FIRST QUARTER REPORT

Ended March 31, 2018

DCM

Letter to shareholders

Dear Shareholders,

The following provides an overview of:

- First quarter 2018 financial results;
- First quarter initiatives and drivers for our business;
- Management outlook for the balance of 2018.

First Quarter 2018 Financial Results

Revenues for the quarter were $88.5 million compared to $70.1 million in the first quarter of 2017, an increase of $18.4 million or 26.2%. Excluding the effects of adopting IFRS 15, for the three months ended March 31, 2018, revenues would have been $14.6 million or 20.8% higher than the same period last year. Total revenues benefited from the acquisitions of Eclipse and Thistle, which were added mid-way through the first quarter of 2017, and BOLDER Graphics, added in the fourth quarter of 2017. Our core DCM business (excluding the three 2017 acquisitions) generated $76.4 million of revenue, compared to $65.6 million in the prior year's period.

Adjusted EBITDA was $6.4 million versus $2.9 million in the first quarter of 2017, an increase of 118.0%. Excluding the effects of adopting IFRS 9 and 15, Adjusted EBITDA was $5.3 million for the three months ended March 31, 2018, a $2.4 million increase over the prior year.

First Quarter Initiatives and Drivers

Sales Performance

Our core DCM business was strong as we realized increased revenues onboarding a new financial services client and realized increased spend with existing clients. We also benefited from a one-time increase in volume from a long-standing customer which generated approximately $8.9 million higher revenue levels than experienced in 2017. Our 2017 acquisitions performed well in the quarter and helped enhance the overall value of our offering.

Operations

We successfully integrated our Multiple Pakfold business into our Brampton, Ontario facility as well as the BOLDER Graphics acquisition into our Calgary, Alberta plant. Our immediate focus is on plant and integration efficiencies. Each of our facility leaders has been charged with the responsibility of measured savings for 2018. We continue with the implementation of our ERP project and are focused on a fourth quarter implementation target.

Margin & Cost Discipline

We are seeing improvements in our cost-plus discipline with gross margins improving on non-contracted business compared to a year ago. Part of the improved performance is attributable to a concentrated effort to move smaller volume clients to our customer service personnel, thereby improving service at a lower cost to serve. We experienced some weaker margins than expected in the first quarter of 2018 due to the BOLDER Graphics and Multiple Pakfold transitions, together with higher paper content levels as a result of higher thermal roll product sales, as well as higher than normal use of outside services to meet customer demand. We expect these to normalize in the second quarter of 2018.

Outlook for balance of 2018

We recently announced the acquisition of the Perennial Group along with a new $12.0 million credit facility with Crown Capital, of which $3.5 million was used to repay short term debt. Perennial highlights the strategic shift we are making with DCM and bolsters our credibility in the retail sector which we see as a key vertical market for us. With encouraging signs like growth from existing customers, the addition of new customers, and improvements in key “growth” segments like labels and large format, we will maintain the 2018 guidance we issued in February. We are buoyed by our first quarter results and look forward to a strong 2018.

For a full description of our financial results for the first quarter of 2018, please refer to our unaudited consolidated financial statements for the three months ended March 31, 2018 and related management’s discussion and analysis, copies of which are available at www.sedar.com.

Yours truly,

Michael G. Sifton	Gregory J. Cochrane
Chief Executive Officer	President

DATA Communications Management Corp.
May 2018

Management's discussion and analysis of financial condition and results of operations

The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding the business environment, strategies, performance and risk factors of DATA Communications Management Corp. (TSX: DCM) and its subsidiaries (referred to herein as "DCM" or the "Company") for the three month periods ended March 31, 2018 and 2017. This MD&A should be read in conjunction with the MD&A of DCM for the year ended December 31, 2017, the unaudited interim consolidated financial statements and accompanying notes of DCM for the three month periods ended March 31, 2018 and 2017 and the audited consolidated financial statements and accompanying notes of DCM for the year ended December 31, 2017. Additional information about the Company, including its most recently filed unaudited interim and audited consolidated financial statements, Annual Information Form and Management Information Circular may also be obtained on SEDAR (www.sedar.com). Unless otherwise indicated, all amounts are expressed in Canadian dollars.

The Company's Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A. This MD&A reflects information as of May 11, 2018.

