ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2016

DATA COMMUNICATIONS MANAGEMENT

MARCH 31, 2017

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EXPLANATORY NOTES

General

The information in this Annual Information Form, or AIF, is stated as at December 31, 2016, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, in this AIF, the term "**Corporation**" refers to DATA Communications Management Corp. and "**DATA**", "**we**" "**us**" and "**our**" refers to the Corporation and its subsidiaries, DATA Communications Management (US) Corp., Thistle Printing Limited and Griffin House Graphics Limited.

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, and "**Debentures**" refers to the 6.00% convertible unsecured subordinated debentures of the Corporation.

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 us, and speak only as of the date of this AIF. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause our actual results, performance, objectives or achievements to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that we made or took into account in the preparation of these forward-looking statements include the limited growth in the traditional printing industry and the potential for further declines in sales of our printed business documents relative to historical sales levels for those products; the risk that changes in the mix of products and services sold by us which are related to reduced demand for our printed products will continue to adversely affect our financial results; the risk that we may not be successful in reducing the size of our legacy print business, realizing the benefits expected from restructuring and business reorganization initiatives, reducing costs, reducing and paying our long-term debt, repaying or refinancing our outstanding Debentures, and growing our digital communications business; the risk that we may not be successful in managing our organic growth; our ability to invest in, develop and successfully market new digital and other products and services; competition from competitors supplying similar products and services, some of whom have greater economic resources than us and are well-established suppliers; our ability to grow our sales or even maintain historical levels of our sales of printed business documents; the impact of economic conditions on our businesses; risks associated with acquisitions by DATA; 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; and our ability to maintain relationships with our customers. 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.

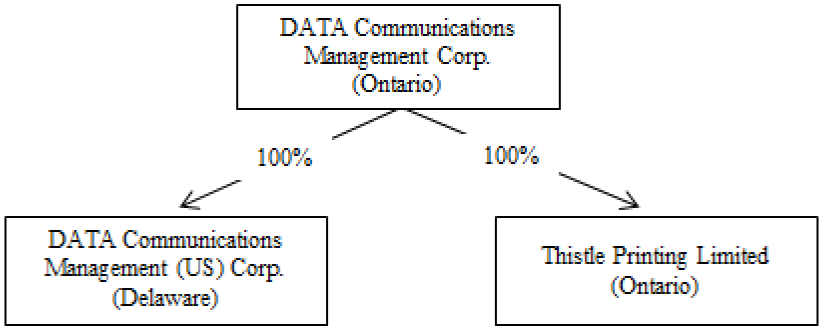
Also on July 4, 2016, the Corporation amended its articles to consolidate all of the issued and outstanding Common Shares, or the Share Consolidation, on the basis of a ratio of one post-consolidation Common Share for each 100 pre-consolidation Common Shares. As a result of the Share Consolidation, the number of issued and outstanding Common Shares was reduced from 1,197,504,525 to 11,975,053. The Common Shares subsequently commenced trading over the facilities of the Toronto Stock Exchange, or the TSX, under the new stock symbol of "DCM". 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.

DATA Group Ltd. was the successor to DATA Group Inc., or DGI, which was an entity governed by the OBCA. Effective January 1, 2014, DGI completed an internal reorganization, or the 2014 Amalgamation, pursuant to which DGI amalgamated with its Canadian subsidiaries, DATA Group Ltd., The Fulfillment Solutions Advantage Inc.,, and FSA Datalytics Canada Inc., to form a new corporation called "DATA Group Ltd." Pursuant to the 2014 Amalgamation, all of the issued and outstanding shares of DGI's Canadian subsidiaries were cancelled and the assets and liabilities of the amalgamating corporations became the assets and liabilities of the Corporation. No securities were issued in connection with the 2014 Amalgamation and the authorized and issued share capital of the Corporation remained the same as that of DGI immediately prior to the 2014 Amalgamation becoming effective.

Additional information with respect to the Corporation will be set out in its Management Information Circular in respect of its upcoming annual and special 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 material subsidiaries, including the jurisdiction of establishment or incorporation of the entities:



GENERAL DEVELOPMENT OF THE BUSINESS

On January 1, 2012, DGI adopted a shareholder rights plan, which became a contract of the Corporation pursuant to the 2014 Amalgamation. On June 17, 2014, Shareholders re-confirmed the shareholder rights plan for a further three years. See “Material Contracts – Shareholder Rights Plan”.

Acquisition of the Business of Eclipse Colour and Imaging Corp.

On February 22, 2017, the Corporation 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 DATA’s 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 DATA 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 $9.4 million, which was satisfied as to approximately: $3.5 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 is payable 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. The purchase price is subject to customary post-closing working capital and other adjustments. See “Material Contracts – Eclipse Purchase Agreement”.

Acquisition of Thistle Printing Limited

On February 22, 2017, the Corporation acquired of all of the issued and outstanding common shares of Thistle Printing Limited, or Thistle. Thistle is governed by the OBCA and is 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 provides the Corporation with a full service commercial print facility in Eastern Canada and enables the Corporation to expand its margins by insourcing commercial printing capabilities, which it has historically outsourced to local tier two suppliers. The acquisition added expertise in commercial printing, design, process and bindery services to DATA’s portfolio of products and services, and complements our capabilities in direct mail, fulfilment and data management. See “Material Contracts – Thistle Purchase Agreement”.

DATA acquired the common shares of Thistle for a net purchase price of approximately $6.1 million, 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 $3.5 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. The purchase price is subject to customary post-closing working capital and other adjustments.

Private Placement

On June 1, 2016, we announced that we had raised $2.35 million pursuant to a private placement of Common Shares, or the Offering. Under the first tranche of the Offering, the Corporation issued a total of 167,856,012 Common Shares at a price of $0.014 per share. Michael Sifton 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 Offering.

The Corporation also completed a second tranche of the 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 and special 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.

Senior Credit Facilities

On March 11, 2016, we refinanced our former senior credit facilities by establishing a revolving credit facility, or the Bank Credit 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 our senior revolving credit facility with the Bank on January 31, 2017, which included an increase in the total available commitment from up to $25.0 million to up to $35.0 million and an extension of the term of the credit facility by one year, to March 31, 2020. The amount available under the term loan sub-facility was increased to $7.0 million, an increase from $5.0 million under the original term loan sub-facility. The increased availability was partially used to finance the up-front cash components and related transaction costs of the Eclipse and Thistle acquisitions and will also provide the Corporation with additional flexibility to continue to pursue its strategic growth objectives. See "Material Contracts – Senior Credit Facilities".

On January 31, 2017, we also amended the term loan facility with IAM IV, to, among other things, provide that senior funded debt of the Corporation may not exceed $72.0 million (after giving effect to the provisions of the inter-creditor agreement between the Corporation and its senior lenders), an increase from $50.0 million in the original term loan facility. See "Material Contracts – Senior Credit Facilities" and "Risk Factors – Debt Obligations and Restrictive Covenants; Ability to Refinance; Change of Control; Change of Senior Executives".

