ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2020

March 30, 2021

THE BRAND BEHIND YOUR BRAND

DATA Communications Management Corp.

Annual Information Form
for the year ended December 31, 2020

March 30, 2021

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EXPLANATORY NOTES

General

The information in this Annual Information Form, or AIF, is stated as at December 31, 2020, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, in this AIF, the term "Corporation" refers to DATA Communications Management Corp. and "DCM", "Company", "we", "us", and "our" refers to the Corporation and its subsidiaries, DATA Communications Management (US) Corp. and Perennial Inc., or Perennial as at March 1, 2021.

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

Currency and Fiscal Periods of the Corporation

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

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

Forward-Looking Statements

Certain statements in this AIF constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, objectives or achievements or industry results to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this AIF, words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect our current views regarding future events and operating performance, are based on information currently available to us, and speak only as of the date of this AIF. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results and, will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause our actual results, performance, objectives or achievements to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that we made or took into account in the preparation of these forward-looking statements include: the limited growth in the traditional printing industry and the potential for further declines in sales of our printed business documents relative to historical sales levels for those products; the risk that changes in the mix of products and services sold by us which are related to reduced demand for our printed products will continue to adversely affect our financial results; the risk that we may not be successful in reducing the size of our legacy print business, realizing the benefits expected from restructuring and business reorganization initiatives, reducing costs, reducing and paying our long-term debt, and, growing our existing digital and marketing communications businesses; the risk that we may not be successful in managing our organic growth; our ability to invest in, develop and successfully market new digital and other products and services; competition from competitors supplying similar products and services, some of whom have greater economic resources than us and are well-established suppliers; our ability to grow our sales or even maintain historical levels of our sales of printed business communications documents; the impact of economic conditions on our businesses; the impact of global or national health concerns, including the outbreak of pandemic or contagious diseases such as the recent COVID-19 (coronavirus) pandemic which could be material on DCM's business, financial liquidity and results of operations; risks associated with acquisitions and/or investments in joint ventures and other initiatives by DCM; the failure to realize the expected benefits from acquisitions and risks associated with the integration of acquired businesses; increases in the costs of paper and other raw materials used by us; our ability to maintain relationships with our customers and suppliers; DCM's new enterprise resource planning system failed to perform as planned when implemented in 2019 and interrupted operational transactions during and following the implementation process, which had, and may continue to have, a material adverse affect on DCM's liquidity, operations and results of operations; the Company's ability to continue as a going concern is dependent upon its ability to meet forecast revenue, profitability, and cash collection targets and take actions to address operating and financial challenges resulting from COVID-19 or continue to obtain financial covenant waivers from such lenders as may otherwise be necessary, or for management to find and implement additional operating efficiencies, reduce selling, general and administrative expense, continue to convert clients away from bill as released invoicing, and streamline the Company's invoicing and collections processes or secure additional governmental financial support , and obtain additional financing as may otherwise be required; there is no assurance that management's initiatives for addressing these uncertainties will be successful and there are risks associated with the expected timing of resolution thereof and the possible effects of these uncertainties if they are not resolved on a timely basis; the risk that we will not be successful in implementing amendments to the terms of our existing credit facilities including, without limitations, the financial covenants of DCM under these facilities; risks relating to our ability to access sufficient capital on favourable terms (or at all) to fund our business plans from internal and external sources; the risk that a material weakness in internal control of financial reporting, could, if uncorrected, result in a future misstatement of revenues that may result in a material misstatement of DCM's annual or interim consolidated financial statements if not prevented or detected on a timely basis; our ability to make scheduled payments of principal and interest on, or to refinance, our indebtedness depends on our future operating performance and cash flow, which are subject to prevailing economic conditions, interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control; and the credit agreements governing our senior indebtedness contain numerous restrictive covenants that limit us with respect to certain business matters, including, but not limited to, our ability to incur additional indebtedness, re-pay certain indebtedness, pay distributions, make investments, sell or otherwise dispose of assets and merge or consolidate with another entity. Additional factors are discussed elsewhere in this AIF and under the heading "Risks and Uncertainties" in the Corporation's publicly available disclosure documents, as filed by the Corporation on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this AIF as intended, planned, anticipated, believed estimated or expected. Unless required by applicable securities law, we do not intend and do not assume any obligation to update these forward-looking statements.

CORPORATE STRUCTURE

Name, Address and Organization

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

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

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

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

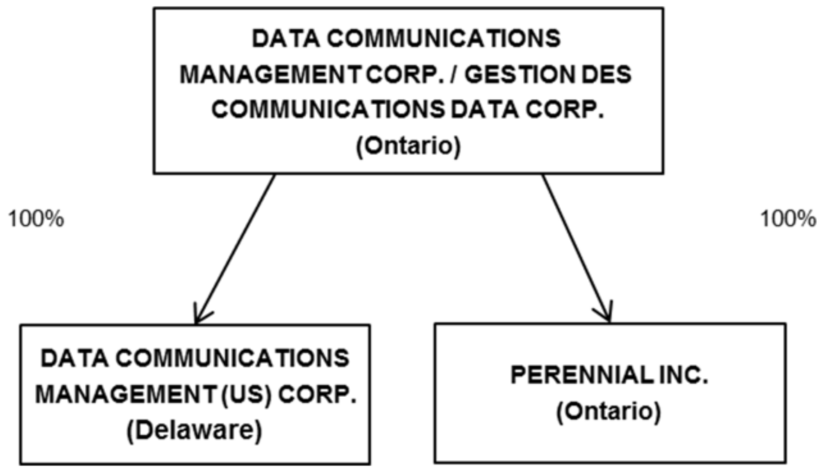
On November 8, 2018, DCM's wholly owned subsidiary Perennial Inc. and Aphria Inc., a cannabis company, entered into a joint venture agreement, or the Joint Venture, and formed a subsidiary named 2662591 Ontario Limited, which was owned 50% by Perennial Inc. and 50% by Aphria Inc. The Joint Venture was dissolved on July 12, 2019. As at December 31, 2020, there were no significant transactions or balances between incorporation and dissolution.

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

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

Intercorporate Relationships

The following chart illustrates the organizational structure of the Corporation and its subsidiaries as at March 1, 2021, including the jurisdiction of establishment or incorporation of the entities:



BUSINESS OF DCM

At DCM, we are The Brand Behind Your Brand. We help leading brands win by better managing their on- and off-line communication needs, leveraging our scale and speed to improve their business results. We take the time to understand our clients' businesses, offering them tailored solutions backed by customized technology platforms, and ensuring they present a powerful story wherever their brand comes to life.

We serve our clients through eight core capabilities:

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

We operate over 20 facilities across Canada and in the northeastern United States. Historically, we have derived most of our revenues from sales to clients in Canada.

We target:

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

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

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

DCM has enjoyed continuing relationships for more than 10 years with the majority of our 25 largest clients based on fiscal 2020 sales. No single customer accounted for more than 10% of revenues during each of the last five fiscal years.

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

Product and Service Overview

DCM's Eight Core Capabilities

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

- **One-Touch Brand Management** – Offers customers a single point-of-contact for solving complex communication challenges across the enterprise. Dramatically improves efficiency for organizations with many locations, employees, and brand touchpoints. Overcomes challenges related to multiple lines of business, brand identity and consistency, and regulatory compliance.
- **Channel Audit & Optimization –** Enables network-wide analysis of all digital and print touchpoints across the brand, resulting in actionable recommendations for maximizing marketing return on investment.
- **Multimedia Campaign Management –** Enables on-demand, pre-approved execution and fulfillment of multimedia campaign collateral by location. Supports communications from initial brief through to final procurement and execution, providing visibility and ensuring return on investment at all stages of the communications lifecycle.
- **Location-Specific Marketing –** Enables customized, location-specific print, kitting and fulfillment for the unique physical requirements of individual retail locations, scaled across the network. Helps customers manage the big picture while leveraging local resources and delivering regional messages.
- **Comprehensive Commercial Print –** Encompasses industry-leading print management and excellence in all aspects of prepress, press, post-press, design, procurement, warehousing, and fulfillment. Our nationwide network provides economies of scale while our regional presence ensures efficiency.
- **1:1 Marketing –** Includes customized, direct-to-consumer marketing, using analytics to ensure a targeted message is delivered to the right individual via the most effective channel.
- **In- and Out of Store Impact** – Analyzes the impact of all digital and print communication touchpoints in the physical space where the brand comes to life.
- **Custom Loyalty Execution –** Enables customized, effective execution, management, and direct delivery of all consumer-facing touchpoints of loyalty and rewards programs.

Platforms, Products and Services

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

Analytics

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

- Improve customer operations – including by streamlining workflows to drive down costs; empowering frontline staff to eliminate bottlenecks; digitizing paper transactions; improving information access; increasing inventory visibility to prevent stock-outs and improve distribution.
- Increase communications impact – including by data cleansing, analyzing, profiling, segmentation, and modelling to drive marketing efficiency, customer response, and revenue.

Barcode and RFID Solutions

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

Business Cards, Letterheads, and Envelopes

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

Business Forms

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

Commercial Print

DCM acts as a single point-of-contact providing end-to-end commercial printing capabilities, with the ability to manage one-off web-to-print requirements just as easily as long runs using leading equipment. Products include marketing collateral, including brochures, annual reports, and other corporate communications and related binding, finishing and design services.

Content and Workflow Management Platforms

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

- **DATAOnline (DOL)** – DOL is a proprietary web-to-print/digital/fulfillment platform that enables users to select, customize, and order branded material and other content. Template-based functionality ensures key content remains locked down while approval bottlenecks are eliminated. Clients can track content delivery, usage and expenses while front-line staff produce market-ready collateral. Our proprietary variable composition and work-flow management applications allow client offerings to be delivered across multiple channels, both physical printed and digital.

- **Digital Asset Management (DAM)** – Our secure DAM platform enables users to store, locate, and share digital brand assets quickly and easily while helping to maintain consistency. Our platform allows dynamic access between our proprietary DAM and third party DAMs, ensuring best of breed applications for our clients for their critical digital assets.

- **Multimedia Campaign Management (MCM)** – MCM enables marketers to work collaboratively with agencies, suppliers, and project managers to plan, budget, create, and execute campaigns. Features include collaborative proofing, real-time updates, cost management, and detailed reporting.
- **Regulatory Communications –** This platform enables organizations in tightly regulated sectors like finance, cannabis, and utilities to quickly and accurately produce communications with complex, varied terms and conditions. It automates manually intensive, error-prone processes, minimizing business risk and improving agility.
- **Retail Campaign Management (RCM)** – RCM helps retailers expedite and optimize in-store campaigns. Functionality includes planning, creation, collaboration, production, fulfillment, delivery, put-up/take-down, data analysis, and reporting. It also offers robust features such as unique store profiling, which ensures materials are accurately produced to meet individual location requirements.