Basis of presentation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Forward-looking statements

Certain statements in this MD&A constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of DCM, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect DCM's current views regarding future events and operating performance, are based on information currently available to DCM, and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks, uncertainties and assumptions 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 the actual results, performance, objectives or achievements of DCM to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that DCM 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 DCM's printed business documents relative to historical sales levels for those products; the risk that changes in the mix of products and services sold by DCM will adversely affect DCM's financial results; the risk that DCM may not be successful in reducing the size of its legacy print business, realizing the benefits expected from restructuring and business reorganization initiatives, reducing costs, reducing and repaying its long-term debt, and growing its digital and marketing communications businesses; the risk that DCM may not be successful in managing its organic growth; DCM's 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 DCM and are well-established suppliers; DCM's ability to grow its sales or even maintain historical levels of its sales of printed business documents; the impact of economic conditions on DCM's businesses; risks associated with acquisitions by DCM; the failure to realize the expected benefits from the acquisitions of Thistle Printing, Eclipse Colour & Imaging, BOLDER Graphics and Perennial Group of Companies and risks associated with the integration of such acquired businesses; risks related to the disruption of management time from ongoing business operations due to the acquisition of the Perennial Group of Companies; increases in the costs of paper and other raw materials used by DCM; and DCM's ability to maintain relationships with its customers. Additional factors are discussed elsewhere in this MD&A under the headings "Risk Factors" and "Risks and Uncertainties" in DCM's publicly available disclosure documents, as filed by DCM 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 MD&A as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, DCM does not intend and does not assume any obligation to update these forward-looking statements.

Non-IFRS measures

This MD&A includes certain non-IFRS measures as supplementary information. Except as otherwise noted, when used in this MD&A, EBITDA means earnings before interest and finance costs, taxes, depreciation and amortization and Adjusted net income (loss) means net income (loss) adjusted for the impact of certain non-cash items and certain items of note on an after-tax basis. Adjusted EBITDA means EBITDA adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, gain on redemption of convertible debentures, gain on cancellation of convertible debentures, and acquisition costs. Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, gain on redemption of convertible debentures, gain on cancellation of convertible debentures, acquisition costs and the tax effects of those items. Adjusted net income (loss) per share (basic and diluted) is calculated by dividing Adjusted net income (loss) for the period by the weighted average number of Common Shares (basic and diluted) outstanding during the period. In addition to net income (loss), DCM uses non-IFRS measures including Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA to provide investors with supplemental measures of DCM's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. DCM also believes that securities analysts, investors, rating agencies and other interested parties frequently use non-IFRS measures in the evaluation of issuers. DCM's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess its ability to meet future debt service, capital expenditure and working capital requirements. Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DCM's performance. For a reconciliation of net income (loss) to EBITDA and a reconciliation of net income (loss) to

Adjusted EBITDA, see Table 3 below. For a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 4 below.

Business of DCM

OVERVIEW

DCM is a communication solutions partner that adds value for major companies across North America by creating more meaningful connections with their customers. We pair customer insights and thought leadership with cutting-edge products, modular enabling technology and services to power our clients' go-to market strategies. We help our clients manage how their brands come to life, determine which channels are right for them, manage multimedia campaigns, deploy location-specific and 1:1 marketing, execute custom loyalty programs, and fulfill their commercial printing needs all in one place.

Our extensive experience has positioned us as experts at providing communication solutions across many verticals, including the financial, retail, healthcare, consumer health, energy, and not-for-profit sectors. Thanks to our locations throughout Canada and in the United States (Chicago, Illinois and New York, New York), we are able to meet our clients' varying needs with scale, speed, and efficiency - no matter how large or complex the ask. And we can do it all with advanced DCM security, regulatory compliance, and bilingual communications, in print or digital.

On February 22, 2017, DCM acquired substantially all of the assets of Eclipse Colour and Imaging Corp. ("Eclipse"), a Canadian large-format and point-of-purchase printing and packaging company. On February 22, 2017, DCM acquired 100% of the outstanding common shares of Thistle Printing Limited ("Thistle"), a full service commercial printing company. On November 10, 2017, DCM acquired 100% of the outstanding common shares of BGI Holdings Inc. and 1416395 Alberta Limited (collectively "BOLDER Graphics"), a privately-held company that specializes in large-format digital printing, point of sale signage, corporate packaging, outdoor signage and vehicle graphics. It also specializes in loose-leaf bindery, stationery and other commercial print capabilities. On January 1, 2018, BOLDER Graphics was amalgamated into DCM.

