty execution; logistics and fulfillment services; and regulatory communications. With facilities located across Canada and serving the U.S. through our hub in Chicago, Illinois, we have the scale and efficiency to ensure all collateral reaches the right place at the right time.

We target blue chip, mid to large-sized businesses and organizations with major distribution networks and critical consumer-facing communications management requirements. Historically, we have derived most of our revenues from sales to customers located in Canada.

Our services are designed to ensure seamless delivery of brand-right solutions across a wide range of communications channels and platforms. Our marketing solutions support downstream marketing execution strategies that improve campaign performance for marketing departments and their creative agencies. Our operations solutions support customers' critical operational document requirements, delivering meaningful document production, inventory, and distribution insights to provide process automation, best-in-class production, and superior fulfillment.

We collect data at different stages of the communications lifecycle and use it to improve our customers' operations. Whether it's content creation tools that empower frontline staff and eliminate bottlenecks, digitizing paper transactions, improving information access, or inventory management enhancements that prevent stock-outs and bundling distribution, we help our customers streamline workflows and drive down costs.

Our array of content and workflow management solutions help make our customers' document processes more efficient. From e-forms that streamline data capture and sharing, to robust platforms for collaboration and print-on-demand, we work with customers' marketing and operations teams to increase communications efficiency while lowering costs and improving oversight.

Our solutions are primarily offered to customers as bundled packages of products and services under multi-year, preferred-partner and/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 2017 were derived from long-term customer relationships supported by service level agreements. Such contracts typically have terms of between one and five years, and generally have 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. We have enjoyed continuing relationships for more than 10 years with the majority of our 25 largest clients based on fiscal 2017 sales. No single client accounted for more than 10% of revenues during each of the last five fiscal years.

We have one operating segment, the DCM segment. See "Business of DCM – Operations".

Principal Product and Service Offerings – Overview

Our communications products and services are described in greater detail below.

Comprehensive Commercial Print

For more than 50 years, we have managed print production for some of the largest companies across Canada and are now serving a growing number of organizations in the U.S. market. We can manage one-off web-to-print requirements as efficiently as million-plus runs on our rotary offset equipment.

We analyze print production from end-to-end and support it with the right processes and technology to make it more efficient. Working closely with document owners, we: design and re-engineer documents in ways that help lower their costs (i.e., minimize bleeds, reduce waste, and develop improved print production processes without compromising document quality); convert documents to digital print-on-demand to allow for variable short-run flexibility and less waste; consolidate like items; and use web-to-print and communications management tools to automate production, shorten turnarounds, and improve oversight.

We offer a wide range of commercial printed products in the following categories:

DATAOnline – Web-to-print / Web-to-digital / Web-to-fulfilment

Our proprietary DATAOnline web platform empowers front-line marketers and administrators while maintaining corporate oversight, providing on-demand design, order, production, and fulfilment capabilities. Simple catalogue menus and thumbnail browsing lets users select, customize, and order branded material. Key content remains locked down while approval bottlenecks are eliminated. Back-end reporting tracks all usage and expenses to allow clients to achieve optimal inventory while minimizing cost, including real-time inventory management.

Wide Format, Large Format, and Grand Format

We produce a full range of wide format, large format, and grand format products directly for customers in the retail and financial services markets as well as through media and consumer packaging intermediaries. Applications range from in-store signage to outdoor advertising, transit, display advertising, and packaging and kitting. Services include planning, creation, printing, shipping, put-up, and take-down. Our national facilities are staffed by expert logistics and fulfillment teams who work to ensure timely production, reduced courier costs, and accurate delivery.

Business Forms

We offer a complete line of custom and stock documents, such as invoices, purchase orders, statements, new-account opening kits, and employee-enrollment kits.

Print-Related Security 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.

Business Cards, Letterhead, 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. We receive template-based orders via our DATAOnline ecommerce ordering system and produce documents that consistently meet brand expectations.

Event Tickets

We provide an array of 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 ticket printing hardware and software. Marketing services include direct mail, email, and landing pages for fan acquisition and retention campaigns.

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.

Barcode and RFID Solutions

We produce integrated forms/labels and barcoding, RFID, and RTLS (real-time location systems) solutions to help improve efficiency and safety in areas such as supply chain and inventory management, and patient/prescription medication.

Gift and Loyalty Cards

We produce a full range of gift, membership, reward, and employee cards. Services include creative development, variable printing, database management, and secure production and warehousing, including caging of inventory and card fulfillment.

Lottery Rolls and Selection Slips

We are a leading provider of lottery ticket roll products in Canada. We supply the majority of Canadian provincial lotteries with the base roll thermal paper from which lottery tickets are printed using thermal printers and imaged at the point-of-purchase. We also provide lottery ticket selection slips. We manufacture these products to exacting standards in secure facilities, then warehouse, inventory and distribute roll products and selection slips to customers as required.

Custom Point of Sale Transaction Rolls

We produce small rolls of paper bearing customers' pre-printed logos. These products come in a variety of sizes and are often used for point-of-sale cash register receipts, automatic teller machine receipts, and other similar products.