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. As of February 22, 2017, Thistle had outstanding borrowings of $5.5 million under the IAM III Credit Facility.

Partial Redemption of the Debentures

On December 23, 2015, we redeemed $33.53 million, or approximately 75%, of the aggregate principal amount of the Debentures outstanding as of December 23, 2015, or the Redemption Date, upon payment of a redemption amount of $1,000 for each $1,000 principal amount of Debentures, or the Redemption Price, plus accrued and unpaid interest thereon up to but excluding the Redemption Date, less any applicable withholding taxes. We satisfied our obligation to pay the Redemption Price of Debentures redeemed by issuing and delivering to the applicable holders of Debentures, or the Debentureholders, Common Shares in lieu of cash. The redemption of the Debentures was completed in accordance with the terms of the amended and restated trust indenture, or the Trust Indenture, dated January 1, 2012 between the Corporation and Computershare Trust Company of Canada, or the Debenture Trustee, as supplemented by a supplemental indenture dated January 1, 2014, which governs the Debentures, and did not require the consent of the Debentureholders. See "Material Contracts – Trust Indenture" for a description of the Trust Indenture and the Debentures.

The Debentures redeemed were selected by the Debenture Trustee on a pro rata basis to the nearest multiple of $1,000 in accordance with the principal amount of the Debentures registered in the name of the Debentureholders. No Debenture was redeemed in part unless the principal amount redeemed was $1,000 or a multiple thereof.

The number of Common Shares issued and delivered to Debentureholders whose Debentures were redeemed was equal to 29,086 Common Shares per $1,000 aggregate principal amount of Debentures redeemed, being the Redemption Price divided by 95% of the volume-weighted average trading price of the Common Shares on the Toronto Stock Exchange, or the TSX, for the 20 consecutive trading days ending December 16, 2015.

Any accrued and unpaid interest on the redeemed Debentures was paid in cash on the Redemption Date and was equal to $28.93 per $1,000 aggregate principal amount of Debentures redeemed, less applicable withholding taxes. Pursuant to the redemption of the Debentures described above, we issued a total of 975,262,140 Common Shares, such that immediately following the completion of the redemption, the Corporation had 998,752,732 Common Shares outstanding.

BUSINESS OF DATA

At DATA we help our clients' plan and execute business communications. We help marketers and agencies unify and execute campaigns across multiple channels, and we help operations teams streamline and automate document and communications processes. Our core capabilities include direct marketing; commercial print; labels and automated identification ("ID"); event tickets and gift cards; logistics and fulfillment; content and workflow management; data management and analytics; and regulatory communications. We serve clients in key vertical markets such as financial services, retail and consumer services, healthcare and the public sector, lottery and gaming, not-for-profit, and energy. We are strategically located across Canada to support clients on a national basis, and serve the United States, or the U.S., market through our facilities in Chicago, Illinois.

Our marketing and operations solutions are primarily offered to clients 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 solutions to long-standing operations clients. Our solutions are also sold individually.

We target mid to large-sized businesses and organizations with major distribution networks and critical client-facing communications management requirements. Historically, we have derived most of our revenues from sales to clients located in Canada. In 2012, we established operations in the State of Illinois in the U.S., and going forward we expect that a larger portion of our revenues will be derived from our U.S. operations.

Our marketing solutions support downstream execution strategies that improve campaign performance for marketing departments and their creative agencies. These solutions focus on three key aspects of marketing: data management, content workflow, and communication delivery, which together enable us to help clients implement unified communication strategies. Our operations solutions support clients' critical operational document requirements. These solutions focus on delivering meaningful document production, inventory and distribution insights to provide process automation, best-in-class production and superior fulfillment.

We have a well-diversified client base of "blue chip" clients that includes Canadian Schedule 1 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 60% of our revenues in fiscal 2016 were derived from long-term client 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 clients 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 2016 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 DATA Communications Management segment. See "Business of DATA – Operations".

Principal Service Offerings – Overview

Our service offerings are described in greater detail below.

Commercial Printing

For more than 50 years, DATA has managed print production for some of the largest companies across Canada, and is 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. Our commercial printing offering includes products such as corporate collateral, marketing brochures, calendars, posters, point of purchase displays and promotional products as well as business forms.

Process Improvement. 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 small-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.

DATA Online Web-to-print / Web-to-digital / Web-to-fulfilment. Our proprietary *DATA Online* 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 let 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 clients 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.

Print-on-demand. Digital print-on-demand, or POD, production provides small-run flexibility that lets users produce multiple versions while minimizing waste and inventory. Converting documents to on-demand can result in cost reductions of 35% or more. Often, more than 75% of the documents in an organization are ideal candidates for conversion.

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

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 artlined and custom envelopes. We receive template-based orders via our DATA Online ecommerce ordering system and produce these documents that meet consistent customer brand expectations.

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 across the country, then warehouse, inventory and distribute roll products and selection slips to clients as required.

Custom Point of Sale Transaction Rolls. We produce small rolls of paper bearing clients' 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 clients 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 clients 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 clients' premises by having our staff on-site to provide clients 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.

Content and Workflow Management

DATA offers an array of content and workflow management solutions to make our clients' 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 clients' marketing and operations teams to increase communications efficiency while lowering costs and improving oversight.

Integrated Campaign Management. Integrated Campaign 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 campaigns, as well as cross-channel campaigns. We print materials such as in-store signage, shelf labels, and point-of-sale items, and we also develop supporting web pages. The 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, all of which help simplify and streamline campaign execution.

Print-on-Demand. Digital POD production provides small-run flexibility that lets clients test communications without running the risk of piles of material sitting on warehouse shelves. POD also offers the benefit of direct e-ordering using DATA Online, 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.

Data Management and Analytics

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

Data Management. From national direct-mail programs to triggered email and personalized landing pages, we help clients maximize their direct-marketing impact and spend through effective data management that includes: data integration and merge-purge — we combine and de-duplicate 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™.

Process Improvement. We use data to improve operations, from providing content-creation tools that empower frontline staff and eliminate bottlenecks, to digitizing paper transactions, improving information access, and enhancing inventory management by preventing stock-outs and bundling distribution. By collecting data at different stages of the communication lifecycle, we help clients streamline workflows and drive down costs.

DATA Analytics. We help our clients target their customers in ways that matter to them including: segmentation — identifying similarities and trends within clients customer base 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 customers' proximity to retail locations using factors like drive-time analysis, distance-decay modelling and postal-walk ranking.

Direct Marketing Services

As part of our direct marketing solutions, we offer a wide range of marketing services including direct mail; order, rebate and returns processing; promotional contest management; and membership cards. All are described in greater detail below.

Direct Mail. Our direct mail capabilities range from highly personalized 1:1 full-colour digital to long-run addressed and unaddressed admail. We also provide extensive commercial print of base stock for variable printing. Through national lettershop 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, USPS and Royal Mail 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® options, including envelopes.

Variable Print / Personalization. We help clients 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 our clients' customer data 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 omni-channel campaigns that might include direct mail and customized landing pages.