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

DCM's revenue is subject to the seasonal advertising and mailing patterns of certain customers. 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 customers' purchasing decisions throughout the year. As a result, DCM's revenue and financial performance for any single quarter may not be indicative of revenue and financial performance which may be expected for the full year.

DCM has approximately 1,450 employees in Canada and the United States, and had revenues of $289.5 million in 2017. Website: www.datacm.com.

RECENT DEVELOPMENTS

ACQUISITION OF PERENNIAL GROUP OF COMPANIES

DCM completed the acquisition of Perennial Group of Companies ("Perennial") on May 8, 2018 (the "Closing Date"). The acquisition includes Perennial Inc., one of Canada's leading design firms focused on creating and delivering design strategies for major retail brands in Canada and around the world, and The Finished Line Studios Inc., an independent, multi–function creative, execution and production art studio. Perennial generated approximately $7.0 million in revenues (unaudited) for the fiscal year ended July 31, 2017, and has offices in Toronto and Bolton, Ontario.

Perennial was acquired for a total purchase price of approximately $13.2 million, after giving effect to a preliminary positive working capital adjustment of $1.2 million, related primarily to Perennial's strong cash and accounts receivable balances at closing. The purchase price of the Perennial acquisition was satisfied as follows: $8.2 million in cash, $2.5 million through the issuance of 1,394,856 common shares of DCM ("Common Shares"), and $2.5 million in the form of a subordinated, unsecured, interest bearing vendor take-back promissory notes (the "VTB"). The VTB is repayable as follows: $1.0 million payable on the first anniversary of the Closing Date, $1.0 million on the second anniversary of the Closing Date and $0.5 million on the third anniversary of the Closing Date. The purchase price will be subject to certain post-closing adjustments.

NEW CREDIT FACILITY WITH CROWN CAPITAL

On April 30, 2018, DCM established a $12.0 million non-revolving term loan facility with Crown Capital Fund IV, LP (the "Crown Facility"), a fund managed by Crown Capital Fund IV Management Inc. ("Crown"), of which approximately $8.2 million was used to fund the up-front cash component of the Perennial acquisition and $3.5 million was used to repay in full the outstanding balance of the Company's non-revolving credit facility with Bridging Finance Inc. The balance of the Crown Facility will be used for general working capital purposes. In addition, a total of 960,000 warrants have been issued to Crown in connection with the Crown Facility. Each warrant entitles the holder to acquire one Common Share at an exercise price of $1.75 for a period of five years, commencing on May 8, 2018. See "Liquidity and capital resources" section below for more details on changes to DCM's credit facilities and inter-creditor arrangements.

REVENUE RECOGNITION POLICY

DCM adopted IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") effective January 1, 2018, which replaced IAS *Revenue* ("IAS 18"), IAS 11 *Construction Contracts*, and related interpretations. DCM elected to adopt IFRS 15 using the modified retrospective method, with recognition of transitional adjustments in opening deficit on the date of initial application (January 1, 2018), without restatement of comparative figures.

Under IFRS 15, DCM recognizes revenue when control of the products or services it provides to its customers has been transferred. The following is a description of principal activities from which DCM generates its revenue, along with the corresponding revenue recognition accounting policies under IFRS 15:

PRODUCT SALES

DCM manufactures customized products based on specifications pre-approved by its customers. At its customers' request, DCM will also purchase stock product from third-party vendors and resell that to its customers. DCM recognizes revenue upon the completion of production or when stock product is purchased from a third-party vendor and inducted into DCM's warehouses. Given manufactured products are customized or purchased specifically at the customer's request, product returns are insignificant.

In some instances, DCM customers obtain the product directly from DCM following completion of production. In other instances, DCM's contracts involve the provision of warehousing and shipment services, in addition to manufacturing or purchasing of third-party products. Based on DCM's contractual arrangements with such customers, DCM has identified three key distinct performance obligations: product, warehousing services and shipment services. DCM stores customized or purchased product at the request of the customer; the product is identifiable as the customer's product; the product is ready for transfer to the customer upon the customer's request; and DCM cannot re-direct the product nor use the product to fulfill another customer's product order under the contract. Where control has transferred over the product upon product manufacture by DCM or upon receipt of third-party product into DCM's warehouses, DCM recognizes revenue for product and allocates an amount of the consideration received or receivable from the customer for the remaining warehousing and shipping performance obligations based on their relative stand-alone selling prices, where applicable.