Print-on-Demand Technology

Many of the items listed above are produced using our print-on-demand services that allow customers to have their material printed immediately direct-from-file, thereby 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 wide variety of formats and program platforms. This technology is designed for customers who need fast turnarounds and smaller print runs. Print-on-demand services are available through our on-demand digital print centres, which may be incorporated into customers' premises by having staff on-site to provide customers with convenient, ready access to our services.

Finishing

We support the full post-production phase of a document's lifecycle through services such as binding, cutting, folding, and lamination.

Multiplatform Communications Management

Multiplatform Communications Management is an end-to-end suite of services that helps retailers expedite and optimize in-store promotional campaigns. Services include planning, creation, collaboration, production, fulfillment, delivery, put-up / take-down, data analysis and reporting, and unique store profiling to more effectively and consistently manage in-store and cross-channel campaigns. We print materials such as in-store signage, shelf labels, and point-of-sale items, and develop supporting web pages. Our campaign management platform is designed to help retailers increase speed-to-market, drive store traffic, influence in-store buying decisions, and gather consumer insights. It allows marketers to work collaboratively with agencies, suppliers, and project managers to plan, budget, create, and execute campaigns. It includes features like collaborative proofing, real-time updates, cost management, and detailed reporting to help simplify and streamline campaign execution.

Print-on-Demand

Digital print-on-demand, or POD, production provides variable short-run flexibility that lets customers test communications without running the risk of unused collateral sitting on warehouse shelves. POD also offers the benefit of direct e-ordering using DATAOnline, our proprietary web-to-print platform. Simple catalogue menus and thumbnail browsing let users select, customize, and order approved material, ensuring locked-down branding while providing usage and cost oversight.

E-forms and E-presentment

From digital invoices that improve payment tracking and shorten billing cycles, to 'talking' portable document format, or PDF, documents that enhance communication access, we help our clients realize the many benefits of paper digitization and process automation.

Digital Asset Management

Our secure digital asset management platform enables users to store, locate, and share brand assets quickly and easily while helping to maintain consistency.

One-to-One Marketing and Custom Loyalty Execution

We help our customers target their customers in ways that matter to them including: segmentation – identifying similarities and trends within their customers' clientele to help market smarter; profiling – identifying their best customers using factors ranging from social demographics and affluence to age and stage of life; modeling – estimating probability (i.e., possible responders, likely upsell opportunities, at-risk customers) to inform decision-making and optimize spend; post-campaign analysis – getting in-depth, channel-specific reporting on campaign response; and trade-area analysis – locating their customers' proximity to retail locations using factors like drive-time analysis, distance decay modelling, and postal-walk ranking.

From national direct-mail programs to triggered email and personalized landing pages, we help customers maximize their direct-marketing impact and spend through effective data management that includes data integration and merge/purge (combining and de-duplicating lists from multiple sources to drive better targeting and marketing spend) and data cleansing and optimization. We verify, 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™.

Our data management and analysis—cleansing, analyzing, profiling, segmentation, and modelling—helps drive efficiency, response, and revenue. We help our customers find their best customers, strengthen loyalty, and close gaps in their communication supply chains.

Direct Mail

Our direct mail capabilities range from highly personalized 1:1 full-colour digital to long-run addressed and unaddressed ad-mail. We also provide extensive commercial print of base stock for variable printing. Through national letter shop resources, we can insert hundreds of thousands of pieces a day across Canada, using capabilities like matched-mail inserting, ink jet, poly-bagging, and dimensional mail. We distribute mail directly through Canada Post and the U.S. Postal Service to provide rapid delivery. Providing full creative consultation, we offer specialized expertise in areas like membership cards and labels, financial statement-inserts, retail promotions, and not-for-profit premium packages. We also offer one of Canada's largest selections of eco-friendly and FSC® (Forest Stewardship Council) options, including envelopes.

Variable Print / Personalization

We help customers integrate variability—i.e. personalize names, imagery, versions, etc.—into their direct marketing to create custom communications that are relevant, timely, and affordable. We receive customer data from our customers and apply it as personalized information onto custom or preprinted material such as statements and invoices, which we then mail to their customers.

Email

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

Kitting and Delivery

We assemble and deliver packaged kits of documents and promotional items. Fulfillment services can be provided on-demand (such as in the case where a customer signs up for a new bank account and is mailed a welcome kit the next day), or as part of a scheduled service (such as a monthly statement, bill, or invoice mailing).

Order, Rebate, and Returns Processing

Receiving telephone and online orders, we process payments (cash, cheque, or credit card); fulfill orders and track shipments on behalf of our customers; and provide full database documentation and reporting. We also manage rebate programs, including communication, mailing, and reporting. In addition, we handle returns: we receive, open, and assess returned items, then manage restocking or refurbishing.

Logistics and Fulfillment Services

Inventory Management and Improvement

Our inventory management capabilities include pallet, shelf, and secure cage and vault storage. We support it with real-time reporting through our DATAOnline platform, helping our customers gain a better understanding of their inventory and print spend. By analyzing print requirements and assessing usage, we help eliminate obsolescence, reduce overage (excess inventory), speed up processes, and lower costs.

Warehousing

We store, maintain, and manage printed materials in a controlled warehouse environment. We reduce our customers' document costs by eliminating the need for them to maintain warehouse space or document inventory, freeing up capital for more productive use.