Data Management. We manage large, national data-driven programs. Applying rigorous processes for cleansing, validation and augmentation, we ensure optimal hygiene and list management, helping clients maximize response and return on investment.

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 clients; 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.

Event Ticket and Gift Card Production

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.

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.

Labels and Automated ID Solutions

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.

Bar Code 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.

Logistics and Fulfillment Services

Inventory Management and Improvement. Our inventory management capabilities include pallet, shelf, secure-cage and vault storage. We support it with real-time reporting through our DATAOnline platform, helping clients 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 customers' printed materials in a controlled warehouse environment. We reduce our clients' document costs by eliminating the need for them to maintain warehouse space or document inventory, thus freeing up capital for more productive use.

Distribution and Fulfillment. We work with clients to establish day-to-day service level agreements (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

Regulatory Communications. We help clients 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

In 2016, we further refocused our operations by closing a large Edmonton facility, a process which was completed in late 2016. With the acquisitions of Eclipse and Thistle, we added two new centres of excellence, bringing the total number to seven as of March 31, 2017. Our centres of excellence are summarized in the following table:

LOCATION	KEY PRODUCTS / SERVICES
Drummondville, Québec	• Business forms; 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 and "jumbo rolls"; labels; gift cards and combination form and label solutions
Mississauga, Ontario	• Digital print; direct mail; kit fulfillment and large-format print
Mississauga, Ontario	• Multiple Pakfold® produces business forms, cheques and labels primarily for independent brokers and resellers in Canada
Burlington, Ontario	• Large-format print including large-format packaging, outdoor communications, transit and in-store signage
Calgary, Alberta	• Digital print; commercial print; direct mail; kit fulfillment; event tickets and gift cards; and large-format print

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

Following the December 2015 completion of an upgrade to our entire digital print production fleet, we announced in January 2016 that we had entered into an exclusive agreement with Xerox for the supply, installation and maintenance of digital print equipment and workflow software. We now use Xerox digital presses for all our digital cut-sheet printing.

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 client relationships. We take a consultative approach to each project, from initial design and implementation to ongoing service and support.

In 2016, we 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 clients' needs. We also recruited both senior sales leadership and young talent, and better integrated our outside sales team with our inside "customer experience" teams, both of which are now also 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 client 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 clients' national needs.

Products purchased by clients are either shipped directly or held as inventory 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 over the last year has increased the importance of passing on increased raw-material costs to clients, it historically has been an industry practice, and ours, to pass along paper price increases to clients. Accordingly, our agreements with our clients 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 2016, expenditures on raw materials represented approximately 36% 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 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, 2017, we operated out of 28 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, 2017, we had 1,415 employees, including 854 in production, 87 in warehousing, 313 in sales, marketing and customer service and 161 in support functions. As a general matter, we require our sales representatives to enter into employment agreements with non-competition covenants. Approximately 15.3% of our employees are represented by labour unions. The collective agreement with respect to unionized employees at our facility in Granby, Quebec expires on April 30, 2021. The collective agreement with respect to the unionized employees at our facility in Drummondville, Quebec expires on March 13, 2021. The collective agreements with respect to unionized employees at our facility in Toronto, Ontario expire on June 30, 2018.

Information Technology

We believe that our use of integrated technology applications and workflow processes provides us with a competitive advantage to better serve our clients and manage sourcing and procurement from third party vendors. Our proprietary DATA Online 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 2016, more than 400,000 orders, and approximately 30% of our revenues were processed through DATA Online. 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 omni-channel 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, over the past several months we have been moving many of our applications to third party cloud-based hosted providers. 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 DATA Online 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. 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. All material data is backed up and safely stored on a daily basis to minimize any potential risk associated with system failure or disaster. We are in advanced planning stages of preparation for the implementation of a new, leading cloud-based, fully integrated, enterprise resource planning and manufacturing resource planning application which, when completed, will replace our proprietary FOMACS and INFORMA® systems.

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 regularly add to our portfolio of 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 DATA 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.

MATERIAL CONTRACTS

The only material contracts we or any of our predecessors entered into during the year ended December 31, 2016 or prior to said fiscal year (and which are still in effect), other than in the ordinary course of business, are as follows:

- the Amended and Restated Trust Indenture referred to below under "Trust Indenture"; and
- the Shareholder Rights Plan referred to below under "Shareholder Rights Plan".

We also entered into, or amended, the following material contracts after December 31, 2016:

- the Eclipse Purchase Agreement referred to below under "Eclipse Purchase Agreement";
- the Thistle Purchase Agreement referred to below under "Thistle 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"; and
- the Bank Credit Agreement referred to above under "General Development of the Business – Senior Credit Facilities".

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

Senior Credit Facilities

Pursuant to an amendment to the Bank Credit Agreement dated January 31, 2017, the Bank Credit Facility has a maximum available principal amount of $35.0 million. A portion of the Bank Credit Facility consists of 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. Advances under the Bank Credit Facility may not, at any time, exceed the lesser of $35.0 million and a fixed percentage of the Corporation's aggregate accounts receivable and inventory (less certain amounts). The Bank Term Facility is available by way of a single advance and is not based on our accounts receivable or inventories. Advances under the Bank Credit Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin. The Bank Term Facility matures on the earlier of March 31, 2020 and the date on which the Bank Credit Facility is terminated pursuant to the Bank Credit Agreement.

The IAM IV Credit Facility, as amended pursuant to an amendment to the IAM IV Credit Agreement dated January 31, 2017, matures on March 10, 2023 and has a maximum available 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. Repayments 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. Under the terms of the IAM IV Credit Agreement and the IAM III Credit Facility, we must ensure that the aggregate of the principal amount outstanding under the IAM IV Credit Facility, the IAM III Credit Facility and the principal amount outstanding under the Bank Credit Facility does not exceed $72.0 million.

Each of the Bank Credit Agreement, the IAM III Credit Agreement and the IAM IV Credit Agreement contain customary representations and warranties, covenants which require us to maintain certain financial ratios and restrictive covenants which limit the discretion of the Board of Directors of the Corporation 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 and IAM IV, as applicable. The Bank Credit Facility limits the amount we may spend on capital expenditures to an aggregate amount not to exceed $5.5 million during any fiscal year, and the IAM IV Credit Agreement limits 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 or the IAM IV Credit Agreement, 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.

Each of the Bank Credit Facility, the IAM III Credit Facility and the IAM IV Credit Facility is secured by conventional security charging all the property and assets of the Corporation and its affiliates. Prior to the occurrence of an event of default under the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement or the vendor take-back notes issued in connection with the Eclipse and Thistle acquisitions, the payment of the principal of, and interest on, the debentures is subordinated in right of payment to the prior payment in full of our indebtedness under the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement and such vendor take-back notes. See "Material Contracts – Trust Indenture" for a description of the Debentures.

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. The terms of that agreement establish the relative priorities of the respective liens of those lenders on DATA'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.