DCM has significant judgment, which is inherent in its revenue generating activities, in when control has transferred to its customers on completion of the manufacture or purchase and induction of third-party product into DCM's warehouses. As an integral part of the judgment on the transfer of control of product, DCM typically has a right of payment for all customized product produced or purchased from third-party vendors notwithstanding that invoicing of the product for some contracts does not occur until the product is dispatched from the warehouse at the customers' request. Due to the custom nature of the product, it does not have an alternative use to DCM, such that DCM is practically entitled to payment once the quantity of product pursuant to an individual purchase order is produced or purchased from a third-party vendor and inducted into its warehouses. Where a customer has an arrangement to be invoiced on dispatch from one of DCM's warehouses, DCM closely monitors the customer's product and the agreed upon term of warehousing to manage any related business risks.

WAREHOUSING SERVICES

DCM provides custodial services to store customer product in its warehouse over a specified agreed upon period of time. Warehousing services represent a distinct performance obligation and accordingly, revenues are recognized over the period that warehousing services are provided to the customer.

FREIGHT SERVICES

DCM provides services to ship customer product from its warehouse to a location specified by the customer. This represents a distinct performance obligation and revenue is recognized when performance of the shipping service has occurred.

IMPACT ON TRANSITION TO IFRS 15

The primary impact on adoption of IFRS 15 relates to the timing of when revenue is recognized for product sales. Previously, under IAS 18, DCM identified that the risks and rewards of ownership related to product that was manufactured by DCM or purchased from a third-party vendor at the customer's request and stored on the customer's behalf in DCM'S warehouse did not transfer until such time as the product was dispatched from the warehouse. Upon the adoption of

IFRS 15, DCM has identified that product revenue should be recognized upon the completion of production or purchase and induction of product from third-party vendors into DCM's warehouses as that is when control of the product is transferred to the customer and DCM has a right to payment. Management is of the view that this represents a more accurate reflection of the economics in how DCM conducts business with its customers, especially given all product orders are customized based on specifications pre-approved by the customer, the product is segregated and maintained solely for the customer who placed the order (i.e. cannot be used interchangeably to fill another customer's order), and DCM has a right to payment for the performance obligations it has satisfied.

See "Accounting Policies" for further discussion regarding DCM's revenue recognition policies and the impact of adopting IFRS 15 on DCM's consolidated financial statements as at January 1, 2018 and for the three-months ended March 31, 2018.

COST OF REVENUES AND EXPENSES

DCM's cost of revenues consists of raw materials, manufacturing salaries and benefits, occupancy, lease of equipment and depreciation. DCM's raw material costs consist primarily of paper, carbon and ink. Manufacturing salaries and benefits costs consist of employee salaries and health benefits at DCM's printing and warehousing facilities. Occupancy costs consist primarily of lease payments at DCM's facilities, utilities, insurance and building maintenance. DCM's expenses consist of selling, depreciation and amortization, and general and administration expenses. Selling expenses consist primarily of employee salaries, health benefits and commissions, and include related costs for travel, corporate communications, trade shows, and marketing programs. Depreciation and amortization represent the allocation to income of the cost of property, plant and equipment, and intangible assets over their estimated useful lives. General and administration expenses consist primarily of employee salaries, health benefits, and other personnel related expenses for executive, financial and administrative personnel, as well as facility, telecommunications, pension plan expenses and professional service fees.

DCM has incurred restructuring expenses in each of the last four fiscal years, which primarily consisted of severance costs associated with headcount reductions and costs related to facilities closures.

Selected Consolidated Financial Information

The following tables set out the summary consolidated financial information and supplemental information for the periods indicated. The summary interim and financial information for fiscal 2018 and 2017 have been derived from consolidated financial statements, prepared in accordance with IFRS. The unaudited financial information presented has been prepared on a basis consistent with DCM's fiscal 2017 audited consolidated financial statements. Due to the adoption of new IFRS standards at January 1, 2018, these periods do not reflect consistent accounting policies, particularly in relation to revenue recognition and therefore are not directly comparable. In the opinion of management, such unaudited financial DCM reflects all adjustments, consisting of normal and non-recurring adjustments, necessary for the fair presentation of the results for those periods.