Distribution and Fulfillment

We work with our customers to establish day-to-day service level agreements, or SLAs, and execute one-off campaigns. Our national warehousing facilities ensure optimal delivery efficiency, and our custom kitting can combine static and variable material as well as accommodate premium items.

Regulatory Communications

We help our customers meet the challenges of communicating in heavily regulated markets such as energy and financial services. Our web-based regulatory communications platform helps streamline and maintain accuracy and timeliness of outbound communications, including SLAs, terms and conditions, logos, office information, and disclaimers.

Operations

Changes that we began implementing in 2017 have allowed us to further refocus our operations. We moved our remaining operations from our Granby, Quebec facility in December 2017, and completed the facility exit process in February 2018. In addition, the operations of our Multiple Pakfold business were transferred from its Mississauga facility to our Brampton facility in December 2017 and we entered into an early termination agreement with the landlord for those premises effective 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 / SERVICES
Drummondville, Québec	• Business forms; "jumbo rolls"; lottery rolls and selection slips; direct mail and specialty courier envelopes
Toronto, Ontario	• Commercial / litho / offset print, direct mail, corporate communications, and binding and finishing
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
Mississauga, Ontario	• Digital print; direct mail; kit fulfillment and large-format print
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

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

We focus on establishing extended arrangements and service level agreements that result in long-term marketing and operational solutions and build value-added customer relationships. We take a consultative approach to each project, from initial design and implementation to ongoing service and support.

We have recently realigned our sales force by designating account executives as knowledge experts who specialize in our key vertical markets to better align our services with our customers' needs. We have also focused on recruiting both senior sales leadership and young talent, and better integrated our outside sales team with our inside "customer experience" teams, both of which are aligned by vertical market.

Manufacturing and Warehousing

We lease all our manufacturing and warehousing facilities — see “Properties” below. The production in our facilities is scheduled to meet customer demand and we believe our existing facilities provide adequate production capacity to meet expected demand. Our warehouse facilities are located throughout Canada to meet our customers’ national needs.

Products purchased by customers are either shipped directly or held in our warehouses and shipped as requisitioned. Products are transported to clients primarily by nationally recognized couriers and other short-haul, regional, contract and custom carriers.

Raw Materials

We procure key raw materials including paper, carbon, ink, envelopes, adhesives, plates, film, chemicals and corrugated materials from a variety of qualified and pre-approved supply partners. The majority of these materials are contracted with set service level expectations for terms typically ranging from one to five years, dependent on market conditions and maximized cost effectiveness and value. The weakness of the Canadian dollar has increased the importance of passing on increased raw-material costs to customers. Historically, it has been an industry practice, and ours, to pass along paper price increases to customers. Accordingly, our agreements with our customers typically provide for the ability to do so. Generally, we seek to secure alternative supply sources for all key raw materials. We also maintain business interruption insurance, which insures against the inability to secure an adequate supply of paper. In fiscal 2017, expenditures on raw materials represented approximately 36.7% of our related revenues.

Competition

The industry segments in which we operate are highly competitive. We view our principal competitors to be the Canadian reporting unit of R.R. Donnelley & Sons Company, Xerox Canada Inc., and technology companies that have attempted to leverage their capabilities to provide a total document management and/or outsourcing solution. There are also many smaller regional and local companies that compete with us in certain 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 many smaller local and regional competitors across Canada.

We believe our key differentiating factors within each of those industry segments are breadth of offering, innovative solution development (including integrated print and digital capabilities), vertical market expertise, national representation across Canada, technology and application integration into our customers’ workflow, customer service (including meeting customers’ savings and timing requirements), purchasing power from our scale of operations, product quality, reliability, and price.

Properties

As of March 1, 2018, we operated out of 20 leased facilities strategically located across Canada, and two facilities in the State of Illinois; 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, 2018, we had 1,405 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 13.3% 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 expire on June 30, 2018.

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. We expect to commence renegotiating the collective bargaining agreements with respect to our unionized employees at our facility in Toronto, Ontario prior to their expiry date.

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 550 customers and 35,000 active users use this tool to manage their communications requirements. In 2017, more than 400,000 orders, and approximately 30% 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 30 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.

We connect our facilities over a wide area network using various technologies. While most of our data hardware and systems have historically been housed at our Brampton, Ontario data centre, we have been moving many of our applications to third party cloud-based hosted providers. For our core business, we use our proprietary FOMACS system for costing, general ledger, accounts payable and receivable, and invoicing needs. Additionally, we use FOMACS to monitor production and service quality control. Inventory control systems run on our proprietary INFORMA® Data Document Manager and DATAOnline systems, and include print-on-demand, inventory management, shipping, warehousing and ordering modules. Management reporting and information systems also run on FOMACS and INFORMA® at the operations level. Certain of our facilities use additional third-party systems for costing, general ledger, accounts payable and receivable, invoicing, estimating, planning, scheduling and production workflow, from vendors including Adagio, EFI Pace, Great Plains, Plantrol and Tharstern, amongst others.