The increased availability under the senior revolving credit facility was partially used, together with the additional availability under the sub-facility term loan, to refinance certain indebtedness of Eclipse and Thistle and to finance the up-front cash components of the Eclipse and Thistle acquisitions together with related transaction expenses, and will provide DATA with additional flexibility to continue to pursue its strategic growth objectives. In connection with those two acquisitions, DATA's indebtedness increased by approximately $16.3 million, including assumed indebtedness of Eclipse and Thistle and approximately $8.1 million in vendor take-back notes issued by the Corporation in connection with those acquisitions.

As at March 1, 2017, we had outstanding borrowings of $20.5 million and letters of credit granted of $1.1 million under the Bank Credit Facility, outstanding borrowings of $25.1 million under the IAM IV Credit Facility, and outstanding borrowings of $5.5 million under the IAM III Credit Facility. See "Risk Factors – Debt Obligations and Restrictive Covenants; Ability to Refinance; Change of Control; Change of Senior Executives".

Trust Indenture

The Corporation is the successor issuer of $45.0 million aggregate principal amount of Debentures pursuant to the Trust Indenture. As of March 1, 2017, approximately $11.2 million aggregate principal amount of Debentures were outstanding.

A Second Supplemental Indenture was entered into by the Corporation and Computershare Trust Company of Canada on July 4, 2016 to reflect, among other things, the Corporation's name change and the Share Consolidation. At that time, the conversion price of the Debentures was adjusted to $1,220 per share (or a rate of approximately 0.8196 Common Shares for each $1,000 principal amount of Debentures) as a result of the Share Consolidation, in accordance with the terms of the Trust Indenture.

The Debentures

The aggregate principal amount of debentures, notes or other evidences of indebtedness of the Corporation authorized to be issued under the Trust Indenture is unlimited and may be issued in one or more series. The aggregate principal amount of the Debentures authorized for issue is $50.0 million. We may, however, from time to time, without the consent of the Debentureholders but subject to the limitations described in the Trust Indenture, issue additional debentures of the same series or of a different series under the Trust Indenture, in addition to the outstanding Debentures.

The Debentures are designated as "6.00% Convertible Unsecured Subordinated Debentures" and dated as of April 27, 2010. The Debentures are issuable only in denominations of $1,000 and integral multiples thereof.

The Debentures are due on June 30, 2017, or the Maturity Date.

The Debentures bear interest from and including the date of issue at 6.00%, payable semi-annually, in arrears, on June 30 and December 31 of each year, each of which is referred to as an Interest Payment Date, commencing on December 31, 2010.

The principal amount of the Debentures is payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, by payment of Common Shares. The interest on the Debentures is payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, in accordance with the Common Share Interest Payment Election (as defined below). Payment of interest to a non-resident Debentureholder, whether paid in cash or Common Shares, will be subject to Canadian withholding tax.

"Common Share Interest Payment Election" is defined in the Trust Indenture as an election to satisfy an interest obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due, on the applicable Interest Payment Date, in the manner described in the written notice made by us to the Debenture Trustee specifying such interest obligation.

The Debentures are direct obligations of the Corporation and are not be secured by any mortgage, pledge, hypothec or other charge and are subordinated to other liabilities of the Corporation. The Trust Indenture does not restrict us from incurring additional indebtedness for borrowed money or other liabilities or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

The Debentures are convertible at the holder's option into fully paid and non-assessable Common Shares at any time before the close of business on the earlier of the Maturity Date and the business day (being any day other than a Saturday, Sunday or any day that the office of the Debenture Trustee in Toronto, Ontario is not generally open for business), or the Business Day, immediately preceding the date fixed for redemption at a conversion price of $1,220 per Common Share, or the Conversion Price, subject to adjustment in certain events. The Conversion Price represents a conversion ratio of approximately 0.8196 Common Shares per $1,000 principal amount of Debentures. No adjustment will be made to the record dates for distributions on Common Shares issuable on conversion of, or interest accrued on, Debentures surrendered for conversion. Holders converting their Debentures will receive accrued and unpaid interest thereon up to, but excluding, the date of conversion. Holders converting their Debentures will become holders of record of Common Shares on the Business Day immediately after the conversion date. Notwithstanding the foregoing, no Debentures may be converted during the five Business Days preceding June 30 and December 31 in each year, commencing June 30, 2013, as the registers of the Debenture Trustee will be closed during such periods.

The Trust Indenture provides for the adjustment of the Conversion Price in certain events including:

(a) the subdivision or consolidation of the outstanding Common Shares;

(b) the distribution of Common Shares to Shareholders by way of distribution or otherwise, other than an issue of securities to Shareholders who have elected to receive dividends in securities of the Corporation in lieu of receiving cash dividends paid in the ordinary course;

(c) the issuance of options, rights or warrants to Shareholders entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price (as defined below), other than pursuant to the distribution reinvestment plan of the Corporation; and

(d) the distribution to all Shareholders of any securities or assets (other than dividends and equivalent distributions in securities paid in lieu of dividends in the ordinary course).

There will be no adjustment of the Conversion Price in respect of any event described in (b), (c) or (d) above if the Debentureholders are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. We will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of a reclassification or a capital reorganization of the Common Shares or in the case of any consolidation, amalgamation or merger of the Corporation with or into any other entity, or in the case of a sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution, winding-up of the Corporation or other similar transaction, the terms of the conversion privilege will be adjusted so that each Debentureholder will, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction, be entitled to receive the number of Common Shares, other securities or consideration such Debentureholder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible immediately prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction.

No fractional Common Shares will be issued on any conversion but, in lieu thereof, the Corporation will satisfy fractional interests by a cash payment equal to the Current Market Price (as defined below) of any fractional interest.

"Current Market Price" is defined in the Trust Indenture as the volume-weighted average trading price per share for the Common Shares on TSX for the 20 consecutive trading days ending five days prior to the applicable event. The weighted average price will be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Common Shares so sold.

Redemption and Purchase

The Debentures were not redeemable by us before June 30, 2013, or the First Call Date, except in the event of the satisfaction of certain conditions following the occurrence of a Change of Control (as defined below). On or after the First Call Date and prior to June 30, 2015, the Debentures could be redeemed in whole or in part from time to time at the option of the Corporation on not more than 60 days' and not less than 30 days' prior written notice at a price equal to their principal amount, or the Redemption Price plus accrued and unpaid interest thereon, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after June 30, 2015, the Debentures may be redeemed at any time before the Maturity Date by us, in whole or in part, from time to time at our option on not more than 60 days' and not less than 30 days' prior notice at a price equal to their principal amount plus accrued and unpaid interest to, but excluding, the redemption date.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable. The Corporation will have the right to purchase Debentures in the market, by tender, or by private contract, provided however, that if an event of default under the Trust Indenture has occurred and is continuing, neither the Corporation nor any of its affiliates will have the right to purchase Debentures by private contract.