Custom Point-of-Sale Transaction Rolls

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

Direct Mail

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

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

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

E-forms and E-presentment

We convert print-based forms to digitally dynamic applications and produce a range of digital documents such as invoices, various smart forms, and talking PDFs for visually impaired users, including meeting compliance requirements with respect to web-based accessibility standards such as the Accessibility for Ontarians with Disabilities Act, or AODA.

Personalized Email

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

Event Tickets

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

Finishing

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

Gift and Loyalty Cards

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

Kitting and Delivery

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

Lottery Rolls and Selection Slips

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

Marketing and Branding Strategy

We offer professional services including brand and business strategy consulting; consumer experience advisory; in store design; and retail packaging design. These services are often supported by and complementary to the execution capabilities of our other products and solutions in the support and execution of our clients' brand strategies.

Order, Rebate, and Returns Processing

These services include:

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

Primary/Marketing Labels

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

Outsourced Program Management

We provide comprehensive program management services for our clients' complex business and marketing requirements. We leverage our unique capabilities in comprehensive printing for business services and marketing solutions; brand design; logistics and fulfilment; data management and analytics and deliver these offerings through our proprietary technology platforms. We offer solutions that are embedded in our clients' workflow and manage their needs on an outsourced basis. We often leverage strategic partnerships we have with third party providers, whether it be for applications related to print, technology solutions, or value-added content management.

Print-on-Demand

Many of our printed products are produced using our print-on-demand (POD) services. POD enables customers to have their material printed directly from a file, bypassing the usual pre-production steps of film and plates, and eliminating the need for large preprinted inventories of items. Files can be accepted in a variety of formats and program platforms. Designed for fast turnarounds and smaller print runs, POD services are available through our on-demand digital print centres—sometimes located on-site at customer locations—and through DATAOnline.

Resales

We procure certain products and services from third party providers to ensure that our clients' complete business and marketing communications needs are met, and offer comprehensive vendor management strategies. We provide these services as a seamless offering to our clients. Resales can include: specialty and niche print service offerings; third party commercial print and related products that might be inputs to our own finished products; envelopes; stationery production, including production of business cards, letterhead and envelopes; and technology solutions that can include scanners, printers, tablets, and other integrated technology applications, often with scanning, barcoding and RFID applications that integrate with print consumables. Our resales business complements our more traditional product offerings and can span all the vertical markets which we sell to.

Secure Print Products

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

Variable Print and Personalization

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

Wide/Large/Grand Format

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

DCM Manufacturing and Operations

DCM's manufacturing network extends across Canada and the Northeastern United States, employing approximately 1,100 people. Functions within this network are outlined in the sections that follow.

Distribution and Fulfillment

Our warehousing facilities provide comprehensive logistics, distribution and fulfillment services, as part of contractual service level agreements (SLAs) and one-off campaigns. Products are transported to customers primarily by nationally recognized couriers and other short-haul, regional, contract, and custom carriers. Fulfillment services include standard pick-and-pack; custom kitting, which can combine both static and variable material; and specialty packaging of premium items. We manage freight logistics for the distribution of products to our client's destination, using key partners for LTL and FTL distribution for local, regional and national requirements.

Inventory Management and Planning

Our inventory management and planning capabilities include pallet, shelf, and secure cage and vault storage, supported by real-time reporting via DATAOnline. Through ongoing inventory analysis, we eliminate obsolescence, reduce overage (excess inventory), speed up processes, and lower costs. We produce finished goods products to client specifications and warehouse those products to meet client demand and terms for delivery. For these products, we typically bill clients on an "IOE", or invoice on entry, basis, as goods are produced and inducted into our warehouses; on a "BAR", or bill as released, basis, as goods are released from the warehouse, having previously been produced and not billed until shipment is requested; and on a "HOP", or handle only products, basis, for client-supplied finished goods products that we manage on their behalf. We have recently initiated strategies to eliminate our historical "BAR" practice of billing and convert clients billed on a BAR basis to IOE in order to improve cash flow.

Manufacturing

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

Operations

Since 2015, DCM has been implementing changes to further refocus our operations. In February 2018, we closed our Granby, Quebec facility and combined our BOLDER Graphics operations with our existing Calgary operations in conjunction with the termination of the BOLDER Graphics facility lease. We closed our Multiple Pakfold facility on March 1, 2018 and moved its operations moved to our Brampton, Ontario facility. In March 2019, we closed our Brossard, Quebec facility and outsourced much of our stationery production from that site to a third party provider. In March 2021, we announced our intention to close our Mississauga, Ontario facility and move its operations into our Brampton, Ontario facility prior to the end of fiscal 2021. We currently expect to achieve total annual savings from the closure of our Mississauga facility of approximately $1 million in annual rent and related expenses of the site, commencing in the fourth quarter of 2021.

We allocate our resources and expertise across six centres of excellence, which are summarized in the following table:

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

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

Sales and Marketing

Sales

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

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

Marketing

Our internal marketing services are delivered through DCM's Perennial division. Perennial is the strategic and creative powerhouse behind DCM. For over 25 years, Perennial has created compelling retail and marketing solutions for major brands across Canada and around the world. These capabilities include strategy, creative direction and design, and back-end production and development. Perennial works closely with DCM's sales team providing its services to DCM customers, and also directly serves its own customers.

Industry Competition

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

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

Our key differentiating factors in these industry segments are:

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

Properties

As of March 1, 2021, we operated a total of 20 leased facilities strategically located across Canada, and in the State of Illinois. These facilities support manufacturing/warehousing, on-demand digital print centres, and sales/administrative and creative services offices. We believe 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

At March 1, 2021, we had approximately 1,100 employees in various positions including production, warehousing, sales, marketing, customer service and in support functions. As a general matter, we require our sales representatives to enter into employment agreements with non-competition covenants. Approximately 13% of our employees are represented by labour unions. The collective agreement with respect to unionized employees previously located at our facility in Granby, Quebec, and now relocated to Drummondville, Quebec, expires on April 30, 2021. The collective agreements with respect to the other unionized employees at our facility in Drummondville, Quebec expired on March 13, 2021. We are currently negotiating new collective agreements with respect to our Drummondville and former Granby unionized employees. The collective agreements with respect to unionized employees at our facility in Toronto, Ontario expire on June 30, 2022.

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

Information Technology

We believe that our use of integrated technology applications and workflow processes provides us with a competitive advantage to better serve our customers and manage sourcing and procurement from third party vendors. Our proprietary DATAOnline software is a leading-edge web-to-print, web-to-digital and web-to-fulfilment application, which provides our customers with an integrated platform for on-demand design, ordering and production, including real-time inventory management and customer reporting. More than 500 of our clients use this platform to manage their communications requirements, typically on a “white label” basis. In 2020, approximately 300,000 orders and 30% of our revenues were processed through DATAOnline. We have integrated into the internal systems and third party applications of more than 70 clients though application programming interfaces. 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 third party vendors of commercial print, large format, stationery, envelopes, bindery and other services. We also offer an integrated campaign management application, which provides multi-platform campaign collaboration tools for our clients to plan, budget, create, collaborate and execute campaigns across multiple channels. In addition, we use a variety of workflow tools to manage confidential client data and coordinate variable print on demand services, and various marketing communications campaigns including digital and web-based applications.

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

In June 2019, we implemented a new enterprise-wide, fully integrated, third-party, cloud-based enterprise resource planning, or ERP, application, which replaced our previous resource planning systems from a number of disparate third-party providers. We integrated the core ERP application with a specialized third-party print production application, and our proprietary DATAOnline application. All of DCM’s core facilities have been integrated onto this system, with the exception of our Burlington, Ontario, Thistle, and Perennial facilities. We do not intend to integrate those facilities on to the ERP system at the present time. See *General Development of the Business – New Enterprise Resource Planning System.*

Intellectual Property

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

Seasonality

Our revenue is subject to seasonal advertising and mailing patterns of certain clients. Typically, higher revenues and profit are generated in the first quarter relative to the other three quarters, however, this can vary from time to time by changes in clients' purchasing decisions throughout the year. As a result, our revenue and financial performance for any single quarter may not be indicative of revenue and financial performance which may be expected for the full year.

Environmental Regulations

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

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

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

Reorganizations

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

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Over the past three years, we have engaged in a variety of initiatives to restructure our operations in response to declines in certain product sales of our printed business documents relative to historical sales levels. Those activities have included plant and warehouse consolidations and closures, labour force reductions and other cost savings initiatives. These restructuring activities are described in greater detail in our management's discussion and analysis for the years 2018, 2019, and 2020, respectively, copies of which are available at www.sedar.com.

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

Acquisition of Perennial Group of Companies

On May 8, 2018, we acquired 100% of the outstanding common shares of Perennial Group of Companies Inc., a privately held holding company, including the businesses of Perennial Inc. and The Finished Line Studios Inc., or TFL. Upon completion of the acquisition, Perennial Inc. and TFL were amalgamated to form Perennial Inc, or Perennial. Perennial is a leading design firm focused on creating and delivering design strategies for major retail brands in Canada and around the world, including an independent, multi-function creative, execution and production art studio. Perennial has approximately 40 employees operating from an 18,000 square foot office located in Etobicoke, Ontario. The acquisition of Perennial added a new suite of services which include business and brand strategy, consumer insights, environmental and graphic design, communications and retail operations design and strategy.

On November 7, 2018, DCM announced that Perennial and Aphria Inc., or Aphria, a leading global cannabis company, had entered into a joint venture agreement for the purpose of the development, production, marketing and sale of non-Aphria branded new products, brands and product categories on the domestic and international adult-use cannabis markets. The Joint Venture was owned equally by Perennial and Aphria. The Joint Venture was dissolved on July 12, 2019. As at December 31, 2020, there were no significant transactions or balances between incorporation and dissolution.

In January 2020, DCM disposed of its' non-core, wholly-owned subsidiary Perennial Brands Inc. ("PBI"), which had been established in 2019 as a developer of branded products, to a former employee and entered into an option agreement to purchase an equity interest in PBI on or before December 31, 2021. In January 2021, DCM entered into an agreement with PBI, an arms' length third party and former subsidiary of DCM, pursuant to which DCM agreed to terminate an option to purchase an equity interest in PBI acquired by DCM in connection with the prior disposition of PBI. DCM received total gross proceeds of $1.2 million as consideration for terminating the option.