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 design and development for the implementation of a new enterprise-wide, fully integrated, third-party cloud-based enterprise resource planning, or ERP, application which, when completed, will replace our proprietary FOMACS and INFORMA® 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, a specialized third-party human resources information system module and our proprietary DATAOnline application. All of DCM's core facilities are expected to be integrated onto this system before the end of 2018, with the exception of the Eclipse and Thistle facilities which are planned for integration in 2019. 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 35 Canadian trademark registrations (including "INFORMA®" and "Multiple Pakfold (Design)®"), seven patent registrations, one patent application 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 three 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 three 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 2015, 2016 and 2017, 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.

Acquisition of the Business of Eclipse Colour and Imaging Corp.

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.

We acquired substantially all of the assets of Eclipse for a net purchase price of approximately $10.0 million (after giving effect to customary post-closing working capital and other adjustments), which was satisfied as to approximately $4.1 million paid in cash on closing; $1.3 million through the issuance of 634,263 Common Shares; and $4.6 million in the form of two non-interest bearing secured vendor take-back notes in equal principal amounts, one of which was paid on the first anniversary of the closing of the Eclipse acquisition and the other of which is payable on the second anniversary of closing of the Eclipse acquisition. See "Material Contracts – Eclipse Purchase Agreement".

Acquisition of Thistle Printing Limited

On February 22, 2017, we acquired of 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. See "Material Contracts – Thistle Purchase Agreement".

We acquired the common shares of Thistle for a net purchase price of approximately $5.9 million (after giving effect to customary post-closing working capital and other adjustments), which was satisfied as to approximately $1.1 million paid in cash on closing; $1.5 million through the issuance of 644,445 Common Shares; and $3.3 million in the form of a non-interest bearing secured vendor take-back note, which is payable over a 24 month period in equal monthly payments commencing on March 31, 2017.

Acquisition of BOLDER Graphics

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 its large format presence in the market, together with the addition of BOLDER Graphics' customer base of leading western Canadian retailers and other brands.

We acquired BOLDER Graphics for a net purchase price of approximately $3.7 million (after giving effect to customary post-closing working capital and other adjustments), which was satisfied as to approximately $1.7 million paid in cash on closing and pursuant to a post-closing purchase price adjustment; $1.0 million through the issuance of 704,424 Common Shares; and $1.07 million in the form of interest bearing unsecured vendor take-back notes, which are payable over a 24 month period in equal monthly payments. See "Material Contracts – BOLDER Purchase Agreement".

Equity Financings

On June 23, 2017, we announced we had issued a total of 3,312,368 Common Shares at a price of $1.40 per Common Share pursuant to a rights-offering, or the Rights Offering, raising total gross proceeds of $4.6 million. To our knowledge, directors, officers, employees and other insiders of the Corporation exercised subscription privileges, including subscription privileges associated with additional rights acquired in the market, to acquire 1,219,179 Common Shares under the Rights Offering, representing total subscription proceeds of approximately $1.7 million.

On June 28, 2017, we announced we had raised $3.9 million pursuant to a private placement, or the 2017 Offering, of 2,762,104 units, with each unit consisting of one Common Share and one-half of a Common Share purchase warrant, or a warrant, at a price per unit of $1.40. Each full warrant entitles the holder to acquire one Common Share at a price of $1.75 for a period of two years from the closing of the 2017 Offering. If the volume weighted average price of the Common Shares on the Toronto Stock Exchange equals or exceeds $2.75 for 20 consecutive trading days, we will have the right to accelerate the expiry date of the warrants to a date that is 30 days from the date on which we notify the Warrant holders of our intent to exercise the acceleration right. As of the date of this AIF, we have not exercised the acceleration right. Michael G. Sifton, DCM's Chief Executive Officer, and Gregory J. Cochrane, DCM's President, acquired 357,150 Units and 179,000 units, respectively, and certain other senior executives of the Corporation acquired a total of 29,000 units under the 2017 Offering. The balance of the units were acquired by a group of third party investors. On July 13, 2017, DCM completed a second closing of the 2017 Offering to a director of DCM for 71,500 units, raising additional gross proceeds of $0.1 million.

We used the net proceeds from the 2017 Offering and the Rights Offering, together with funds advanced under the Bridging Credit Facility described below under "Senior Credit Facilities" to repay our outstanding 6.00% convertible unsecured subordinated debentures, or the Debentures, at maturity on June 30, 2017.

On June 1, 2016, we announced we had raised $2.35 million pursuant to a private placement of Common Shares, or the 2016 Offering. Under the first tranche of the 2016 Offering, the Corporation issued a total of 167,856,012 Common Shares at a price of $0.014 per share. Michael Sifton, our Chief Executive Officer, subscribed for 98,876,520 Common Shares, or approximately 9.9% of the Corporation's issued and outstanding Common Shares at the time. Additionally, a group of third party investors subscribed for 68,979,492 Common Shares under the 2016 Offering. The Corporation also completed a second tranche of the 2016 Offering by issuing 30,895,781 Common Shares to KST Industries Inc., or KST, at a price of $0.014 per share after receiving approval of disinterested Shareholders at the annual meeting of the Corporation's shareholders held on June 30, 2016. The aggregate gross proceeds from the Offering were approximately $2.8 million, and the net proceeds were used for general working capital purposes. The number of shares issued and the price per share pursuant to the 2016 Offering are before giving effect to the Share Consolidation completed on July 4, 2016.