Payment upon Redemption or at Maturity

On redemption or at maturity, we will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate Redemption Price of the outstanding Debentures together with accrued and unpaid interest thereon. We may, at our option, on not more than 60 days' and not less than 40 days' prior notice, subject to applicable regulatory approval and provided no Event of Default (as defined below) has occurred and is continuing, elect to satisfy our obligation to pay the Redemption Price of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on maturity, as the case may be, by issuing freely tradable Common Shares to the applicable Debentureholders. Any accrued and unpaid interest thereon will be paid in cash. The number of Common Shares to be issued will be determined by dividing the aggregate Redemption Price of the outstanding Debentures which are to be redeemed or the principal amount of the outstanding Debentures which have matured, as the case may be, by 95% of the Current Market Price on the date fixed for redemption or the Maturity Date, as the case may be. No fractional Common Shares will be issued on redemption or maturity but in lieu thereof we will satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Trust Indenture, to the prior payment in full of all Senior Indebtedness (as defined below) of the Corporation. "Senior Indebtedness" is defined in the Trust Indenture as the principal of and the interest and premium, if any, on and other amounts in respect of all indebtedness including indebtedness to trade creditors of the Corporation (whether outstanding as at the date of Trust Indenture or thereafter incurred), other than indebtedness evidenced by the Debentures and all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, are expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. Each debenture of the same series of debentures issued under the Trust Indenture will rank *pari passu* with each other debenture of the same series and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar types of obligations of the Corporation.

The Trust Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Corporation, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation, then those holders of Senior Indebtedness, including any trade creditors of the Corporation, will receive payment in full before the Debentureholders will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Trust Indenture also provides that the Corporation will not make any payment, and the Debentureholders will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures, or (b) at any time when an event of default has occurred under the Senior Indebtedness and is continuing and the notice of such event of default has been given by or on behalf of the holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full.

The Debentures are effectively subordinate to claims of creditors of each subsidiary of the Corporation except to the extent the Corporation or one of its other subsidiaries is a creditor of such subsidiary ranking at least *pari passu* with such other creditors. Specifically, the Debentures will be effectively subordinated in right of payment to the prior payment in full of all indebtedness under the Bank Credit Agreement, the IAM III Credit Agreement, the IAM IV Credit Agreement and amounts payable under the vendor take-back notes issued in connection with the Eclipse and Thistle acquisitions.

Change of Control of the Corporation

Upon the occurrence of a change of control involving the acquisition of voting control or direction over 66 2/3% or more of the Common Shares (on a fully-diluted basis, including Common Shares issuable upon the conversion or exchange of securities convertible into or exchangeable for or otherwise carrying the right to acquire Common Shares) by any person or group of persons acting jointly or in concert, which is referred to as a Change of Control, each Debentureholder may require the Corporation to purchase, on the date which is 30 days following the giving of notice of the Change of Control as set out below, or the Put Date, the whole or any part of such holder's Debentures at a price equal to 101% of the principal amount thereof, or the Put Price, plus accrued and unpaid interest to, but excluding, the Put Date. The Trust Indenture contains notification provisions requiring to the following effect: (i) the Corporation will promptly give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will thereafter give to the Debentureholders notice of the Change of Control, the repayment right of the Debentureholders and the right of the Corporation to redeem untendered Debentures under certain circumstances, and (ii) a Debentureholder, to exercise the right to require the Corporation to purchase its Debentures, must deliver to the Debenture Trustee, not less than five Business Days prior the Put Date, written notice of the holder's exercise of such right, together with the Debentures with respect to which the right is being exercised, duly endorsed for transfer.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, the Corporation will have the right to redeem all the remaining Debentures on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given by the Corporation to the Debenture Trustee prior to the Put Date, and as soon as possible thereafter, by the Debenture Trustee to the Debentureholders not tendered for purchase.

Interest Payment Option

From time to time, subject to applicable regulatory approval and provided no Event of Default has occurred, the Corporation may elect to satisfy its obligation to pay interest on the Debentures, or the Interest Obligation, arising on any Interest Payment Date by delivering sufficient Common Shares to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Trust Indenture, or the Common Share Payment Interest Election. The Trust Indenture provides that, upon such election, the Debenture Trustee will, subject to any applicable securities laws, (a) accept delivery from the Corporation of Common Shares, (b) accept bids with respect to, and consummate sales of, such Common Shares, as the Corporation may direct in its absolute discretion, (c) invest the proceeds of such sales in short-term permitted government securities (as defined in the Trust Indenture) that mature prior to the applicable Interest Payment Date and use the proceeds received from such permitted government securities, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy the Interest Obligation, and (d) perform any other action necessarily incidental thereto.

The Trust Indenture sets forth the procedures to be followed by the Corporation and the Debenture Trustee in order to effect the Common Share Interest Payment Election. If a Common Share Interest Payment Election is made, the sole right of a Debentureholder in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Common Shares (plus any amount received by the Debenture Trustee from the Corporation attributable to any fractional Common Shares) in full satisfaction of the Interest Obligation, and the Debentureholder will have no further recourse to the Corporation in respect of the Interest Obligation.

Neither the Corporation's making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will (a) result in the Debentureholders not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Events of Default

The Trust Indenture provides that an event of default, or Event of Default, in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (iii) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws; or (iv) default in the observance or performance of any material covenant or condition of the Trust Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Corporation specifying such default and requiring the Corporation to rectify the same. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and will, upon request of the holders of not less than 25% in principal amount of the Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Offers for Debentures

The Trust Indenture contains provisions to the effect that if an offer is made for the Debentures which is a take-over bid for Debentures within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the Debentureholders who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the Debentureholders, the holders of any other series of debentures, or the holders of debentures that may be issued under the Trust Indenture may be modified in accordance with the terms of the Trust Indenture. For that purpose, among others, the Trust Indenture contains certain provisions which will make binding on all holders of debentures resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each particularly affected series.

Book-Entry System

The Debentures have been issued in "book-entry only" form and must be purchased or transferred through a participant in CDS, or a CDS Participant. The Debenture Trustee has caused the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures are evidenced by a single book-entry only certificate. Registration of interests in and transfers of the Debentures will be made only through the depository service of CDS. Except as described below, a purchaser acquiring a beneficial interest in the Debentures, or a Beneficial Owner, will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a CDS Participant.

The Corporation will not assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this AIF and relating to the rules governing CDS or any action to be taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depositary for the CDS Participants. As a result, CDS Participants must look solely to CDS and Beneficial Owners must look solely to CDS Participants for the payment of the principal and interest on the Debentures made by or on behalf of the Corporation to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below) may: (a) not have Debentures registered in their name; (b) not have physical certificates representing their interest in the Debentures; (c) not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to the Debentures and the Corporation is unable to locate a qualified successor; (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, CDS Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Trust Indenture.

Shareholder Rights Plan

Effective January 1, 2012, DATA'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. 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 35 to 38 of the Management Information Circular of the Corporation dated May 20, 2014, 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.

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 DATA for a period of five years from the completion of the Eclipse acquisition and to refrain from soliciting the employees and customers of DATA for the same five year period, subject in each case to limited exceptions.

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 DATA for a period of five years from the completion of the Thistle acquisition and to refrain from soliciting the employees and customers of DATA for the same five year period, subject in each case to limited exceptions.