TABLE 1 The following table sets out selected historical consolidated financial information for the periods noted.

For the periods ended March 31, 2018 and 2017 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**January 1 to March 31, 2018**	January 1 to March 31, 2017
Revenues [1]	**$ 88,516**	$ 70,126
Cost of revenues	**67,041**	53,766
Gross profit	**21,475**	16,360
Selling, general and administrative expenses	**17,672**	15,024
Restructuring expenses	**64**	1,886
Acquisition costs	**43**	956
	17,779	17,866
Income (loss) before finance costs and income taxes	**3,696**	(1,506)
Finance costs (income)		
Interest expense	**1,139**	950
Interest income	**(2)**	—
Amortization of transaction costs	**143**	115
	1,280	1,065
Income (loss) before income taxes	**2,416**	(2,571)
Income tax (recovery) expense		
Current	**843**	51
Deferred	**(190)**	(525)
	653	(474)
Net income (loss) for the period	**$ 1,763**	$ (2,097)
Basic earnings (loss) per share	**$ 0.09**	$ (0.17)
Diluted earnings (loss) per share	**$ 0.09**	$ (0.17)
Weighted average number of common shares outstanding, basic	**20,039,159**	12,514,952
Weighted average number of common shares outstanding, diluted	**20,039,159**	12,514,952

As at March 31, 2018 and December 31, 2017 *(in thousands of Canadian dollars, unaudited)*	**As at March 31, 2018**	As at December 31, 2017
Current assets	**$ 91,527**	$ 82,804
Current liabilities	**69,907**	68,648
Total assets	**137,329**	131,859
Total non-current liabilities	**62,338**	68,610
Shareholders' equity (deficit)	**$ 5,084**	$ (5,399)

(1) 2018 revenues include the impact of the adoption of new accounting standard IFRS 15. Refer to note 3 of the unaudited consolidated interim financial statements for the three months ended March 31, 2018 for further details on the impact of the adoption of new accounting standards.

TABLE 2 The following table sets out selected historical consolidated financial information for the periods noted. See “Non-IFRS Measures” section above for more details.

For the periods ended March 31, 2018 and 2017 *(in thousands of Canadian dollars, except percentage amounts, unaudited)*		**January 1 to March 31, 2018**		January 1 to March 31, 2017
Revenues [1]	**$**	**88,516**	$	70,126
Gross profit	**$**	**21,475**	$	16,360
Gross profit, as a percentage of revenues		**24.3%**		23.3%
Selling, general and administrative expenses	**$**	**17,672**	$	15,024
As a percentage of revenues		**20.0%**		21.4%
Adjusted EBITDA (see Table 3)	**$**	**6,352**	$	2,914
As a percentage of revenues		**7.2%**		4.2%
Net income (loss) for the period	**$**	**1,763**	$	(2,097)
Adjusted net income (see Table 4)	**$**	**2,099**	$	253
As a percentage of revenues		**2.4%**		0.4%

(1) 2018 revenues include the impact of the adoption of new accounting standard IFRS 15. Refer to note 3 of the unaudited consolidated interim financial statements for the three months ended March 31, 2018 for further details on the impact of the adoption of new accounting standards.

TABLE 3 The following table provides reconciliations of net (loss) income to EBITDA and of net (loss) income to Adjusted EBITDA for the periods noted. See "Non-IFRS Measures" section above for more details.

EBITDA and Adjusted EBITDA reconciliation

For the periods ended March 31, 2018 and 2017 *(in thousands of Canadian dollars, unaudited)*	**January 1 to March 31, 2018**	January 1 to March 31, 2017
Net income (loss) for the period	**$ 1,763**	$ (2,097)
Interest expense	**1,139**	950
Interest income	**(2)**	—
Amortization of transaction costs	**143**	115
Current income tax expense	**843**	51
Deferred income tax recovery	**(190)**	(525)
Depreciation of property, plant and equipment	**1,148**	885
Amortization of intangible assets	**1,069**	693
EBITDA	**$ 5,913**	$ 72
Restructuring expenses	**64**	1,886
One-time business reorganization costs	**332**	—
Acquisition costs	**43**	956
Adjusted EBITDA (1)	**$ 6,352**	$ 2,914

(1) 2018 revenues include the impact of the adoption of new accounting standard IFRS 15. Refer to note 3 of the unaudited consolidated interim financial statements for the three months ended March 31, 2018 for further details on the impact of the adoption of new accounting standards.