Senior Credit Facilities

On March 11, 2016, we refinanced our former senior credit facilities by establishing a senior revolving credit facility, or the Bank Revolving Facility, with a Canadian chartered bank, or the Bank, and an amortizing term loan facility, or the IAM IV Credit Facility, with the Integrated Private Debt IV division, or IAM IV, of Integrated Asset Management Corp. pursuant to separate credit agreements, each dated March 10, 2016, between the Corporation and the Bank and IAM IV, respectively. Approximately $43.3 million of the total available principal amount available to us under the credit agreement with IAM IV, or the IAM IV Credit Agreement, and the credit agreement with the Bank, or the Bank Credit Agreement, was used to fully repay our outstanding indebtedness under the Third Amended and Restated Credit Agreement dated December 19, 2014 between the Corporation and a syndicate of Canadian chartered banks. See "Material Contracts – Senior Credit Facilities".

In connection with the Eclipse and Thistle acquisitions, we amended the Bank Credit Agreement on January 31, 2017 to add a non-revolving term credit facility, or the Bank Term Facility, in a maximum principal amount of $7.0 million as well as a committed treasury facility pursuant to which the Bank may, in its sole discretion, agree to enter into non-speculative hedging arrangements, subject to certain restrictions. As a result of that amendment, the total available commitment under the Bank Credit Agreement increased from up to $25.0 million to up to $35.0 million and the term of the Bank Revolving Facility was increased by one year to March 31, 2020. The increased availability under the Bank Credit Agreement was partially used to finance the up-front cash components and related transaction costs of the Eclipse and Thistle acquisitions and to provide us with additional flexibility to continue to pursue our strategic growth objectives. We fully re-paid the Bank Term Facility in November 2017.

Prior to the acquisition of Thistle by the Corporation, Thistle was indebted to the Integrated Private Debt III division, or IAM III, of Integrated Asset Management Corp. pursuant to an amortizing term loan facility, or the IAM III Credit Facility, established under a credit agreement dated November 1, 2012, or the IAM III Credit Agreement. In connection with the Thistle acquisition, that credit agreement was amended pursuant to an amending agreement dated February 22, 2017 which added the Corporation as a co-borrower and the Corporation's subsidiaries as guarantors. That amending agreement also amended the covenants of Thistle and the Corporation under the IAM III Credit Agreement to match those of the Corporation under the IAM IV Credit Agreement. At the time of the Thistle acquisition, Thistle had outstanding borrowings of $5.5 million under the IAM III Credit Facility. See "Material Contracts – Senior Credit Facilities".

On June 28, 2017, we established a $3.5 million non-revolving credit facility, or the Bridging Credit Facility, pursuant to a credit agreement dated as of June 28, 2017, or the Bridging Credit Agreement, between the Company and Bridging Finance Inc., or Bridging. See "Material Contracts – Senior Credit Facilities".

On June 28, 2017, we used a portion of proceeds of the Bridging Credit Facility together with the net proceeds from the 2017 Offering and the Private Placement Offering to repay the $11.2 million remaining principal of the outstanding balance of the 6% convertible unsecured subordinated Debentures plus accrued and unpaid interest on the Debentures.

In connection with the acquisition of BOLDER Graphics in November 2017, the Corporation established a $5 million senior term credit facility, or the IAM V Credit Facility, pursuant to a credit agreement, or the IAM V Credit Agreement, between the Corporation and the Integrated Private Debt Fund V division, or IAM V, of Integrated Asset Management Corp. We used approximately $2 million of the IAM V Credit Facility to fund the up-front cash component of the BOLDER Graphics acquisition and re-pay outstanding shareholder loans of BOLDER Graphics; $2.6 million of the IAM V Credit Facility was used to re-pay in full the outstanding balance of the Bank Term Facility; and the balance will be used for general working capital purposes. See "Material Contracts – Senior Credit Facilities".

MATERIAL CONTRACTS

The only material contracts we or any of our predecessors entered into during the year ended December 31, 2017 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 Eclipse Purchase Agreement referred to below under "Eclipse Purchase Agreement";
- the Thistle Purchase Agreement referred to below under "Thistle Purchase Agreement";
- the BOLDER Purchase Agreement;

- the IAM III Credit Agreement referred to above under “General Development of the Business – Senior Credit Facilities”;

- the IAM IV Credit Agreement referred to above under “General Development of the Business – Senior Credit Facilities”;

- the IAM V Credit Agreement referred to above under “General Development of the Business – Senior Credit Facilities”;

- the Bank Credit Agreement referred to above under “General Development of the Business – Senior Credit Facilities”;

- the Bridging Credit Agreement referred to above under “General Development of the Business – 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

The IAM III Credit Facility matures on October 15, 2022 and had an original principal amount of $8 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 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 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 million and a fixed percentage of the Corporation's aggregate accounts receivable and inventory (less certain amounts). The Bank Revolving Facility matures on 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.

The Bridging Credit Facility matures on June 28, 2018 and can be 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 are repayable on demand and bear 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.