New Enterprise Resource Planning System

As noted above, in June 2019, DCM launched a new, cloud-based, end to end enterprise resource planning system to standardize and automate our business processes and controls. The system replaced a number of disparate, legacy systems. The project was a major initiative that utilized third party consultants and is expected to provide scalability, facilitate improved reporting and oversight and enhance internal control over financial reporting. As part of the transition to the new ERP system, DCM encountered various data migration issues coupled with numerous data accuracy and system failure issues post go live. These issues affected DCM's production and its ability to generate accurate and timely billings to its customers, which resulted in a deterioration in our operating results and a backlog of production orders. The recording of inaccurate invoices also resulted in errors in the recognition of production revenue and the accuracy of accounts receivable, contributed to complications in completing pricing adjustments for customers and caused delays in the timely issuance of customer billings and the collection of accounts receivable from customers. The inaccuracies in customer invoices have substantially been corrected through credit and rebilling procedures and inaccuracies in DCM's accounting records for the fourth quarter of 2019 were corrected in connection with the preparation of DCM's consolidated financial statements for the year ended December 31, 2019 prior to their release. There were no changes to DCM's previously released financial results.

The inaccuracies and delays in billings, along with delays in collection of cash from customers, resulted in a deterioration in operating results in the third quarter of 2019 caused by a backlog of production orders and the issuance of inaccurate invoices which resulted in delays in the collection of cash from customer trade receivables outstanding. These factors created a constraint on DCM's financial liquidity in 2019 and the first half of 2020. See Risk Factors.

Senior Credit Facilities

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

On May 8, 2018, we established a $12.0 million non-revolving term loan facility, or the Crown Facility, with Crown Capital Partner Funding, LP (previously Crown Capital Fund IV, LP), a fund managed by Crown Capital Partner Funding Inc. (previously Crown Capital Fund IV Management Inc.)("Crown") pursuant to a credit agreement dated as of April 30, 2018, or the Crown Credit Agreement, between the Corporation and Crown. Approximately $8.2 million of the proceeds from the Crown Facility was used to fund the up-front cash component of the Perennial acquisition and $3.5 million of the proceeds from the Crown Facility was used to repay in full the outstanding balance of the Bridging Credit Facility. The balance of the Crown Facility was used for general working capital purposes. On August 16, 2019, DCM entered into a third amendment to its Crown Credit Agreement whereby Crown advanced a second non-revolving term loan in the principal amount of $7.0 million ("Crown Tranche Two Loan"), for total advances in the principal amount of $19.0 million. The terms are consistent with the provisions of the original Crown Facility. In addition, a total of 550,000 warrants were issued to Crown in connection with the Crown Tranche Two Loan. Each warrant entitles the holder to acquire one DCM common share at an exercise price of $1.08 (subsequently adjusted to $0.26 in connection with a further amendment in December 2019) for a period of 3.7 years, commencing on August 16, 2019. See "Material Contracts – Senior Credit Facilities".

MATERIAL CONTRACTS

The only material contracts we or any of our predecessors entered into during the year ended December 31, 2020 or prior to said fiscal year (and which are still in effect), other than in the ordinary course of business, are as follows:

- the Bank Credit Agreement and the FPD Credit Agreements referred to below under "Material Contracts – Senior Credit Facilities"; the Crown Credit Agreement referred to above under "General Development of the Business – Senior Credit Facilities"; and

- the Shareholder Rights Plan referred to below under "Shareholder Rights Plan".

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

Senior Credit Facilities

DCM maintains a revolving credit facility, or the Bank Credit Facility, with a Canadian chartered bank, or the Bank, pursuant to an amended and restated credit agreement, or Bank Credit Agreement, between the Corporation and the Bank. DCM also maintains an amortizing term loan facility, or the FPD IV Credit Facility, with Fiera Private Debt Fund IV LP (formerly Integrated Private Debt Fund IV LP), or FPD IV, a fund managed by Fiera Private Debt Fund GP Inc. (formerly Integrated Asset Management Corp.) or FPD, pursuant to an amended and restated credit agreement, or the FPD IV Credit Agreement, between the Corporation and FPD IV. Upon closing of the Thistle acquisition on February 22, 2017, DCM became a co-borrower under an existing credit agreement, or the FPD III Credit Agreement with Fiera Private Debt Fund III LP (formerly Integrated Private Debt Fund III LP) or FPD III, another fund managed by FPD, pursuant to a credit agreement with FPD III, under which FPD III has advanced to DCM an amortizing term loan facility, or the FPD III Credit Facility. On November 10, 2017, DCM established an amortizing term loan facility, or the FPD V Credit Facility with Fiera Private Debt Fund V LP (formerly Integrated Private Debt Fund V LP), or FPD V, a fund managed by FPD pursuant to a credit agreement between the Corporation and FPD V, or the FPD V Credit Agreement and, together with the FPD III Credit Agreement and the FPD IV Credit Agreement, the FPD Credit Agreements.

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

The FPD IV Credit Facility matures on March 10, 2023 and had an original principal amount of $28.0 million. Indebtedness outstanding under the FPD IV Credit Facility bears interest at a fixed rate equal to 6.95% per annum. Under the terms of the FPD IV Credit Agreement, except as described below, we are required to make mandatory blended equal monthly repayments of principal and interest such that, on maturity, advances under the FPD IV Credit Facility and applicable interest on those advances will have been fully repaid. Amounts that are repaid cannot be re-borrowed. We may, upon prior written notice to FPD IV, prepay the FPD IV Credit Facility in whole, but not in part, at any time provided that we pay FPD 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 FPD 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 FPD IV Credit Facility; and (ii) the face value of the principal amount being prepaid at the date of prepayment.

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

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

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

On December 19, 2019, we entered into a fifth amendment to the Bank Credit Facility (the "Bank Fifth Amendment"). This amendment increased the maximum principal amount of the Bank Credit Facility to a maximum of $50.0 million, which maximum principal amount was to reduce to $35.0 million in January 2021. The Bank Fifth Amendment suspended the requirement for DCM to comply with its Fixed Charge Coverage Ratio (the "FCCR") until July 31, 2020. DCM will be required to maintain a FCCR of not less than 1.0 to 1.0 for the twelve month period ended

July 31, 2020, a FCCR of not less than 1.05 to 1.0 for the twelve month period ended August 31, 2020 and a FCCR of not less than 1.1 to 1.0 for each twelve month period ending thereafter, commencing with the month ending September 30, 2020. This amendment also added new financial covenants that were subsequently waived.

On February 21, 2020, we entered into a sixth amendment to the Bank Credit Facility (the "Bank Sixth Amendment"). This amendment permitted DCM: (i) for the period from January 1, 2020 to April 30, 2020 to add up to $6.0 million on an unmargined basis (the "Unmargined Amount") when calculating that borrowing base, and (ii) for the period from January 15, 2020 to May 14, 2020, to remove from the calculation of that borrowing base, up to $2.8 million of reserves (the "Excluded Pension Reserve Amount") on account of DCM's deficit in respect of its defined benefit pension plan. The Unmargined Amount of the borrowing base was reduced at the rate of $1.0 million per month commencing on May 1, 2020 until the Unmargined Amount was fully removed from the borrowing base. DCM was required to reinstate the Excluded Pension Reserve Amount in the calculation of its borrowing base by adding $1.0 million and $2.0 million of that amount respectively in each of May and June, 2020, and by including all of the Excluded Pension Reserve Amount in July 2020 and thereafter. In addition to the financial covenants in the Bank Credit Agreement, the Bank Sixth Amendment added a new financial covenant that required DCM to meet a Minimum Cash Flow Requirement (as defined in the Bank Sixth Amendment). In the event that DCM's borrowing base exceeded total borrowings under the Bank Credit Facility by less than $1.5 million, tested on a bi-weekly basis, the Minimum Cash Flow Requirement required DCM to demonstrate, in that circumstance, that net cash flows for DCM for the preceding four weeks did not vary negatively from its forecasted cash flows by more than $3.0 million. In addition, DCM agreed to issue to the Bank warrants to purchase, for a period of 24 months, up to 500,000 common shares of the Corporation at a price to be determined in accordance with the rules of, and approved by, the Toronto Stock Exchange. All of those warrants have been exercised. On March 30, 2020, in reaction to anticipated COVID-19 impacts on its business, DCM entered into a seventh amendment to its Bank Credit Facility. This amendment permitted DCM to amend the definition of borrowing base by adding into the margining calculations 75% of BAR Products, without duplication, for the period from April 1, 2020 to June 30, 2020. BAR Products means Bill-as-Released finished goods products that are produced and held for future delivery based on specified contracts and billing procedures with DCM's customers. During the aforementioned period, finished goods consisting of BAR Product were removed from the definition of "Eligible Inventory" when calculating DCM's borrowing base.

On November 2, 2020 DCM entered into an eighth amendment to its Bank Credit Facility. This amendment reduced the applicable margins payable under the Bank Credit Facility by 0.25% from those that would otherwise have been effective as of October 1, 2020. This amendment also reduced the available amount under the Bank Credit Facility to $35 million ahead of the scheduled reduction to that amount in January 2021.

On January 22, 2021 DCM entered into a ninth amendment to the Bank Credit Facility. This amendment reduced the applicable margins to those in effect prior to the Bank Fifth Amendment, removed the Minimum Cash Flow Requirement imposed pursuant to the Bank Sixth Amendment and also removed additional restrictions on certain payments and distributions that had been imposed pursuant to the Bank Sixth Amendment.

The Crown Facility has a five-year term beginning on May 7, 2018 and can be repaid at any time after twenty-four months, subject to a prepayment fee, upon ten days prior written notice to Crown. The Crown Facility bears interest at a rate equal to 10% per annum, calculated daily and payable in arrears on a quarterly basis. The Crown Facility is subordinated in right of payment to the prior payment in full of DCM's indebtedness under the Bank Credit Agreement and the FPD Credit Agreements and is secured by a conventional security on all of the assets of DCM and its subsidiaries. In addition, a total of 960,000 warrants were issued to Crown in connection with the Crown Facility. Each warrant entitles the holder to acquire one DCM common share at an exercise price of $1.75 (subsequently adjusted to $0.26 in connection with a further amendment in December 2019) for a period of five years, commencing on May 8, 2018. The Crown Facility can be prepaid in full at any time after twenty-four (24) months from the date of the funding anniversary. The penalties attached to each option are: (a) 3% prepayment penalty fee on the principal loan outstanding if the prepayment option is exercised during or after the 24th month but before the 36th month following the date of the funding anniversary, (b) 2% prepayment penalty fee on the principal loan outstanding if the prepayment option is exercised during or after the 36th month but before the 48th month following the date of the funding anniversary, or (c) 1% prepayment penalty fee on the principal loan outstanding if the prepayment option is exercised during or after the 48th month but before the 60th month following the date of the funding anniversary.