Agreement with KST

On May 31, 2016, the Corporation entered into a settlement, nomination and standstill agreement, or the KST Agreement, with KST and Harinder Takhar, or the KST Parties. Pursuant to the terms of the KST Agreement, the Corporation agreed to include an eligible designee of KST in its slate of nominees for election as directors of the Corporation at the 2016 annual meeting of the Corporation's Shareholders and at subsequent Shareholder meetings. KST's nomination rights will terminate on the date on which KST ceases to own at least 5% of the outstanding voting securities of the Corporation. The KST Parties have agreed that, until July 1, 2019, or the Standstill Period, neither the KST Parties nor any of KST's associates, affiliates, subsidiaries, or certain other persons, will, take certain actions, including, among other things, acquiring or disposing of securities of the Corporation, except in certain circumstances; soliciting proxies; proposing any nominee for election to the board of directors other than KST's designee; presenting or proposing certain transactions involving the Corporation or any of its subsidiaries or its or their securities or a material amount of its or their assets or businesses; or instituting, soliciting or assisting with any proceeding against or involving the Corporation or any of its current or former directors or officers (other than to enforce the KST Agreement). The Corporation granted to KST anti-dilution rights to participate in future offerings of Common Shares (or securities convertible into, or exchangeable for, Common Shares) on a pro rata basis, subject to certain exceptions. KST's anti-dilution rights will terminate on the date on which KST owns 5% or less of the outstanding Common Shares. In addition, KST will have the right, in certain circumstances, to purchase Common Shares in the open market for the purpose of maintaining its then percentage ownership of the outstanding Common Shares. In no event may KST beneficially own in excess of 15.54% of the outstanding voting securities of the Corporation. KST has agreed to grant the Corporation a right of first offer to arrange for purchasers of the Corporation's securities which KST desires to sell from time to time, subject to certain exceptions. KST has agreed that, during the Standstill Period, it will vote the Common Shares held by it in accordance with the recommendation of the Corporation's board of directors with respect to the election of directors and the appointment of auditors and certain matters to be submitted for shareholder approval at the Corporation's 2016 annual meeting of shareholders. Under the terms of the KST Agreement, the Corporation also agreed that, subject to certain conditions, it would not redeem any of its outstanding 6% convertible unsecured subordinated debentures, other than for cash, prior to November 30, 2016.

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, 2017, we had 13,253,761 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. Except as set out below under "Redemption Right", 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 requirements, 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 and the IAM IV 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 and IAM IV, as applicable.

MARKET FOR SECURITIES

Trading Price and Volume

Between January 1, 2016 and market close July 6, 2016, our Common Shares were listed on the TSX under the symbol "DGI". 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	$0.02	$0.01	22,241,317
February	$0.02	$0.01	12,601,454
March	$0.03	$0.01	92,522,974
April	$0.03	$0.02	41,126,031
May	$0.03	$0.02	54,935,433
June	$0.03	$0.02	27,338,185
July	$0.03	$0.02	1,827,531

Between market open on July 7, 2016 and December 31, 2016, our Common Shares were listed on 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 (TSX) 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)
July	$2.94	$2.30	264,581
August	$4.90	$2.31	3,364,899
September	$4.05	$3.25	890,027
October	$4.99	$3.29	1,750,695
November	$4.40	$1.85	2,318,512
December	$2.60	$2.01	577,154

Between January 1, 2016 and market close July 6, 2016, our Debentures were listed on the TSX under the symbol "DGI.DB.A". The following table shows the range of high and low prices per Debenture as at the close of market and total monthly volumes of Debentures traded on the TSX during that period.

Price per Debenture ($)

Month	High	Low	Total Volume (Debentures)
January	$75.00	$60.00	11,250
February	$73.52	$67.06	3,118
March	$88.89	$73.00	4,227
April	$92.00	$85.00	7,770
May	$93.00	$76.08	10,253
June	$95.50	$91.01	6,873
July	$95.01	$94.50	310

Between market open on July 7, 2016 and December 31, 2016, our Debentures were listed on TSX under the symbol "DCM.DB". The following table shows the range of high and low prices per Debenture as at the close of market and total monthly volumes of Debentures traded on the TSX during that period.

Price per Debenture ($)

Month	High	Low	Total Volume (Debentures)
July	$98.01	$95.00	7,695
August	$99.75	$97.00	6,338
September	$99.50	$98.50	2,170
October	$100.00	$99.00	3,350
November	$98.50	$85.00	7,850
December	$96.00	$91.11	3,170

As at March 1, 2017, approximately $11.2 million aggregate principal amount of Debentures were outstanding and such Debentures are redeemable. Each Debenture is convertible into Common Shares at the option of the holder at any time prior to the close of business on June 30, 2017, or, if called for redemption, on the Business Day immediately preceding the date specified by the Corporation for redemption of the Debentures, at the Conversion Price, subject to adjustment in certain events and restrictions on conversion at certain points in time.

Prior Sales

On February 22, 2017, we issued 644,445 Common Shares as partial consideration for the purchase of the shares of Thistle and 634,263 Common Shares as partial consideration for the assets of Eclipse, for a total of 1,278,708 Common Shares. See "General Development of the Business – Acquisition of the Business of Eclipse Colour and Imaging Corp." and " – Acquisition of Thistle Printing Limited".

On June 1, 2016 and prior to the effective date of the Share Consolidation, the Corporation announced that it raised $2.35 million pursuant to a private placement of Common Shares, or the Offering. Under the Offering, the Corporation issued a total of 167,856,012 Common Shares at a price of $0.014 per share. The Corporation also completed a second tranche under the Offering of 30,895,781 Common Shares to KST Industries Inc., or KST, at a price of $0.014 per share. The aggregate gross proceeds from the Offering were approximately $2.8 million and the gross proceeds were used for general working capital purposes. See "General Development of the Business – Private Placement".

On December 23, 2015, we issued a total of 975,262,140 Common Shares upon the redemption of $33.53 million aggregate principal amount of Debentures. See "General Development of the Business – Partial Redemption of the Debentures".

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, 2016 (unless otherwise noted).

Designation of Class	Number of Securities held in escrow or that are subject to a Contractual Restriction		Percentage of Class
Common Shares	Michael G. Sifton	1,043,447	31.6% (February 22, 2017)
	KST Industries Inc.	1,861,510	
	Eclipse (February 22, 2017)	634,263	
	Capri Media Group Inc. (February 22, 2017)	644,445	
Debentures	Michael G. Sifton	$62,000 (aggregate principal amount)	5.3%
	KST Industries Inc.	$530,000 (aggregate principal amount)	

Notes:

1. Based upon publicly available information, as at March 1, 2016, KST held a total of 1,861,510 Common Shares and $530,000 aggregate principal amount of Debentures. 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.

MANAGEMENT OF DATA

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 1, 2017, our directors and executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 1,767,150 Common Shares, representing 13.3% 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	Chief Executive Officer of the Corporation; Corporate Director
JAMES J. MURRAY[(1)(2)] Ontario, Canada	Director of the Corporation	Senior Vice President and Director of Business Development, Cushman & Wakefield Ltd.
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.