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, IAM IV Credit Facility, the IAM V Credit Facility, the Bridging Credit 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 Bridging 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 and the Bridging Credit Agreement limit 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 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, IAM III Credit Agreement, the IAM IV Credit Agreement or IAM V 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 Integrated Asset Management Corp, acting reasonably, is appointed within 60 days of such change), or a failure by the Corporation to comply with its obligations under the Bridging Credit Facility, 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 and the IAM V Credit Facility is secured by conventional security charging all the property and assets of the Corporation and its affiliates. The Bridging Credit Facility is secured by certain specified equipment together with certain other conventional security.

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 Bridging Credit Agreement, the Bank, IAM III, IAM IV and Bridging entered into an inter-creditor agreement. Upon the establishment of the IAM V Credit Agreement, IAM V became a party to each of the above inter-creditor agreements. 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, 2018, we had outstanding borrowings of $21.6 million and letters of credit granted of $1.4 million under the Bank Credit Facility, outstanding borrowings of $4.7 million under the IAM III Credit Facility, outstanding borrowings of $21.6 million under the IAM IV Credit Facility, outstanding borrowings of $4.8 million under the IAM V Credit Facility, and outstanding borrowings of $3.5 million under the Bridging Credit Facility. See "Risk Factors – Debt Obligations and Restrictive Covenants; Ability to Refinance; Change of Control; Change of Senior Executives".

Thistle Purchase Agreement

On January 31, 2017, we entered into a purchase agreement with Capri Media Group Inc., Jive.com Inc., and VRG Investment Corporation, or the Thistle Parties, to acquire all of the issued and outstanding common shares of Thistle. The Thistle Purchase Agreement includes covenants, representations and warranties of Capri Media Group Inc., 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 Thistle Parties in favour of the Corporation with respect to certain customary matters. The Thistle Purchase Agreement also contains covenants, indemnities and representations and warranties of the Corporation in favour of Capri Media Group Inc. which are customary for a transaction of this nature, including representations and warranties with respect to certain corporate and securities matters.

Capri Media Group Inc. and individuals related to the Thistle Parties have entered into customary non-competition and non-solicitation agreements in favour of the Corporation pursuant to which those parties have agreed to not compete with DCM for a period of five years from the completion of the Thistle 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.

Eclipse Purchase Agreement

On January 31, 2017, we entered into an asset purchase agreement with Eclipse, Grant Malcolm, and Ralph Misale, or the Eclipse Parties, to acquire all or substantially all of the assets of Eclipse. The Eclipse Purchase Agreement includes covenants, indemnities and representations and warranties of Mr. Misale and Mr. Malcolm, or the Eclipse Vendors, 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 assets, 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. The Eclipse Purchase Agreement also contains covenants, indemnities and representations and warranties of the Corporation in favour of Eclipse, including representations and warranties with respect to certain corporate and securities matters.

Each of the Eclipse Parties has entered into customary non-competition and non-solicitation agreements in favour of the Corporation pursuant to which the Eclipse Parties have agreed to not compete with DCM for a period of five years from the completion of the Eclipse 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.

BOLDER Purchase Agreement

On October 27, 2017, we entered into a share purchase agreement, or the BOLDER Purchase Agreement, with holders, or the BOLDER Graphics Shareholders, of the outstanding common shares of BGI Holdings Inc. and 1416395 Alberta Ltd., or BOLDER Graphics, to acquire 100% of the outstanding common shares of BOLDER Graphics. The BOLDER Purchase Agreement includes covenants, indemnities and representations and warranties of the BOLDER Graphics Shareholders 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 assets, 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. The BOLDER Purchase Agreement also contains covenants, indemnities and representations and warranties of the Corporation in favour of including representations and warranties with respect to certain corporate and securities matters.

Each of the BOLDER Graphics Shareholders has entered into customary non-competition and non-solicitation agreements in favour of the Corporation pursuant to which the BOLDER Graphics Shareholders have agreed to not compete with DCM for periods ranging from one to five years from the completion of the BOLDER Graphics acquisition and to refrain from soliciting the employees and customers of DCM for the same one to 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, 2018, we had 20,039,159 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, the IAM V Credit Agreement and the Bridging 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 Bridging, as applicable.

MARKET FOR SECURITIES

Trading Price and Volume

Between January 1, 2017 and market close December 31, 2017, 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	$2.22	$1.95	484,535
February	$3.33	$2.14	832,565
March	$2.75	$2.00	662,876
April	$2.89	$2.18	382,958
May	$2.25	$1.38	651,418
June	$1.53	$1.35	489,327
July	$1.45	$1.18	528,160
August	$1.40	$0.94	312,337
September	$1.65	$0.95	636,159
October	$1.63	$1.28	273,340
November	$1.35	$1.02	314,642
December	$1.50	$1.03	613,190

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, 2017 (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	Michael G. Sifton	1,561,504	27.7% (Mar 1, 2018)
	KST Industries Inc.	2,000,878	
	Eclipse (February 22, 2017)	634,263	
	Capri Media Group Inc. (February 22, 2017)	644,445	
	BOLDER Graphics acquisition vendors (November 10, 2017)	704,424	

Notes:

1. Based upon publicly available information, as at March 1, 2018, KST held 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. Pursuant to an investor rights agreement dated as of June 24, 2016 between the Corporation and Michael G. Sifton, Mr. Sifton has agreed that he will not transfer any security of the Corporation during the period, or the Standstill Period, ending on the earlier of (i) June 24, 2019, and (ii) the date on which Mr. Sifton is no longer an officer of the Corporation. The Corporation has granted to Mr. Sifton 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. Those anti-dilution rights will terminate with the expiration of the Standstill Period.