On December 19, 2019 DCM entered into a fourth amending agreement (the "Crown Fourth Amendment") in connection with the Crown Credit Agreement. Under the Crown Fourth Amendment, the calculation of DCM's Net Debt to EBITDA Ratio covenant was modified such that EBITDA was calculated on an annualized basis for the first three quarters of 2020, commencing with EBITDA for the quarter ending March 31, 2020. The Net Debt to EBITDA Ratio covenant was further modified such that DCM was required to maintain a maximum Net Debt to EBITDA Ratio of 5.0 to 1.0 for the quarters ending March 31, 2020 and June 30, 2020, a maximum of 4.5 to 1.0 for the quarters ending September 30, 2020 and December 31, 2020 and a maximum of 3.0 to 1.0 for each quarter thereafter. The FCCR covenant under the Crown Credit Agreement was also modified such that DCM had to maintain an FCCR of at least 1.1 to 1.0 for the quarter ending September 30, 2020 and at least 1.15 to 1.0 for the quarter ending December 31, 2020 and must maintain an FCCR of at least 1.25 to 1.0 for each quarter thereafter. The FCCR did not apply for the quarters ending December 31, 2019, March 31, 2020 and June 30, 2020. This amendment added new financial covenants that were subsequently waived. The Crown Fourth Amendment increased the interest rate on the Crown Credit Agreement from 10% per annum to 12% per annum on January 1, 2020, with the incremental 200 basis points per annum being accrued and payable at the earlier of maturity of the Crown Credit Agreement or, subject to its prepayment terms, prepayment in full.

During the first three months of 2020, DCM entered into additional amendments to the Crown Credit Agreement. For the period from January 1, 2020 to October 1, 2020, all interest on outstanding borrowings under the Crown Credit Agreement was deferred and capitalized on each date on which payment of such interest would otherwise have been due by adding the amount of the interest due to DCM's then outstanding principal and interest obligations under the Crown Credit Agreement. The Net Debt to EBITDA Ratio covenant requirement for the quarters ending March 31, 2020 and June 30, 2020, respectively was waived.

Under the terms of the FPD Credit Agreements, we must ensure that the aggregate of the principal amount outstanding under the FPD III Credit Facility, FPD IV Credit Facility, the FPD V Credit Facility, the Crown Facility and the principal amount outstanding under the Bank Credit Agreement does not exceed $93.0 million.

On December 19, 2019 DCM entered into a waiver and amendment agreement (the "FPD Amendment") with respect to the FPD Credit Agreements. The FPD Amendment suspended DCM's obligation to comply with its Total Funded Debt to EBITDA Ratio covenant for the quarter ending December 31, 2019 and established a new Total Funded Debt to EBITDA Ratio covenant of no more than 4.5 to 1.0 that applied for the second quarter of 2020, after which the original covenant of no greater than 3.0 to 1.0 was to apply. In addition, during this period EBITDA for the purposes of such covenant was to be calculated on an annualized basis starting with actual EBITDA achieved for the quarter ending December 31, 2019. The FPD Amendment also revised DCM's Debt Service Coverage Ratio ("DSCR") covenant, such that DCM's minimum DSCR was 0.75 to 1.0 for the quarters ending December 31, 2019 and March 31, 2020 and 1.00 to 1.0 for the quarter ending June 30, 2020. Thereafter, the original DSCR covenant of at least 1.50 to 1.0 was to apply. The FPD Amendment also confirmed that the monthly principal payments of the loans under the FPD Credit Agreements would recommence at the originally scheduled rate in January 2020. The FPD Amendment also increased DCM's maximum Total Funded Debt to $93.0 million. The FPD Amendment also added a new financial covenant requiring DCM to maintain a minimum monthly EBITDA of $1.0 million during for the first seven months of 2020.

During the first six months of 2020, DCM entered into additional agreements to amend the FPD Credit Agreements which deferred monthly principal payments and waived various financial covenants. Monthly principal payments of the loans under the FPD Credit Agreements, originally scheduled to resume in February 2020 resumed on June 15, 2020. The deferred principal payments have been added to the amounts due at maturity of the respective FPD Credit Agreements. The financial covenant to maintain a minimum monthly EBITDA of $1.0 million in respect of the months of March 2020 to July 2020, inclusive, and the Total Funded Debt to EBTDA Ratio covenant for the quarter ending June 30, 2020 were waived. These amendments also amended the Total Funded Debt to EBITDA Ratio covenant for the period after June 30, 2020 establishing the covenant at no greater than 3.75 to 1.0 for the third quarter of 2020 and no greater than 3.25 to 1.0 for the quarter ending December 31, 2020. Thereafter the original covenant of no greater than 3.0 to 1.0 will apply.

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

A failure by the Corporation to comply with its obligations under the Bank Credit Agreement, the FPD Credit Agreements, or the Crown Credit Agreement, together with certain other events, including a change of control of the Corporation and a change in the Corporation's chief executive officer or chief financial officer (unless a replacement officer satisfactory to FPD III, FPD IV and FPD IV, acting reasonably, is appointed within 60 days of such change), could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under each of those agreements.

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

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

As at March 1, 2021, we had outstanding borrowings of $0.2 million and letters of credit granted of $0.6 million under the Bank Credit Facility, outstanding borrowings of $2.6 million under the FPD III Credit Facility, outstanding borrowings of $13.0 million under the FPD IV Credit Facility, and outstanding borrowings of $3.0 million under the FPD V Credit Facility, and outstanding borrowings of $21.0 million under the Crown Facility. See "Risk Factors – Debt Obligations and Restrictive Covenants; Ability to Refinance; Change of Control; Change of Senior Executives".

Shareholder Rights Plan

Effective January 1, 2012, DCM's Board of Directors adopted a shareholder rights plan, which became a contract of the Corporation pursuant to the Amalgamation. The terms of the shareholder rights plan are set out in the shareholder rights plan agreement dated as of January 1, 2012, or the Shareholder Rights Plan, between the Corporation and Computershare Investor Services Inc., a copy of which has been filed with Canadian securities regulatory authorities and is available at www.sedar.com. Shareholders re-confirmed the Shareholder Rights Plan on May 20, 2014. The Shareholder Rights Plan as amended and restated was re-confirmed and approved by Shareholders on June 26, 2020. For a description of the amended and restated Shareholder Rights Plan, please refer to information set out further under the heading "Reconfirmation of the Shareholder Rights Plan" on pages 14 to 17 of the Management Information Circular of the Corporation dated May 19, 2020, which information is incorporated by reference to this AIF. A copy of that Management Information Circular has been filed with the Canadian securities regulatory authorities and is available at www.sedar.com.

CAPITAL STRUCTURE

We are authorized to issue an unlimited number of Common Shares. As at December 31, 2020, there were no authorized classes of securities of our company other than the Common Shares. As at December 31, 2020, we had 43,867,030 Common Shares issued and outstanding as fully paid and non-assessable.

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

On December 31, 2019, DCM completed a rights offering, or the Rights Offering, which was conducted by way of a rights offering circular. Under the terms of the Rights Offering, each eligible shareholder of record as of December 3, 2019 received one right, or Right, for each Common Share held as of the record date. Each Right entitled the holder to subscribe for one Common Share at a price of $0.23 per share. The Rights Offering was fully subscribed and DCM issued 21,523,515 Common Shares under the Rights Offering for gross proceeds of $5.0 million. The gross proceeds were used to reduce outstanding indebtedness of the Corporation, by repaying amounts drawn under the revolving facilities portion of its Bank Credit Facility.

DIVIDENDS

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

Dividend Policy

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

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

Restriction on Paying Dividends

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

MARKET FOR SECURITIES

Trading Price and Volume

Between January 1, 2020 and market close on December 31, 2020, our Common Shares were listed on the TSX under the symbol “DCM”. The following table shows the range of high and low prices per Common Share as at the close of market and total monthly volumes of Common Shares traded on the TSX during that period.

	Price per Common Share ($)		
Month	**High**	**Low**	**Total Volume (Common Shares)**
January	$0.32	$0.23	753,683
February	$0.29	$0.225	466,333
March	$0.32	$0.085	1,693,367

Price per Common Share ($)

Month	High	Low	Total Volume (Common Shares)
April	$0.24	$0.09	970,928
May	$0.21	$0.115	1,136,179
June	$0.40	$0.105	2,097,715
July	$0.30	$0.18	499,220
August	$0.38	$0.17	667,331
September	$0.30	$0.24	184,969
October	$0.28	$0.22	137,734
November	$0.82	$0.21	3,457,415
December	$0.77	$0.50	1,199,763

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, 2020 (unless otherwise noted).

Designation of Class	Number of Securities held in escrow or that are subject to a Contractual Restriction		Total Percentage of Class
Common Shares	KST Industries Inc. (May 31, 2016)	5,149,596	11.7%

Notes:

1. Based upon publicly available information, KST holds a total of 5,149,598 Common Shares. On May 31, 2016, the Corporation entered into a settlement, nomination and standstill agreement, or the KST Agreement, with KST Industries Inc., or KST, and Harinder Takhar pursuant to which, among other things, the Corporation granted to KST anti-dilution rights to participate in future private placements 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. Under the terms of the KST Agreement, if, at any time, KST desires to sell any security of the Corporation, including Common Shares, in a transaction or series of related transactions, then KST must, prior to consummating such sale, give prior written notice to the Corporation of such intent and specify the aggregate number or principal amount, as applicable, of securities which KST is proposing to sell and the price per security at which such securities are proposed to be sold by KST. Upon receipt of that notice, the Corporation will have a period of 15 business days to elect to arrange for one or more purchasers to buy such securities at a price per security that is not less than the price per security set forth in such notice. If the Corporation does not arrange for purchasers of all of the securities covered by the notice, KST may then, for a period of 15 business days, sell any of the securities covered by KST's notice to the Corporation to any person (other than to, directly or indirectly, certain specified persons) at a price per security that is not less than the price per security set forth in such notice.

MANAGEMENT OF DCM

Directors and Officers

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

The following sets out, for each of our directors and the executive officers, the person's name, municipality of residence, position with the Corporation and principal occupation. The term of office for each of the directors of the Corporation will expire at the time of the next annual meeting of Shareholders. As at March 1, 2021, our directors and executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 11,667,016 Common Shares, representing 26.6% of the issued and outstanding Common Shares.

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

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

Executive Officers
(in addition to Richard Kellam)

JAMES E. LORIMER Ontario, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer of the Corporation
PHIL HAMMOND Alberta, Canada	Chief Revenue Officer	Chief Revenue Officer of the Corporation

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:

- ***Richard Kellam*** joined the Corporation as President and Chief Executive Officer in March 2021**.** Before coming to DCM, Mr. Kellam was the Chief Executive Officer of Advantage Group International, a leading consulting and business development company serving major global enterprises. Previously, he was Senior Vice President of Global Sales and Marketing as well as Vice President of Emerging Markets at Goodyear. Mr. Kellam began his career as a Brand Manager for Playtex Limited, and has held positions at Robin Hood Multifoods, Molson Breweries, Mars Inc., and The William Wrigley Company.
- ***Phil Hammond*** joined the Corporation in August 2016 as VP, Sales, Western Canada. He was appointed SVP, Sales in January 2019, and appointed Chief Revenue Officer in March 2020. Prior to joining DCM, Mr. Hammond was VP & General Manager, Canada for PBMS Canada Inc., having held progressively senior roles in operations, client services, sales and executive leadership at Pitney Bowes over 18 years.