TABLE 4 The following table provides reconciliations of net (loss) income to Adjusted net income and a presentation of Adjusted net income per share for the periods noted. See "Non-IFRS Measures" section above for more details.

Adjusted net (loss) income reconciliation

For the periods ended March 31, 2018 and 2017 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**January 1 to March 31, 2018**	January 1 to March 31, 2017
Net income (loss) for the period	**$ 1,763**	$ (2,097)
Restructuring expenses	**64**	1,886
One-time business reorganization costs	**332**	—
Acquisition costs	**43**	956
Tax effect of the above adjustments	**(103)**	(492)
Adjusted net income (1)	**$ 2,099**	$ 253
Adjusted net income per share, basic	**$ 0.09**	$ 0.02
Adjusted net income per share, diluted	**$ 0.09**	$ 0.02
Weighted average number of common shares outstanding, basic	**20,039,159**	12,514,952
Weighted average number of common shares outstanding, diluted	**20,039,159**	12,514,952
Number of common shares outstanding, basic	**20,039,159**	13,253,761
Number of common shares outstanding, diluted	**20,039,159**	13,614,158

(1) 2018 revenues include the impact of the adoption of new accounting standard IFRS 15. Refer to note 3 of the unaudited consolidated interim financial statements for the three months ended March 31, 2018 for further details on the impact of the adoption of new accounting standards.

Results of operations

REVENUES

For the three months ended March 31, 2018, DCM recorded revenues of $88.5 million, an increase of $18.4 million or 26.2% compared with the same period in 2017. Excluding the effects of adopting IFRS 15, for the three months ended March 31, 2018, revenues were $14.6 million, or 20.8%, higher than the same period last year. The increase in revenues for the three months ended March 31, 2018 was primarily due to additional revenues from the acquisitions of Eclipse, Thistle and BOLDER Graphics, new revenues contributed by a major Canadian Schedule I bank which DCM won late in the third quarter of 2017, increased volumes in labels work for a major retailer, and a one-time increase in volume from a long-standing customer which generated $8.9 million in higher revenues relative to the same period last year. The increase in revenues was partially offset by the reduction in spend by certain customers, particularly in the retail and financial institutions sectors due to a technological shift in the way they conduct business and the timing of orders which DCM expects will occur in the second quarter of 2018. Overall, DCM continues to benefit from the growth initiatives it effected throughout 2017 to help offset some of the secular declines experienced by the industry.

COST OF REVENUES AND GROSS PROFIT

For the three months ended March 31, 2018, cost of revenues increased to $67.0 million from $53.8 million for the same period in 2017, resulting in a $13.3 million or 24.7% increase over the same period last year. Excluding the effects of the adjustments upon adoption of IFRS 15, cost of revenues increased by $10.7 million or 19.9% relative to the same period last year.

Gross profit for the three months ended March 31, 2018 was $21.5 million, which represented an increase of $5.1 million or 31.3% from $16.4 million for the same period in 2017. Excluding the effects of adopting IFRS 15, gross profit increased by $3.9 million or 23.6% relative to the same period last year. Gross profit as a percentage of revenues increased to 24.3% for the three months ended March 31, 2018 compared to 23.3% for the same period in 2017 however, after excluding the effects of adopting IFRS 15, gross profit as a percentage of revenues was 23.9% for the three months ended March 31, 2018. The increase in gross profit as a percentage of revenues for the three months ended March 31, 2018 was due to higher gross margins attributed to Eclipse, Thistle and BOLDER Graphics. Gross margin increase was also due to the refinement of DCM's pricing discipline and cost reductions realized from prior cost savings initiatives implemented in 2017. The increase in gross profit as a percentage of revenues was, however, partially offset by changes in product mix.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative ("SG&A") expenses for the three months ended March 31, 2018 increased $2.6 million or 17.6% to $17.7 million compared to $15.0 million for the same period of 2017. Excluding the effects of adopting IFRS 9 and 15, SG&A expenses were $2.4 million higher for the three months ended March 31, 2018 when compared to the same period last year. As a percentage of revenues, these costs were 20.0% (or 20.6% before the effects of adopting IFRS 9 and 15) and 21.4% of revenues for the three months ended March 31, 2018 and 2017, respectively. The increase in SG&A expenses for the three months ended March 31, 2018 was primarily attributable to the acquisitions of Eclipse, Thistle and BOLDER Graphics, additional professional fees and higher sales commission costs commensurate with the increase in revenues.