3. In connection with the Eclipse and Thistle acquisitions completed on February 22, 2017, the Corporation issued a total of 634,263 Common Shares to Eclipse and a total of 644,445 Common Shares to Capri Media Group Inc., respectively, and entered into separate lock-up agreements with Eclipse and Capri Media Group Inc. pursuant to which each of those parties has agreed that it will not transfer the Common Shares issued to it pursuant to those acquisitions until February 22, 2018, subject to certain exceptions.

4. In connection with the acquisitions of BGI Holdings Inc. and 1416395 Alberta Ltd. completed on November 10, 2017, the Corporation issued an aggregate of 704,424 Common Shares to the vendors, and entered into separate lock-up agreements with each vendor pursuant to which each vendor has agreed that it will not transfer the Common Shares issued to such vendor pursuant to those acquisitions until November 10, 2018, subject to certain exceptions.

MANAGEMENT OF DCM

Directors and Officers

Our directors are William Albino, Derek J. Watchorn, Michael G. Sifton, James J. Murray and J.R. Kingsley Ward.

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 28, 2018, our directors and executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 3,722,348 Common Shares, representing 18.6% 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
DEREK J. WATCHORN(1)(2)(3) Ontario, Canada	Director of the Corporation	Consultant
MICHAEL G. SIFTON Ontario, Canada	Director of the Corporation; and Chief Executive Officer of the Corporation(4)	Chief Executive Officer 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
J.R. KINGSLEY WARD(3) Ontario, Canada	Director of the Corporation	Managing Partner of VRG Capital Corp.

Notes:
(1) Member of the Audit Committee.
(2) Member of the Corporate Governance Committee.
(3) Member of the Human Resources and Compensation Committee.
(4) On March 7, 2018, we announced that Mr. Sifton will step down as Chief Executive Officer of the Corporation in June 2018 and that Gregory J. Cochrane will succeed Mr. Sifton as the Corporation's Chief Executive Officer at that time.

Executive Officers
(in addition to Michael G. Sifton)

GREGORY J. COCHRANE Ontario, Canada	President	President of the Corporation
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
JUDY HOLCOMB-WILLIAMS Ontario, Canada	Senior Vice-President, Chief Culture Officer	Senior Vice-President, Chief Culture Officer
MICHAEL COTĖ 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:

- ***Michael G. Sifton*** joined the Corporation as Chief Executive Officer in April 2015. Previously, he was Managing Partner at Beringer Capital (an investment fund focused on the marketing services and specialty media industry) since September 2009.
- ***Gregory J. Cochrane*** joined the Corporation as President in November 2016. 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 8, 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.

Derek J. Watchorn. For the past eight 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 a member of the Advisory Committee of Graywood Developments Limited, a Toronto based real estate development company. 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 Corporation and 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 from January 2003 until June 2004 and as Executive Director of TrizecHahn plc from January 1999 until June 2001. 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.

Michael G. Sifton. Mr. Sifton was appointed Chief Executive Officer and a director of the Corporation on April 16, 2015. He is also a member of the Board of Directors of Yellow Pages Limited. Between 2009 and April 2015, Mr. Sifton was a Managing Partner at Beringer Capital. Mr. Sifton spent his career in the media business, with over 20 years of direct experience in the Canadian newspaper industry. Prior to joining Beringer Capital, he was President and Chief Executive Officer of Sun Media, Canada's largest newspaper publisher by household penetration and reach. In 2001, Mr. Sifton led the formation of Osprey Media Group, which was later acquired by Sun Media in 2007. Prior to forming Osprey Media Group, 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 Canadian Press, a former Director of the Canadian Newspaper Association and the Newspaper Audience Databank and the 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.

James J. Murray, O.Ont., SIOR. 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 their Mississauga Office. Until early March 2018, Mr. Murray was the Senior Vice-President and Director of Business Development of Cushman & Wakefield Ltd. Brokerage, where his role was that of a team leader on major assignments. Over the years, these projects have included the Sheridan College Mississauga & Oakville Campuses, Movati Health Clubs, the TPCL Head Office in Calgary, Alberta, the sale of Imperial Oil 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 medal. In 2015, Mr. Murray was awarded the highly prestigious Order of Ontario.

J.R. Kingsley Ward, (B.A., B.Comm.). Mr. Ward has 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; Jones Brown Holdings Inc., a privately held Canadian insurance brokerage and strategic consultancy 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. 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.

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 2018, 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, 2017 and 2016, the Corporation retained its principal accountant, PricewaterhouseCoopers LLP, to provide services in the categories and for the amounts that follow:

	2017	**2016**
● Audit fees……	$558,000	$430,700
● Audit-related fees……	$142,300	$83,000
● Tax fees ……	$164,960	$59,710
● All other fees……	$11,160	$8,340

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

Audit fees. For the years ended December 31, 2017 and 2016, 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-related fees. Audit-related fees were paid or are payable for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. For the years ended December 31, 2017 and 2016, these services consisted of other assurance services.