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
STEVE WITTAL Ontario, Canada	Senior Vice President, Sales	Senior Vice President, Sales
JUDY HOLCOMB-WILLIAMS Ontario, Canada	Vice President, Human	Vice President, Human Resources

Name and Municipality of Residence	Position	Principal Occupation
	Resources	
KARL SPANGLER Ontario, Canada	Chief Technology Officer	Chief Technology Officer

Steve Wittal is the sole executive officer of the Corporation who has held his or her current position or another position with a predecessor of the Corporation for the past five years. He joined the Corporation in August 1994, becoming Vice President, Sales and Marketing, Eastern Canada from November 2010 until May 2015 and Senior Vice President, Sales since May 2015.

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 since 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 DATA 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 DATA from December 1996 until March 2003.
- ***Judy Holcomb-Williams*** has been Vice President, Human Resources at DATA 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.
- ***Karl Spangler*** has been Chief Technology Officer of DATA since February 2016. From December 2010 through August 2012, he was Senior Manager, CIO Infrastructure Planning at BlackBerry Limited (a mobile communications company); from October 2012 to April 2013, he was Senior Manager, IT Strategy & Operations for IT Worx Inc. (a software professional services organization); from May 2013 until June 2015, he was Senior Manager, Platform Engineering & Operations for The Toronto-Dominion Bank (a Canadian chartered bank); and from June 2015 until February 2016 he was founder and principal of SPIN Aerial (a technology consulting company).

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 Audit 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 the EDS's 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 seven 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 45 years in the commercial brokerage industry and he is currently the Senior Vice President and Director of Business Development of Cushman & Wakefield Ltd. Brokerage where his role is that of a team leader on major assignments, including the Sheridan College Mississauga Campus, the TPCL Head Office in Calgary, Alberta, the sale of the 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. Mr. Murray is a member of the Society of Industrial Realtors and is President and Chair for the Hazel McCallon Foundation for Arts, Heritage and Culture. Prior to joining Cushman &Wakefield, Mr. Murray was the Managing Director and a Partner of J.J. Barnicke and, following the company's sale, for DTZ Barnicke. Mr. Murray has also previously served as a board member and vice chair of the Peel Regional Police Service and on the Board of Governors of the Credit Valley Hospital, each for 12 years. Mr. Murray was named "Business Person of the Year" by the Mississauga Board of Trade in 2009 and was also awarded Queen's Diamond Jubilee medal in 2012 and the Order of Ontario award in 2015.

J.R. Kingsley Ward. Mr. Ward is currently managing partner of VRG Capital Corp. and prior to that was the President of VRG Capital from 1992 to 2011. Mr. Ward began his career at the Vimy Ridge Group Ltd., a Toronto based holding company with a portfolio of investments primarily in the healthcare industry. In 1992, VRG Capital, a division of Vimy Ridge Group Ltd., was formed to develop merchant banking initiatives for Vimy Ridge Group Ltd. Mr. Ward has over 25 years of experience in initiating, structuring, and monetizing private equity investments. Mr. Ward's business career includes being a founder and director of Clarus Securities, an institutional investment dealer and Chairman of Nucro Technics, a pharmaceutical contract support organization. He was a founder and former Director of IPEC (now Flint Energy Services) and was a founder and former Chairman of Pareto Corporation, a marketing services company until its sale in 2011. He is a past Director of PLM Group, a commercial printing and direct marketing company. Mr. Ward is currently Chairman of; Founders Advantage Capital, a public private equity firm; Clarus Securities Inc., an institutional investment dealer; the Corporation; Jones Brown Holdings Inc., a privately held Canadian insurance brokerage and strategic consultancy firm; and Nucro Technics, a pharmaceutical contract support organization. Mr. Ward serves on, and has served as director of a number of other private and public companies.

Committees of the Board of Directors of DATA

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 and special meeting of Shareholders to be held in 2016, 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: James J. Murray, Derek J. Watchorn and William Albino (Chair). 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, 2016 and 2015, the Corporation retained its principal accountant, PricewaterhouseCoopers LLP, to provide services in the categories and for the amounts that follow:

	2016	2015
• Audit fees…………	$417,000	$403,000
• Audit-related fees…………	$83,000	$89,000
• Tax fees…………	$87,500	$71,755
• All other fees…………	$8,340	$7,000

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

Audit fees. For the years ended December 31, 2016 and 2015, 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, 2016 and 2015, these services consisted of other assurance services.

Tax fees. For the years ended December 31, 2016 and 2015, tax fees were paid or are payable by DATA and its subsidiaries for tax compliance services and tax advice and planning.

All other fees. For the years ended December 31, 2016 and 2015, these fees were paid or are payable by DATA 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 DATA. 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 DATA.

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 these relationships in existing markets; 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.

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, communications management market 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 Facility, the IAM IV Credit Agreement and the vendor take-back notes issued in connection with the Eclipse and Thistle acquisitions. Those obligations are secured by a charge over all of our assets which ranks in priority to our unsecured indebtedness, including the Debentures. In addition, we have obligations to pay interest on our outstanding Debentures and a principal payment upon the maturity of those Debentures. 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 and the IAM IV Credit Agreement contain 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 and sell or otherwise dispose of assets and merge or consolidate with another entity.

Under the terms of the IAM III Credit Agreement and the IAM IV Credit Agreement, the Corporation must ensure that the aggregate of the principal amount outstanding under the IAM III Credit Facility and the IAM IV Credit Facility, respectively, and the principal amount outstanding under the Bank 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 the date of the advance up to March 31, 2017 – 3.25 to 1; from April 1, 2017 up to March 31, 2018 – 3.00 to 1; and on and after April 1, 2018 – 2.75 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 1.25:1. For purposes of the Bank Credit Agreement, the IAM IV Credit Agreement and the IAM III 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 and the IPD IV Credit Agreement, the pro forma financial results of the Eclipse business and Thistle will be included on a trailing twelve month basis effective as of the closing date of the Eclipse and Thistle acquisitions. Effective the quarter ending March 31, 2017, the calculation of debt service coverage ratio under the provisions of the IAM IV Credit Agreement and the IAM III Credit Agreement was modified to include EBITDA (as defined in the IAM IV Credit Agreement) for the six most recently completed fiscal quarters (previously four most recently completed quarters) less income taxes actually paid in cash and the amount of capital expenditures actually incurred or paid during such period up to the amount permitted under this agreement, divided by the aggregate of (i) scheduled principal plus interest payments on the IAM IV Credit Facility and IAM III Credit Facility and (ii) projected interest payments on the Bank Credit Facility for the next six quarters (previously four most recently completed quarters).

Under the terms of the Bank Credit Agreement, the Corporation must maintain a fixed charge coverage ratio of not less than 1.1:1.0 at all times, 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, 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., Thistle Printing Limited or Griffin House Graphics Limited.