RESTRUCTURING EXPENSES

Cost reductions and enhancement of operating efficiencies have been an area of focus for DCM over the past four years in order to improve margins and better align costs with the declining revenues experienced by the Company, a trend that has been faced by the traditional printing industry for several years now.

For the three months ended March 31, 2018, DCM incurred net restructuring expenses of $0.1 million compared to $1.9 million in the same period in 2017. DCM incurred $1.2 million of restructuring costs related to 1) headcount reductions in indirect labour as a result of the plant consolidations completed during the current quarter, in addition to reductions of certain individuals within the sales and administrative functions, and 2) costs incurred to facilitate the closure and consolidation of the Multiple Pakfold, BOLDER Graphics and Granby, Quebec facilities into DCM's Brampton, Ontario, Calgary, Alberta and Drummondville, Quebec facilities, respectively. Total restructuring costs were offset by a recovery of $1.1 million related to the termination of DCM's lease agreement for its Granby, Quebec facility.

For the three months ended March 31, 2017, $2.2 million of restructuring costs were incurred related to headcount reductions in DCM's indirect labour force across its operations, which were designed to streamline DCM's order-to-production process. These restructuring costs were offset by a recovery of $0.3 million related to a sub-lease of a closed facility in Richmond Hill, Ontario.

DCM will continue to evaluate its operating costs for further efficiencies as part of its commitment to making its business more agile, focused, optimized and unified.

ADJUSTED EBITDA

For the three months ended March 31, 2018, Adjusted EBITDA was $6.4 million, or 7.2% of revenues, after adjusting EBITDA for the $0.1 million in restructuring charges and $0.3 million of one-time business reorganization costs. Excluding the effects of adopting IFRS 9 and 15, Adjusted EBITDA was $5.3 million or 6.3% of revenues for the three months ended March 31, 2018 compared with an Adjusted EBITDA of $2.9 million or 4.2% for the same period last year. The $3.4 million increase in Adjusted EBITDA for the three months ended March 31, 2018 over the first quarter of 2017 was attributable to higher gross profit as a result of revenues contributed by DCM's core business, in addition to the Eclipse, Thistle and BOLDER Graphics acquisitions, improved pricing initiatives implemented part-way through the prior year, and cost savings from the restructuring efforts carried out in the second half of 2017. This was partially offset by higher SG&A expenses.

INTEREST EXPENSE

Interest expense, including interest on debt outstanding under DCM's credit facilities, on certain unfavourable lease obligations related to closed facilities, and on DCM's employee benefit plans and including interest accretion expense related to certain debt obligations recorded at fair value, was $1.1 million for the three months ended March 31, 2018 compared to $1.0 million for the same period in 2017. Interest expense for the three months ended March 31, 2018 was higher than the same period in the prior year primarily due to the increase in the debt outstanding under DCM's credit facilities in order to fund a portion of the upfront cash components of the purchase price, settle certain debt assumed and pay for related costs incurred to complete the acquisitions of Eclipse, Thistle and BOLDER Graphics in 2017.

INCOME TAXES

DCM reported income before income taxes of $2.4 million and a net income tax expense of $0.7 million for the three months ended March 31, 2018 compared to a loss before income taxes of $2.6 million and a net income tax recovery of $0.5 million for the three months ended March 31, 2017. Excluding the impacts of adopting IFRS 9 and 15, the net income tax expense was $0.4 million for the three months ended March 31, 2018. The current income tax expense was due to the taxes payable on DCM's estimated taxable income for the three months ended March 31, 2018. The deferred income tax recovery for the three months ended March 31, 2018 primarily relates to changes in estimates of future reversals of temporary differences, primarily representing adjustments due to the adoption of IFRS 15 including the full utilization of loss carryforwards and new temporary differences that arose during the three month period ended March 31, 2018.