Tax fees. For the years ended December 31, 2017 and 2016, 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 2017 were for the due diligence services for the recent acquisitions.

All other fees. For the years ended December 31, 2017 and 2016, 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 Bridging Credit Agreement and the vendor take-back notes issued in connection with the Eclipse, Thistle and BOLDER Graphics acquisitions. Those obligations are secured by a charge over all of our assets which ranks in priority to our unsecured indebtedness. 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 Bridging 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 Bridging Credit Facility, calculated on a consolidated basis in accordance with generally accepted accounting principles, referred to as Senior 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 Senior Funded Debt to EBITDA (as defined below) for its four most recently completed fiscal quarters of not greater than the following levels: from January 1, 2018 to March 31, 2018 – 3.25 to 1; and on and after April 1, 2018 – 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 1.1:1. For purposes of the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement and IAM V Credit 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 and the IPD V Credit Agreement, the pro forma financial results of the Eclipse business, Thistle and BOLDER Graphics are included on a trailing twelve-month basis effective as of the respective closing dates of the Eclipse and Thistle and BOLDER Graphics acquisitions.

Under the terms of the Bank Credit Agreement, the Corporation must maintain a fixed charge coverage ratio of not less than 1.0 from January 1 to March 31, 2018, then 1.1 at all times thereafter, calculated on a consolidated basis, in respect of any particular period, as EBITDA for such period less cash taxes, cash distributions (including dividends paid) and 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. 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 Bridging Credit Agreement or, in certain circumstances, the vendor take-back notes issued pursuant to the Eclipse and Thistle 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, 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 Thistle Printing Limited.

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 Thistle Printing Limited) 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.

In addition, indebtedness outstanding under the Bridging Credit Facility is payable on demand.

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 Bridging for repayment of amounts outstanding under the Bridging Credit Agreement and the failure of the Corporation to repay such amounts, Bridging would be entitled to reinforce the security that we have granted to Bridging over certain of our assets. The exercise of any of such remedies by the Bank, IAM III, IAM IV, IAM V or Bridging could have a material adverse effect on our business, financial condition and liquidity. As at March 1, 2018 we had outstanding borrowings of $21.6 million and letters of credit granted of $1.4 million under the Bank Credit Facility, outstanding borrowings of $4.7 million under the IAM III Credit Facility, outstanding borrowings of $21.6 million under the IV Credit Facility, outstanding borrowings of $4.8 million under the IAM V Credit Facility, and outstanding borrowings of $3.5 million under the Bridging 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 Bridging 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 and Capital Expenditures

We will need to refinance our existing credit facilities or other debt obligations in the future. In addition, future capital expenditures 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 and Bridging Credit Facility are Subject to Floating Interest Rates

As at March 1, 2018, all of our outstanding indebtedness under the Bank Credit Facility and the Bridging 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 2012, we implemented an ongoing accelerated cost savings program in an effort to improve the efficiency of our operations. 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. 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

In February 2017, we completed the Eclipse and Thistle acquisitions, and in November 2017, we completed the BOLDER Graphics acquisition, as described elsewhere in this AIF. We will continue to identify, acquire and develop suitable acquisition targets in both new and existing markets. While we intend to be careful in selecting businesses to acquire, acquisitions 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 acquisitions; 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 acquired business; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption of our ongoing business and the distraction of management from its day-to-day operations; the inability to incorporate acquired 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 1,983,132 Common Shares in order to fund a portion of the purchase price for the assets of Eclipse, the shares of Thistle and the shares of BOLDER Graphics, respectively, which represented in aggregate approximately 9.9% of our outstanding Common Shares at the time of the BOLDER Graphics 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, 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 2017, the cost of paper, carbon and other raw materials represented approximately 36.7% 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.

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 expire on June 30, 2018 and we expect to commence renegotiation of these collective bargaining agreements prior to their expiry dates. If we are unable to renew collective agreements as they become subject to renegotiation from time to time, it could result in work stoppages and other labour disturbances that could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Adverse Change in Labour Relations

As of March 1, 2018, we employed approximately 1,405 employees, approximately 13.3% 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. Certain of our leases mature within the next 12 months. 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. When the reforms are enacted into legislation, we expect that our minimum cash contributions to the registered pension plan will decrease.

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. Based upon the terms of those applicable collective bargaining agreements, DCM's estimated annual funding obligation for the SRDF for 2017 is $0.6 million. The most recent funding actuarial report (as at December 31, 2013) in respect of the Québec members of the plan disclosed a solvency deficiency and a gap between the minimum total contributions required under applicable Québec pension legislation and total employer contributions determined pursuant to collective agreements. 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 2018, contributions to the defined benefit provision of the DATA Communications Management Pension Plan will be approximately $647,000, contributions to the defined contribution provision of the DATA Communications Management Pension Plan will be approximately $1,306,000, contributions to the SERP will be approximately $529,000, contributions to the SRDF will be approximately $535,000 and contributions to the Unifor Pension & Benefit Plans will be approximately $121,000.

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 2017 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, 2017. 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, 2017, 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 8, 2018 in respect of the consolidated financial statements of the Corporation as at December 31, 2017 and 2016 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, 2017.

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:

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

(ii) 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

(iii) 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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