Biographies of Directors

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

Gregory J. Cochrane. Mr. Cochrane has served as a director of the Company from June 2016 until November 2016, when he was appointed President of the Corporation. He has served as a director of the Corporation since June 2018, when he was appointed President and CEO. He held the position of President of the Corporation from November 2016 until April 2019, and then was President and CEO from June 2018 until April 2019, at which time he continued as CEO. He was re-appointed President and CEO in March 2021. With the appointment of Mr. Kellam as President and CEO in March 2021, Mr. Cochrane resigned from those roles and was appointed Vice Chairman in March 2021. As Vice Chairman, Mr. Cochrane is assisting in the transition of Mr. Kellam to his new role and will, in the absence of the Chair of the Board, preside at all meetings of the Board and at all meetings of the shareholders of DCM. Mr. Cochrane has had an extensive career in marketing services, communication and event management, as well as private equity investment. He began his marketing career in product management with General Electric, then worked with S.C. Johnson. In 1981 he bought into Mariposa Communications. By 1997, when the company was sold to Mosaic Group, a TSX-listed company, he and his partner had built the largest event company in Canada. In 2001, he became a lead investor in Pareto Corporation, a start-up marketing services business which became a publicly traded entity in 2004. He served as a director of Pareto Corporation until 2010, when the company was sold to a private equity firm. In 2011 Mr. Cochrane joined VRG Capital, a private equity family office. There, he served as lead investor and/or director in a number of public and private companies including Wheels Group, Jones Brown Insurance Brokerage, Founders Advantage Capital, and Globalive Technology. Greg currently serves on the advisory boards of Kensington Capital and the Smith School of Business at Queen’s University. He is a founding donor of the Centre for Business Venturing at the Smith School of Business. He has served on boards for groups and associations including Junior Achievement, The Down Syndrome Association of Toronto, The Canadian Business Hall of Fame, and St. Joseph’s Health Centre. In 1992, Greg received Canada’s 125th Commemorative Anniversary medal for volunteerism in the community. Greg has an MBA from the Smith School of Business, and a BBA from Bishop’s University in Lennoxville, Quebec.

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

Richard C. Kellam. Mr. Kellam joined the Company as President and Chief Executive Officer in March 2021 and was appointed to the Board in March 2021. Mr. Kellam brings a wealth of experience in general management, customer development, and marketing, gained through his 35-year international career with leading global companies. Mr. Kellam was previously the CEO of Advantage Group International, from September 2018 through September 2020. Advantage Group is a privately held consulting and business development organization, where he worked with the largest consumer goods and retail companies in 45 markets globally. Prior to Advantage Group, he was Senior Vice President of Global Sales and Marketing at Goodyear, in Akron, Ohio, from September 2014 to May 2018. From September 2017 to May 2018 he took on additional responsibilities at Goodyear as Vice President of Emerging Markets, based in Dubai. Mr. Kellam also draws from over 15 years' experience with Mars, Incorporated, where he held the positions of Global Chief Customer Officer from January 2009 to September 2014, having previously held increasing levels of responsibility beginning as Market Director, Mars Canada, then Managing Director, Mars UK Limited, and President, Mars Petcare Europe. Prior to joining Mars in 2000, he spent seven years with the Wm. Wrigley Jr. Company, holding increasingly senior marketing and general management roles in the United States, India, Malaysia, and Canada. Mr. Kellam began his career as an Assistant Brand Manager with Playtex Limited and later served in marketing roles with Robin Hood Multifoods and Molson Canada. Mr. Kellam holds a Bachelor of Arts degree from Western University.

James J. Murray, O.Ont., SIOR. Mr. Murray joined DCM's Board in June 2016 and is currently a member of the Corporate Governance Committee of our Board. Mr. Murray's career spans more than fifty years in the commercial brokerage industry and he is currently a Principal and Senior Vice-President of Lennard Commercial Realty Limited in its Mississauga Office. Until early March 2018, Mr. Murray was the Senior Vice-President and Director of Business Development of Cushman & Wakefield Ltd. Brokerage, where he held the role of team leader on major assignments including the Mississauga and Oakville campuses of Sheridan College, Movati Health Clubs, the TPCL Head Office in Calgary, Alberta, the sale of Imperial Oil's tank farm in Mississauga, the Community Door in Mississauga and Brampton and the sale of Kingsway Financial's primary office building to the Region of Peel. Prior to joining Cushman & Wakefield, Mr. Murray was the Managing Director and Partner of J.J. Barnicke. Mr. Murray is a member of the Society of Industrial & Office Realtors and is President and Chair for the Hazel McCallion Foundation for Arts, Heritage and Culture. On September 30, 2020, he was appointed to the Board of Directors of EveryMind Mental Health Services in Peel Region. He has also served two six-year terms as a Board Member and Vice Chair of the Peel Regional Police Services Board, as well as serving a 12-year term on the Board of Governors of the Credit Valley Hospital. Mr. Murray was named "Business Person of the Year" by the Mississauga Board of Trade in 2009 and has also been awarded the Queen's Silver Jubilee medal and the Queen's Diamond Jubilee medals. In 2015, Mr. Murray was awarded the highly prestigious Order of Ontario.

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

He has served on a number of newspaper industry boards, and previously served as Chairman of The Canadian Press. He has sat on a number of boards of non-profit organizations and currently is a member of the board of the Thousand Island Boat Museum. Mr. Sifton is a former Chairman of the Board of Governors of St. Andrew's College in Aurora, Ontario. Mr. Sifton holds a Bachelor of Commerce (Honours) from the Smith School of Business at Queen's University.

J.R. Kingsley Ward, (B.A., B.Comm.). Mr. Ward joined DCM's Board in 2014 and has served as Chairman of the Board since June 2016. He also serves as Chairman of the Human Resources and Compensation Committee of our Board. Mr. Ward is Chairman of The Vimy Ridge Group and is a Managing Partner at VRG Capital Corp. He also currently serves as Chairman of Clarus Securities Inc., an institutional investment dealer and research firm, Nucro-Technics Inc., a pharmaceutical contract support organization, and Globalive Technology Inc. (TSX-V: LIVE), a strategic fintech, communications, and telecom services investment firm. Mr. Ward's other engagements include being lead director of MCI Onehealth Technologies, Inc. (TSX: DRDR), a leading technology-enabled primary care network and one of Canada's largest medical clinic groups, as well as a director and former Chairman of Dominion Lending Centres Inc. (TSXV: DLCG), Canada's largest mortgage broker. Mr. Ward is or has been a director of numerous other public and private companies. Mr. Ward has been actively involved in multiple philanthropic activities and has been actively involved in YPO (Young Presidents' Organization) since 1999, holding a number of Executive positions.

Derek J. Watchorn. Mr. Watchorn joined the DCM Board in June 2016 and presently serves as Chairman of the Corporate Governance Committee and is a member of the Audit Committee of our Board. For the past eleven years, Mr. Watchorn has been acting as a consultant on several projects, most notably as a member of the management committee involved with the redevelopment of the Buttonville Airport land. 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 (TSX: TF)., a member of its Audit Committee and Chairman of its Corporate Governance Committee. He is also a director of Southlake Regional Health Centre in Newmarket, Ontario and a director of the Royal Agricultural Winter Fair in Toronto, Ontario. Mr. Watchorn was the President and CEO of Revera Inc. (formerly Retirement Residences REIT) from October 2004 until June 2009. Prior to that, he served in London, England as Executive Vice President of Canary Wharf plc and as Executive Director of TrizecHahn plc. Mr. Watchorn was a senior partner of the law firm Davies Ward Phillips & Vineberg LLP, which he joined as a solicitor in 1968 and became partner of in 1970. During the period from 1987 to 2004 (excluding his tenure with TrizecHahn), Mr. Watchorn was a senior advisor to the Paul Reichmann family in Toronto and, in that capacity, during a three-year period from 1987 until 1990, served on a seconded basis as Executive Director of Olympia & York Canary Wharf plc. Mr. Watchorn was previously a director of Patheon Inc., a TSX-listed company.

Committees of the Board of Directors of DCM

Our Board of Directors has established an Audit Committee, a Human Resources and Compensation Committee and a Corporate Governance Committee. For a description of the responsibilities of the Corporate Governance Committee and the Human Resources and Compensation Committee, respectively, refer to the Corporation's Management Information Circular that is furnished in connection with the solicitation of proxies for use at the annual general meeting of Shareholders to be held in 2021, 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 November 10, 2020, is set out in Schedule A to this AIF.

Composition of the Audit Committee

Our Audit Committee is composed of four directors: Michael G. Sifton (Chair), William Albino, Merri L. Jones and Derek J. Watchorn. Each member of the Audit Committee is independent and financially literate as defined under Multilateral Instrument 52-110 – Audit Committees.

Relevant Education and Experience of the Audit Committee Members

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

Audit Fees

During the years ended December 31, 2020 and 2019, the Corporation retained its principal accountant, PricewaterhouseCoopers LLP, to provide services in the categories and for the amounts that follow:

	2020	2019
● Audit fees…………………………………………………………	$936,250	$1,176,000
● Audit-related fees…………………………………………………	$85,600	$414,750
● Tax fees ……………………………………………………………	$142,818	$106,120
● All other fees………………………………………………………	$21,000	$20,000

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

Audit fees. For the years ended December 31, 2020 and 2019, 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 services not arising as part of audit or review of the consolidated financial statements and are not reported under the audit fees item above. For the years ended December 31, 2020 and 2019, these services consisted of professional services related to the SOC 2 Type 2 report and other assurance services.

Tax fees. For the years ended December 31, 2020 and 2019, tax fees were paid or are payable by DCM and its subsidiaries for tax compliance services and tax advice and planning.

All other fees. For the years ended December 31, 2020 and 2019, these services consisted of professional services related to pension audit fees.

Pre-approval Policies and Procedures

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

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

Committee at each regularly scheduled meeting as to the total fees paid to the external auditor by service type as well as any items approved under delegated discretion during the quarter.

RISK FACTORS

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

Risks Related to the Business

Limited Growth in the Traditional Printing Industry

The overall printing industry is highly competitive and certain subsectors within the printing industry have experienced overall decline rates over the last several years. We have experienced, and expect to experience, further declines in certain product sales of our printed business documents relative to historical levels of sales for those products. Historically, we have depended heavily on sales of printed business forms and documents. In particular, we have relied, and expect to rely in the future, on revenues from our legacy print business as a source of capital to fund our shift towards an emphasis on providing marketing solutions and 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 wallet 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 and the transition to online provision of information previously provided on printed material may adversely impact printed product sales in the future.