For purposes of the IAM III Credit Agreement and the IAM IV 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 and the IAM IV Credit Agreement (which includes DATA Communications Management (US) Corp., Thistle Printing Limited and Griffin House Graphics 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 and the IAM IV Credit Agreement, an event of default will also be deemed to have occurred on the first day on which a majority of the members of the Board of Directors are not Continuing Directors where "Continuing Directors" means, as of any date of determination, any member of the Board of Directors who: (i) was a member of the Board of Directors on March 10, 2016; (ii) was a replacement of a director who has either (A) died, or (B) ceased to be qualified as a director under the OBCA; or (iii) was nominated for election, or appointed, to the Board of Directors with the approval of a majority of the Continuing Directors who were members of the Board of Directors at the time of such nomination or election.

Upon the occurrence of an event of default under the Bank Credit Agreement, the Bank would, among other things, be entitled to: (i) suspend the Corporation's ability to require any further advances under the Bank Credit Facility; (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. Upon the occurrence of an event of default under the IAM III Credit Agreement or the IAM IV Credit Agreement, IAM III or IAM IV, 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 and the IAM IV 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 and IAM IV over substantially all of our assets and realize on and sell or cause the sale of all or any part of such assets. The exercise of any of such remedies by the Bank, IAM III or IAM IV could have a material adverse effect on our business, financial condition and liquidity. As at March 1, 2017 we had outstanding borrowings of $20.5 million and letters of credit granted of $1.1 million under the Bank Credit Facility, outstanding borrowings of $25.1 million under the IV Credit Facility and outstanding borrowings of $5.5 million under the IAM III Credit Facility.

Under the terms of the IAM III Credit Agreement and the IAM IV Credit Agreement, respectively, the Corporation has agreed that it will not, without the prior written consent of IAM III and IAM IV, 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 and IAM IV, acting reasonably.

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

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 particular, we will need to refinance our outstanding Debentures prior to their maturity on June 30, 2017. 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, including our outstanding Debentures, or we are only able to obtain such additional financing or refinance those credit facilities or other debt obligations on less favourable and/or more restrictive terms, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

The Bank Credit Facility is Subject to Floating Interest Rates

As at March 31, 2017, all of our outstanding indebtedness under the Bank Credit Facility was subject to floating interest rates, and therefore is subject to fluctuations in interest rates. Interest rate fluctuations are beyond our control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on our financial performance.

Uncertainty in Economic Conditions

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

In the past, we have responded to poor economic conditions by implementing various restructuring initiatives in an effort to reduce our operating costs. These initiatives require us to incur restructuring expenses, which adversely impact our net income for the relevant financial periods. We may implement similar initiatives in the future in response to deterioration in the economy. In 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 2016, we continued our restructuring and on-going productivity improvement initiatives and recorded total restructuring expenses of $4.2 million in the fiscal year ended December 31, 2016. 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 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; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of 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 1,278,708 Common Shares in order to fund a portion of the purchase price for the assets of Eclipse and the shares of Thistle, respectively, which represented approximately 11% of our outstanding Common Shares at the time of those acquisitions. 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, the Corporation could issue additional Common Shares (and/or securities convertible into or exchangeable for Common Shares), which would dilute its 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 its 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. On February 22, 2017, the Corporation issued an aggregate of 1,278,708 Common Shares as part of the consideration for each of the purchases of Eclipse and Thistle.

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 Paper or Other Raw Materials

In fiscal 2016, the cost of paper, carbon and other raw materials represented approximately 36% 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 years in duration. The collective agreement with respect to the unionized employees at our facility in Granby expires on April 30, 2021. The collective agreement with respect to the 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. 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.

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.

Adverse Change in Labour Relations

As of March 1, 2017, we employed approximately 1,415 employees, approximately 15.3% 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.

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.

DATA 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 DATA 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, DATA'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.

Under Québec pension legislation applicable prior to December 31, 2014, DATA would have been required to fund any outstanding solvency deficiency in respect of its employees, pensioners and vested deferred members if DATA had withdrawn from the plan or if the plan had been terminated. On February 18, 2015, Bill 34 (An Act to amend the Supplemental Pension Plans Act with respect to the funding and restructuring of certain multi-employer pension plans) was tabled in the Québec legislature. Bill 34, which was adopted on April 2, 2015 with effect from December 31, 2014, amends and clarifies the Québec pension legislation for the SRDF to, among other things:

- limit required employer contributions only to those amounts specified in the applicable collective agreements negotiated with the relevant unions;
- eliminate the employer's obligation to fund solvency deficiencies;
- allow for the reduction of accrued benefits; and
- remove the responsibility of participating employers to fund their share of the solvency deficit upon withdrawal from the plan or termination of the plan, except in certain circumstances when withdrawal from the plan or termination of the plan occurs within five years of Bill 34 being adopted.

In addition, another consequence of Bill 34 will be to require the administrator of the SRDF to propose and seek consensus on a "Recovery Plan". On October 31, 2016, DATA received a letter from the Board of Trustees administering the SRDF and was advised that a form of Recovery Plan was filed with the Quebec pension regulatory authorities in August 2016 and that plan members will be sent a personalised statement indicating the effect that the proposed plan will have on their respective pension entitlements. DATA understands that the Recovery Plan was approved in December 2016 and has been advised that employers' obligations to fund any solvency deficiency have been eliminated in accordance with Bill 34. All participating employers will be receiving a copy of the decisions in the near future.

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 DATA.

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 DATA Online 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 US with our existing clients who have US operations. Although our sales in the US in 2016 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 US operations in the future. Currency rate movements in Canada and the US 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 US dollar, our investments and earnings in the US may be negatively affected, and vice versa.

Managing operations in the US requires attention and resources to ensure compliance with applicable US 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 DATA

We do not Currently Pay Dividends on our Common Shares and do not Intend to do so for the Foreseeable Future

In the fourth quarter of 2013, we suspended the payment of 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.

On December 23, 2015, we issued a total of 975,262,140 Common Shares upon the redemption of $33.53 million aggregate principal amount of Debentures, which significantly diluted the interests of our then existing Shareholders in the Corporation. See "General Development of the Business – Partial Redemption of the Debentures". As at March 1, 2017, approximately $11.2 million aggregate principal amount of Debentures were outstanding and such Debentures are redeemable. In the event that we are not able to refinance the remaining principal amount of Debentures at or prior to maturity, and we elect to redeem all or a portion of the remaining Debentures then outstanding, we may, at our option, elect to satisfy our obligation to pay the Redemption Price of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on maturity, as the case may be, by issuing freely tradable Common Shares to the applicable Debentureholders (See "Material Contracts – Trust Indenture – Payment Upon Redemption or at Maturity"), 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, 2016. 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, 2016, 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 or the Corporation and Gregory 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 the 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% and Mr. Cochrane increased his direct or indirect ownership interest in the Corporation 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 DATA, 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, proposed financing arrangements in connection with 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 is 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 and the Debentures 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 9, 2017 in respect of the consolidated financial statements of the Corporation as at December 31, 2016 and 2015 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, 2016.

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.