Inability to Sustain and Manage Organic Growth

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

Security of Information Technology

We require segregation and protection of our information, including security over employee information, financial records and operational data, or Confidential Information. Some of this Confidential Information is held and managed by third-party service providers. Any failure in data security or any system vulnerability (internal or external) could result in harm to the reputation or competitive position of DCM. To reduce the level of vulnerability, we have implemented security measures, including monitoring and testing, maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access of Confidential Information and to reduce the likelihood of disruptions to our IT systems.

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

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

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

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

Failure to Develop and Successfully Market New Product and Service Options

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

Competition from Competitors Supplying Similar Products and Services

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

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

We have third party debt service obligations under the Bank Credit Agreement, the FPD III Credit Agreement, the FPD IV Credit Agreement, the FPD V Credit Agreement, the Crown Credit Agreement, the Insider Promissory Notes and the vendor take-back notes issued in connection with the BOLDER Graphics and Perennial acquisitions. The degree to which we are leveraged could have important consequences to the holders of our securities, including: (i) a portion of our cash flow from operations is dedicated to the payment of the principal of and interest on indebtedness, thereby reducing funds available for distribution to Shareholders; and (ii) certain of our borrowings are at variable rates of interest, which exposes us to the risk of increased interest rates. Our ability to make scheduled payments of principal and interest on, or to refinance, our indebtedness depends on our future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control.

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

Under the terms of the FPD III Credit Agreement, the FPD IV Credit Agreement and the FPD V Credit Agreement, we must ensure that the aggregate of the principal amount outstanding under the FPD III Credit Facility, the FPD IV Credit Facility, FPD V Credit Facility, the Bank Credit Facility and the Crown Facility, calculated on a consolidated basis in accordance with generally accepted accounting principles, referred to as Total Funded Debt, does not exceed $93.0 million.

Under the terms of the FPD III Credit Agreement, the FPD IV Credit Agreement and the FPD V Credit Agreement, the Corporation must maintain (i) a ratio of Total Funded Debt to EBITDA (as defined below) for its four most recently completed fiscal quarters of not greater than 3.00 to 1; (ii) a debt service coverage ratio of not less than 1.50 to 1; and (iii) a working capital current ratio of not less than 1.10:1. In addition, the FPD Credit Agreements permit cash payments in respect of the vendor take-back promissory notes issued in connection with the Corporation's acquisitions, as well as distributions in cash to shareholders and/or related parties for consulting fees, in an amount equal to the Excess Cash Flow (as defined below) provided the debt service coverage ratio for the four most recently completed fiscal quarter is greater than 2.0 to 1 and there is no default or event of default. The excess cash flow is calculated by taking EBITDA less payments for (i) cash taxes; (ii) capital expenditures; (iii) principal and interest on the Bank Credit Facility, FPD Credit Agreements and the Crown Facility and (iv) interest on capital leases for the two most recently completed fiscal quarters ("Excess Cash Flow"). The Excess Cash Flow is required to be calculated as at March 31 and September 30 of each calendar year (the "Excess Cash Flow Determination Date") which determines the quantum of payments that can be made for the following six-month period until the next Excess Cash Flow Determination Date. In 2020, DCM agreed to defer any further payments on its vendor take-back promissory notes. Resumption of payments on the vendor take-back promissory notes are expected to occur in 2021 so long as the Company is in compliance with its respective credit agreements.

Under the terms of the Bank Credit Agreement, the Corporation must maintain a fixed charge coverage ratio of not less than 1.0 to 1.0 for July 31, 2020, not less than 1.05 to 1.0 for August 31, 2020, then at all times thereafter, not less than 1.1 to 1.0 calculated on a consolidated basis, in respect of any particular trailing 12 month period, as EBITDA for such period less, (i) to the extent paid by the Corporation after the adoption of IFRS 16 principal and interest in respect of lease liabilities; (ii) cash taxes; (iii) cash distributions (including dividends paid), and (iv) non-financed capital expenditures paid in such period, divided by the total amount required by the Corporation to service its outstanding debt for such period, excluding to the extent paid following the Corporation's adoption of IFRS 16.

Under the terms of the Crown Credit Agreement, the Corporation must maintain (i) a fixed charge ratio, of at least 1.1 to 1.0 for the quarter ending September 30, 2020, of at least 1.15 to 1.0 for the quarter ending December 31, 2020, of at least 1.25 to 1.0 for each quarter thereafter; and (ii) a net debt to EBITDA ratio, of not greater than 4.5 to 1.0 for the quarters ending September 30, 2020 and December 31, 2020 and 3.0 to 1.0 for each quarter thereafter.

A failure by the Corporation to comply with its obligations under the Bank Credit Agreement, the FPD III Credit Agreement, the FPD IV Credit Agreement, the FPD V Credit Agreement, the Crown Credit Agreement or, in certain circumstances, the vendor take-back notes issued pursuant to the BOLDER Graphics and Perennial acquisitions, together with certain other events, including a change of control of the Corporation, could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under each of those agreements.

For purposes of the Bank Credit Agreement, the FPD III Credit Agreement, the FPD IV Credit Agreement, FPD V Credit Agreement and the Crown Agreement, "EBITDA" means net income or net loss for the relevant period, calculated on a consolidated basis in accordance with generally accepted accounting principles, plus amounts deducted, or minus amounts added, in calculating net income or net loss in respect of: the aggregate expense incurred for interest on debt and other costs of obtaining credit; income taxes, whether or not deferred; depreciation and amortization; non-cash expenses resulting from employee or management compensation, including the grant of stock options or restricted options to employees; any gain or loss attributable to the sale, conversion or other disposition of property out of the ordinary course of business; interest or dividend income; foreign exchange gain or loss; gains resulting from the write up of property and losses resulting from the write down of property (except allowances for doubtful accounts receivable and non-cash reserves for obsolete inventory); any gain or loss on the repurchase or redemption of any securities (including in connection with the early retirement or defeasance of any debt); goodwill and other intangible asset write-downs; and any other extraordinary, non-recurring or unusual items. Under the Bank Credit Agreement, the FPD III Credit Agreement, the FPD IV Credit Agreement, the FPD V Credit Agreement and Crown Credit Agreement, the pro forma financial results of any acquisitions are included on a trailing twelve-month basis effective as of the respective closing dates of the such acquisitions.

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

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

Upon the occurrence of an event of default under the Bank Credit Agreement, the Bank would, among other things, be entitled to: (i) suspend the Corporation's ability to require any further advances under the Bank Credit Agreement; (ii) cancel all or any part of its commitments under the Bank Credit Agreement; (iii) accelerate the maturity of all or any part of our indebtedness outstanding under the Bank Credit Agreement and declare that amount to be immediately payable on demand; and (iv) exercise any and all of its rights and remedies under the Bank Credit Agreement or any other document or agreement delivered to the Bank under or in connection with the Bank Credit Agreement or any of the facilities provided for therein should we fail to repay such amount. Upon the occurrence of an event of default under the FPD III Credit Agreement, the FPD IV Credit Agreement or the FPD V Credit Agreement, FPD III, FPD IV or FPD V, as applicable, would, among other things, be entitled to (i) accelerate the maturity of all or any part of our indebtedness outstanding under the FPD III Credit Agreement, the FPD IV Credit Agreement and the FPD V Credit Agreement, respectively, and declare that amount to be immediately payable on demand; and (ii) enforce the security that we have granted to FPD III, FPD IV and FPD V over substantially all of our assets and realize on and sell or cause the sale of all or any part of such assets should we fail to repay such amount. Upon a demand by Crown for repayment of amounts outstanding under the Crown Credit Agreement and the failure of the Corporation to repay such amounts, Crown would be entitled to reinforce the security that we have granted to Crown. The exercise of any of such remedies by the Bank, FPD III, FPD IV, FPD V or Crown could have a material adverse effect on our business, financial condition and liquidity. As at March 1, 2021, we had outstanding borrowings of $0.2 million and letters of credit granted of $0.6 million under the Bank Credit Facility, outstanding borrowings of $2.6 million under the FPD III Credit Facility, outstanding borrowings of $13.0 million under the FPD IV Credit Facility, outstanding borrowings of $3.0 million under the FPD V Credit Facility, and outstanding borrowings of $21.0 million under the Crown Facility.

Under the terms of the FPD III Credit Agreement, the FPD IV Credit Agreement and the FPD V Credit Agreement, respectively, the Corporation has agreed that it will not, without the prior written consent of FPD III, FPD IV, and FPD V, change (or permit any change in) its Chief Executive Officer 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 FPD III, FPD IV and FPD V, acting reasonably. We have obtained such consents for the appointment of Richard C. Kellam as President and Chief Executive Officer upon Mr. Cochrane's retirement from that position in March 2021.

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

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

Availability of Capital to Refinance Debt Obligations, Business Plans, Capital Expenditures, Investments in Digital Innovation and Potential Acquisitions

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

The Bank Credit Facility is Subject to Floating Interest Rates

As at March 1, 2020, 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, including weakness arising from the COVID-19 (coronavirus) outbreak in 2020 and related measures taken by governments and businesses in response to the outbreak, may lead to lower demand for our products and services, which would result in lower revenues, higher production costs and lower levels of profitability.

In the past, we have responded to poor economic conditions by implementing various restructuring initiatives in an effort to reduce our operating costs. These initiatives require us to incur restructuring expenses, which adversely impact our net income for the relevant financial periods. We may implement similar initiatives in the future in response to deterioration in the economy. In 2015, we implemented a series of significant restructuring initiatives in an effort to improve the efficiency of our operations and recorded total restructuring expenses of $13.6 million in the fiscal year ended December 31, 2015. In 2017, we continued our restructuring and on-going productivity improvement initiatives and recorded total restructuring expenses of $9.5 million in the fiscal year ended December 31, 2017. In 2018, we continued our restructuring and on-going productivity improvement initiatives and recorded net restructuring expenses of $2.7 million in the fiscal year ended December 31, 2018. These restructuring charges related to (i) headcount reductions in indirect labour due to plant consolidations completed during the year, as well as reductions in the sales and administrative functions, and (ii) costs incurred to facilitate the closure and consolidation of Multiple Pakfold, BOLDER Graphics and the Granby, Québec facilities into DCM's Brampton, Ontario, Calgary, Alberta and Drummondville, Quebec facilities, respectively. In the fiscal year ended December 31, 2019, DCM incurred restructuring expenses of $7.5 million. In 2019, the restructuring costs related to headcount reductions from (i) the closure of our Brossard, Quebec facility which was announced in March 2019, (ii) the sale of our loose-leaf binders and index tab business in May 2019, (iii) process improvements in manufacturing to improve efficiencies and gross margins leading to lower labour requirements, and (iv) process improvements in our SG&A functions to reduce labour costs and enhance productivity. In 2020, DCM incurred restructuring expenses of $2.8 million related to headcount reductions in its billings and credit/collections departments in connection with the integration those departments into one team to achieve greater synergies across the cash management process, headcount reductions to direct labour to mitigate the impact of COVID-19, and other various headcount reductions to indirect labour as cost savings initiatives to improve gross margin. Through to March 22, 2021, the Company has incurred a total of $3.9 million in restructuring expenses in the first quarter of 2021, relating to the recently announced departure of certain executives, along with other ongoing restructuring initiatives. 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.

Global or National Health Concerns, Including The Outbreak of Pandemic or Contagious Diseases, such as the Recent COVID-19 (Coronavirus), May Adversely Affect the Corporation

DCM has been impacted by the COVID-19 pandemic, and DCM cannot predict the future impacts the COVID-19 pandemic and other pandemics, epidemics or pandemics or health crises may have on its business, results of operations and financial condition. Beginning in March 2020, numerous government regulations and public advisories, as well as shifting social behaviours, temporarily and from time to time limited or closed non-essential transportation, government functions, schools, business activities and person-to-person interactions, and the duration of such trends is difficult to predict. Mandated governmental measures have forced DCM to reduce operations at its commercial headquarters and establish work-from- home policies for certain of its employees, and some of its suppliers have been subject to similar limitations and may also have been required to shut down production.

To date, DCM has implemented several measures designed to ensure continued operation, including temporary layoffs, wage rollbacks for senior executives and director level employees, shift reductions, reductions in non-essential spending and deferral of other expenses and payments where practical and DCM continues to evaluate and assess further actions. Despite these efforts it is possible that during the pandemic the operation of one or more of DCM’s production facilities could be disrupted. In these circumstances DCM may need to limit operations or be temporarily shut down. The Company closed its print on demand site located in Manhattan, New York in March 2020 due to reduced demand resulting from the COVID-19 pandemic and does not plan to reopen the facility. DCM cannot predict if current restrictions and limitations to its or its customers' and suppliers' operations will be maintained, or if new measures will be implemented. The continued duration of business disruptions in Canada and the United States and the related financial impact on the Corporation and its liquidity and results of operations cannot be reasonably estimated at this time.

To date, DCM has not experienced any material disruptions in its supply chain due to COVID-19. Nor has DCM experienced any material credit collection delinquencies related to COVID-19, although certain customers have stretched their payment terms. There can be no assurance that the Company will not in the future experience disruptions in its supply chain or its credit collections due to COVID-19 or other pandemics, epidemics or pandemics or health crises and such impact could be material.

COVID-19 and other public health crises can result in volatility and disruptions in the supply and demand for the Corporation's products and services and supply chains, as well as declining trade and market sentiment and reduced mobility of people. The risks to the Corporation of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak.

While DCM's business continues to operate as an essential provider to a number of industries, including the healthcare, financial services and supply chain sectors, DCM has experienced a reduction in demand from certain clients and sectors due to the pandemic, particularly in its retail related business. It is not currently possible to accurately quantify the impact of the pandemic on the Company's operations or financial results. These possible impacts can be caused by both the pandemic itself as well as by the extensive public restrictions to limit the spreading of the virus and may differ in various business areas and DCM's operating locations and timing of the loosening of various restrictions on businesses and the general public.

Our impairment tests for property, plant and equipment and goodwill are generally based on fair value less costs of disposal.

As a result of the onset of the COVID-19 pandemic, DCM concluded that there were indicators of impairment in the first and second quarters of 2020 and performed an impairment analysis as of March 31, 2020 and June 30, 2020 as well as at December 31, 2020, as detailed in our financial statements and related notes for the fiscal year ended December 31, 2020 and filed on SEDAR at www.sedar.com. As a result of our impairment analysis and related testing, we determined that there was no impairment of goodwill at the cash generating units, or CGUs, for our four CGUs, being DCM, DCM Burlington, Thistle and Perennial during the year. Management of DCM continues to assess and revise the Company's forecasts and to develop plans in light of the current conditions and will use updated assumptions and forecasts in our impairment indicator analysis and for impairment tests, if such tests are required, including estimates for government assistance including tax rebates, holidays, grants and subsidies introduced in response to the impact of the ongoing COVID-19 pandemic. In addition, following recent leadership changes, management is assessing the reporting structure of the business going forward, with a view to monitoring the performance of the overall business, rather than focusing on monitoring the performance of the DCM, DCM Burlington, Thistle and Perennial CGUs as separate standalone businesses. However, the full financial impact of these events on the Company's financial statements and its operations and financial liquidity cannot be quantified at this time.

Liquidity and Going Concern

The Corporation's annual consolidated financial statements for the twelve months ended December 31, 2020 have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company's liquidity position and financial results have improved over the past year, due to a number of initiatives which have contributed to a reduction in outstanding credit facility balances. However, there continues to be significant uncertainty as to the length and long-term impact that the current COVID-19 pandemic could have on the Company's financial performance, including the amount of further government financial support that could be available to the Company, and accordingly its ability to meet its future financial covenants if sales do not recover from the levels experienced since the COVID pandemic began, and in the event that the Company does not take additional actions, as there is no forecasted headroom in certain financial covenants over the next twelve months. These factors may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to comply with its financial covenants for at least the next twelve months which is contingent on management’s ability to meet forecast revenue, profitability and cash collection targets and take actions to address operating and financial challenges resulting from COVID-19, or continue to obtain financial covenant waivers from such lenders' as may otherwise be necessary. DCM’s management plans to continue its focus on finding additional operating efficiencies, reducing selling, general and administrative expenses, continuing to convert clients away from BAR, and streamlining the Company’s invoicing and collections processes. To the extent practical, management intends to seek waivers in advance of anticipated covenant breaches. The estimate of future cash flows in the Company’s latest forecasts includes a number of key assumptions to support the financial covenant calculations, specifically related to revenues and gross margins (which in turn impact earnings before interest, income taxes, depreciation and amortization (EBITDA) and the timing of cash collections). The estimates of forecasted compliance with financial covenants are sensitive to those assumptions particularly to the ongoing impact of the COVID-19 pandemic, the effects and duration of which are difficult to project with respect to the Company’s business and financial results.

Although the Company has been successful in the past in amending its credit facilities and obtaining covenant testing deferral from its lenders when needed, there is no assurance that similar initiatives will be successful should further relief from the Company’s lenders be necessary. The financial statements for the twelve months ended December 31, 2020 do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Failure to comply with DCM’s financial covenants and obtain further covenant waivers as necessary could have a material adverse effect on the Company’s results of operations and financial condition. There is no assurance that management’s initiatives for dealing with these events if required will be successful and there are risks in the expected timing of resolution thereof and the possible effects of these issues if they are not resolved.

Risks Relating to Internal Controls Over Financial Reporting

DCM maintains a set of disclosure controls and procedures (as defined in Multilateral Instrument 52-109) designed to provide reasonable assurance that information required to be disclosed in its public filings or otherwise under securities legislation is recorded, processed, summarized and reported on a timely basis and that such controls and procedures are designed to ensure that information required to be so disclosed is accumulated and communicated to its management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. With the supervision and participation of DCM’s senior management team, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of DCM have evaluated the effectiveness of disclosure controls and procedures of DCM as of December 31, 2020. Based on that evaluation, those officers have concluded that, as of December 31, 2020, such disclosure controls and procedures were effective to provide reasonable assurance that (i) material information relating to DCM was made known to management and (ii) information required to be disclosed by DCM in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

The Company launched a new, cloud-based, end to end Enterprise Resource Planning (“ERP”) system to standardize and automate business processes and controls in June 2019. The project was a major initiative that utilized third party consultants and is expected to provide scalability, facilitate improved reporting and oversight and enhance internal control over financial reporting. As part of the transition to the new ERP system, DCM encountered various data migration issues coupled with numerous data accuracy and other system issues post go live. These issues affected DCM's production and its ability to generate accurate and timely billings to its customers which resulted in a deterioration in its operating results and a backlog of production orders. The recording of inaccurate invoices also resulted in errors in the recognition of production revenue and the accuracy of accounts receivable, contributed to complications in completing pricing adjustments for customers and caused delays in the timely issuance of customer billings and the collection of cash from customers.

The Company’s management, under the supervision of and with the participation of its CEO and CFO, assessed the effectiveness of DCM's internal control over financial reporting as of December 31, 2019 using the criteria set forth by the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission in Internal Control-Integrated Framework (2013). Based on that evaluation, management concluded that control deficiencies related to invoicing and production revenue recognition represented a material weakness, and that the Company’s internal control over financial reporting was not effective as of December 31, 2019. Additionally, there was a reasonable possibility that this material weakness, could, if uncorrected, result in a future misstatement of revenues that may result in a material misstatement of DCM's annual or interim consolidated financial statements if not prevented or detected on a timely basis.

During 2020, management implemented a remediation plan to ensure that control deficiencies contributing to the material weakness were remediated, such that these controls are designed, implemented, and operating effectively. The actions taken by DCM in 2020 included: continued enhancements to DCM's company-wide risk assessment processes; additional training of responsible staff; supplemented with third-party consultants as needed; implementation of additional business processes and system controls to ensure invoice accuracy, particularly with regards to oversight of order entry, including verification of pricing to customer trade agreements and purchase orders, and appropriate units of measure related to pricing and quantity; reinforcing policies around customer purchase order review, retention and accessibility, credit and rebilling procedures, production revenue reconciliations, and monthly cut-off processes; clearly identifying and communicating individual employees their responsibilities; and implementing new reporting tools to ensure the completeness and accuracy of customer invoicing including additional manual controls.

Based on management’s assessment, DCM's CEO and CFO have certified that, based on their knowledge, the Company's internal controls over financial reporting are effective and the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the year ended December 31, 2020. PricewaterhouseCoopers LLP has issued an unqualified opinion on the financial statements in their report dated March 22, 2021. While DCM believes these actions have remediated the material weakness, a material weakness, could, if uncorrected, result in a future misstatement of revenues that may result in a material misstatement of DCM's annual or interim consolidated financial statements if not prevented or detected on a timely basis.

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

In May 2018, we completed the Perennial acquisition as described elsewhere in this AIF. We will continue to identify, acquire and develop suitable acquisition targets and investment opportunities in both new and existing markets. While we intend to be careful in selecting businesses to acquire or invest in, acquisitions and investments involve a number of risks, including the possibility that we pay more than the acquired assets are worth; we may fail to realize the expected benefits from these; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of integrating and assimilating the operations and personnel of the business; the challenge of implementing uniform standards, controls procedures and policies throughout the business; the inability to integrate, train, retain and motivate key personnel of the business; the potential disruption of our ongoing business and the distraction of management from its day-to-day operations; the inability to incorporate businesses successfully into our operations; and the potential impairment of relationships with our employees, customers and strategic partners. Such risks, if they materialize, could have a material adverse effect on our business, financial condition, liquidity and results of operations.

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

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

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

In fiscal 2020, the cost of paper, carbon and other raw materials represented approximately 34.0% of our related revenues. Increases in paper costs could have a material adverse effect on our business, financial condition, liquidity and results of operations. Although our client agreements typically enable us to pass along paper price increases to our clients, we cannot be certain that we will be able to pass on future increases in the cost of paper to our customers consistent with industry practice. Moreover, rising paper costs and their consequent impact on our pricing could lead to a decrease in the volume of products sold. The overall paper market is beyond our control and, as a result, we cannot be certain that future paper price increases will not result in decreased volumes and decreased cash flow and profitability.

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

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

Customer Relationships

We do not always enter into long-term, written agreements with customers. As a result, there is a risk that some of our customers may, without notice or penalty, terminate their relationship with us at any time. In addition, even if customers should decide to continue their relationship with us, there can be no guarantee that customers will purchase the same amount of our products as they did in the past, that margins on such products will be consistent to those experienced in the past, or that purchases will be on similar terms. A loss of several customers, a substantial decrease in order volumes from several customers, a loss of a significant customer or a change in the terms of our relationship with a significant customer could have an adverse impact on our business, financial condition, liquidity and results of operations.

Operating Hazards

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

Negotiation of Collective Agreements

Our union agreements have typically been for three to five years in duration. The collective agreements with respect to the unionized employees previously located at our facility in Granby, Québec and now relocated to

Drummondville, Québec, expire on April 30, 2021. The collective agreements with respect to the other unionized employees at our facility in Drummondville expired on March 13, 2021 and are currently being re-negotiated. The collective agreements with respect to unionized employees at our facility in Toronto, Ontario were successfully re-negotiated in 2018 and will now expire on June 30, 2022. While management believes it has a positive relationship with its unionized employees and their respective unions, and that collective agreements can be successfully negotiated on terms mutually acceptable to both the Company and the respective unions within a reasonable period of time, adverse negotiations could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Adverse Change in Labour Relations

As of December 31, 2020, we employed approximately 1,100 employees, approximately 13% of whom are members of various local labour unions. If unionized employees were to engage in a concerted strike or other work stoppage, or if other employees were to become unionized, we could experience a disruption of operations, higher labour costs or both. A lengthy strike could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Negotiation of Facilities Leases

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

Pension and Other Post-Employment Benefit Plans

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

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

We may have to make 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.

During year ended December 31, 2020, we engaged actuaries to complete an updated actuarial valuation of the defined benefit component of the DATA Communications Management Pension Plan, which confirmed that, as at January 1, 2020, the solvency position of the DATA Communications Management Pension Plan had improved since the previous valuation. Based upon the January 1, 2020 actuarial report, our annual minimum funding obligation for the defined benefit provision of the DATA Communications Management Pension Plan for 2021 and 2022 are $0.4 million per year.

DCM also contributes to the Québec Graphic Communication Pension Plan (the "GCPP") for certain employees at its Drummondville plant in Québec. Prior to 2018 contributions were made to a similar plan, the Québec Graphics Communications Supplemental Retirement and Disability Fund (the "SRDF"). Effective December 31st, 2017, the SRDF was merged into the GCPP and this merger was approved by the Québec pension authorities in October 2019. DCM makes contributions to the GCPP, based on a percentage of the wages of its unionized employees covered by the respective collective bargaining agreements, all of whom are employed at DCM facilities located in the Province of Québec. The GCPP is a negotiated contribution defined benefit, multi-employer pension plan which provides retirement benefits to unionized employees in the printing industry. The GCPP is jointly-trusteed by representatives of the employers of GCPP members and the unions which represent GCPP members in collective bargaining.

The GCPP's most recent funding actuarial report (as at December 31, 2019) disclosed a going concern surplus of 112% and that negotiated contributions are in excess of the current service cost of the plan. On a solvency basis (or wind up basis) the valuation shows a deficit and a solvency ratio of 79%.

In addition, DCM sponsors a number of multi-employee, defined benefit employee pension and non-pension benefit plans which are administered by Unifor Local 591G for the hourly employees of Thistle Printing ("Unifor Pension & Benefit Plans"). The GCPP and Unifor Pension & Benefit Plans provide post-employment benefits to unionized employees in the printing industry jointly-trusteed by representatives of the employers and the unions. DCM's obligations to the GCPP and Unifor Pension & Benefit Plans are limited to the amounts agreed to in the respective collective bargaining agreements of each plan.

Certain former senior executives of a predecessor corporation participated in a Supplementary Executive Retirement Plan, or SERP, which provides for pension benefits payable as a single life annuity with a five-year guarantee. The SERP is unfunded and its pension benefits will be paid out of the general funds of DCM.

DCM expects that, in 2021, contributions to the defined benefit provision of the DATA Communications Management Pension Plan will be approximately $0.4 million, contributions to the defined contribution provision of the DATA Communications Management Pension Plan will be approximately $1.0 million, contributions to the SERP will be approximately $0.5 million, contributions to the GCPP will be approximately $0.5 million and contributions to the Unifor Pension & Benefit Plans will be approximately $57 thousand

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

Seasonality

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

Proprietary Rights May Not be Adequately Protected

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

Uninsured and Underinsured Losses and Insurance Costs

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

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

Environmental, Health and Safety Requirements

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

Dependence on Key Personnel

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

Risk of Legal Proceedings

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

Doing Business in the United States

We have and will continue to selectively expand into the U.S. with our existing customers who have U.S. operations. Although our sales in the U.S. in 2020 represented a small portion of our total revenues for that year, we anticipate that a larger portion of our sales could be derived from our U.S. operations in the future. Currency rate movements in Canada and the U.S. impact our financial position (as a result of foreign currency translation adjustments) and our future earnings. For example, if the value of the Canadian dollar rises against the U.S. dollar, our investments and earnings in the U.S. may be negatively affected, and vice versa.

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

Risks Related to the Structure of DCM

Payment of Dividends on Common Shares

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

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

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

LEGAL PROCEEDINGS

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

The Corporation is not or was not party to material legal proceedings, and its property is not and was not the subject of material legal proceedings, during the year ended December 31, 2020. 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 was not, during the year ended December 31, 2020, 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.

TRANSFER AGENT AND REGISTRAR

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

AUDITORS

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

INTEREST OF EXPERTS

The Corporation's auditors, PricewaterhouseCoopers LLP, Chartered Accountants, have prepared an independent auditors' report dated March 22, 2021 in respect of the consolidated financial statements of the Corporation as at December 31, 2020 and 2019 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, 2020.

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 assist the Board in fulfilling its oversight responsibilities by: (i) monitoring the quality and integrity of the Corporation's corporate accounting and financial reporting processes and the financial information of the Corporation that will be publicly disclosed; (ii) monitoring the compliance by the Corporation with applicable legal and regulatory requirements insofar as they relate to financial reporting; (iii) reviewing areas of potential significant financial risk to the Corporation; (iv) evaluating the independence, qualifications and appointment and performance of the Corporation's external auditors (the "**External Auditors**"); (v) monitoring the performance of the External Auditors; and (vi) reporting regularly, and making recommendations, on all such matters to the Board.

While the Audit Committee has the duties and responsibilities set forth in this Charter, the role of the Committee is that of oversight. 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.

The Audit Committee and each of its members will be entitled to rely on: (a) the integrity of those persons and organizations within and outside of the Corporation from which it receives information; (b) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which will be promptly reported to the Board); and (c) representations made by Management as to any audit, review or attest services and non-audit services provided by the External Auditors or any other public accounting firm engaged to perform other audit, review, or attest services.

C. Composition of Committee, Authority and Constitution and Frequency of Meetings

The Board will appoint the members of the Audit Committee. The Board will appoint one of the Members to act as the chair of the Committee (the "**Chair**"). The Audit Committee will consist of at least three members, one of whom is the Chair, all as determined by the Board, taking into account any recommendation of the Corporate Governance Committee. Every member of the Audit Committee must be a director of the Corporation. The members of the Committee will be appointed to hold office until the next annual general meeting of shareholders of the Company or until their successors are appointed. The Board may remove a member of the Audit Committee at any time and may fill any vacancy occurring on the Committee. A member of the Audit Committee may resign at any time and a member of the Audit Committee will automatically cease to be a member upon ceasing to be a director of the Corporation.

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, including National Instrument 52-110 - *Audit Committees*, and stock exchange rules, subject to any permitted phase-in periods afforded by such legislation or rules. A director who is not financially literate may be appointed to the committee, provided that such director becomes financially literate within a reasonable period of time following such appointment.

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.

At an Audit Committee meeting, a quorum will be not less than a majority of its members. Each member of the Audit Committee will have one vote and decisions of the Audit Committee will be made by an affirmative vote of the majority. If the Chair is not present at any meeting of the Audit Committee, an acting chair for the meeting will be chosen by majority vote of the Audit Committee from among the members present. The Chair will not have a deciding or casting vote in the case of an equality of votes. In the case of a deadlock on any matter or vote, the Audit Committee will refer the matter to the Board. Powers of the Audit Committee may also be exercised by written resolutions signed by all members of the Audit Committee.

The Audit Committee will meet at least quarterly and more frequently as the Chair may determine. The Audit Committee may, in its discretion, invite Management and 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.

In advance of every regular meeting of the Committee, the Chair, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

Audit Committee meetings may be held in person, by video conference or telephonically.

The Audit Committee should meet *in camera* without members of management in attendance for a portion of each meeting of the Audit Committee.

The Audit Committee will have the sole authority, without prior approval of the Board, to: (1) retain, at the Corporation's expense, and terminate independent legal, financial and other advisors, consultants and experts to assist the Audit Committee in fulfilling its duties and responsibilities; (2) set and pay the compensation for any advisors engaged by the Audit Committee; and (3) communicate directly with the External Auditors and any internal auditor of the Corporation.

The Chair 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 Audit Committee membership; and (3) review and assess the adequacy of this Charter and, if required, recommend changes to the Board.

D. Duties and Responsibilities

1. Duties and Responsibilities 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 regarding financial reporting; 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 audit, review or attest engagements and non-audit services which the External Auditors (or any other public accounting firm engaged to perform any such services) 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, quarterly financial statements, and 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 document or regulatory filing 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 regarding any matter covered by this Charter.

- The Audit Committee will, at all times, have full access to the books, records, facilities and personnel of the Corporation and its subsidiaries. The Audit Committee may request that any officer or other employee of the Corporation or any of its subsidiaries or any advisor to the Corporation meet with members of the Audit Committee or its advisors, as it deems necessary to carry out its responsibilities.

- 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; and 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, including incidents of retaliation received by the Corporation, 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.

- The Corporation will provide appropriate funding, as determined by the Audit Committee, for: (i) payment of compensation to the External Auditors or any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (ii) any other advisors engaged by the Audit Committee; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties and responsibilities.

THE BRAND
BEHIND YOUR BRAND

DATA Communications Management Corp. | 9195 Torbram Road | Brampton, Ontario L6S 6H2