NET INCOME

Net income for the three months ended March 31, 2018 was $1.8 million compared to a net loss of $2.1 million for the same period in 2017. Excluding the impacts of adopting IFRS 9 and 15, net income for the three months ended March 31, 2018 was $0.9 million. The increase in comparable profitability for the three months ended March 31, 2018 was primarily due to the increase in revenues which included the post-acquisition financial results of Eclipse, Thistle and BOLDER Graphics, in addition to a refined discipline in DCM's pricing strategy and cost reductions as a result of the restructuring efforts made in 2017. This increase was partially offset by higher SG&A expenses and higher interest expenses for the three months ended March 31, 2018.

ADJUSTED NET INCOME

Adjusted net income for the three months ended March 31, 2018 was $2.1 million compared to Adjusted net income of $0.3 million for the same period in 2017. Excluding the impacts of adopting IFRS 9 and 15, Adjusted net income for the three months ended March 31, 2018 was $1.3 million. The increase in comparable profitability for the three months ended March 31, 2018 was due to higher revenues and gross margin, despite higher SG&A expenses and, to a lesser extent, higher interest expense in 2018.

Liquidity and capital resources

LIQUIDITY

DCM has established a revolving credit facility (the “Bank Credit Facility”) with a Canadian chartered bank (the “Bank”) and an amortizing term loan facility (the “IAM IV Credit Facility”) with Integrated Private Debt Fund IV LP (“IAM IV"), a fund managed by Integrated Asset Management Corp. ("IAM"), pursuant to separate amended and restated credit agreements, between DCM and the Bank (as amended, the “Bank Credit Agreement”) and IAM (as amended, the “IAM IV Credit Agreement”), respectively. Upon closing of the Thistle acquisition in 2017, DCM became a co-borrower with Thistle under an existing credit agreement (the “IAM III Credit Agreement”) between Thistle and Integrated Private Debt Fund III LP (“IAM III”), another fund managed by IAM, pursuant to which IAM III has advanced to Thistle a term loan facility (the “IAM III Credit Facility”). On November 10, 2017, DCM established a $5.0 million secured, non-revolving senior credit facility (the "IAM V Credit Facility") with Integrated Private Debt Fund V LP ("IAM V"), a loan managed by IAM (the "IAM V Credit Agreement" and, together with the IAM III Credit Agreement and the IAM IV Credit Agreement, the “IAM Credit Agreements”) to fund the acquisition of BOLDER Graphics and to repay a portion of DCM's outstanding principal under the Bank Credit Facility. The IAM III Credit Facility and the IAM V Credit Facility are subject to the same covenants stipulated under the IAM IV Credit Agreement and are reported on a consolidated basis.

On June 28, 2017, DCM established a subordinated debt facility with Bridging Finance Inc. for $3.5 million ("Bridging Credit Facility"). 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 DCM’s Bank lender from time to time plus 10.3% per annum, calculated and payable monthly. The Bridging Credit Facility had a term of one year and could be repaid at any time without any prepayment fee upon sixty days prior written notice to Bridging, subject to the prior written consent of DCM’s other senior lenders. The Bridging Credit Facility was subordinated in right of payment to the prior payment in full of DCM’s indebtedness under the Bank Credit Agreement and the IAM Credit Agreements and was secured by certain specified equipment together with certain other conventional security. The Bridging Credit Facility limited spending on capital expenditures by DCM to an aggregate amount not to exceed $5.5 million during any fiscal year. As at March 31, 2018, transaction costs of $0.1 million were capitalized and the unamortized transaction costs as at March 31, 2018 were $0.04 million. These costs were being amortized over the term of the Bridging Credit Facility. On May 8, 2018, the $3.5 million outstanding under Bridging Credit Facility was repaid with a portion of the advances under the Crown Facility.

On April 30, 2018, DCM established the Crown Facility in the principal amount of $12.0 million. The Crown Facility was made available in one advance, with an effective date of May 7, 2018, and bears interest at a rate equal to 10% per annum, calculated daily and payable in arrears on a quarterly basis. The loan facility has a five (5) year term beginning on May 7, 2018 and can be repaid at any time after twenty-four (24) months, subject to prepayment fee, upon ten (10) days prior written notice to Crown. The Crown Facility is subordinated in right of payment to the prior payment in full of DCM's indebtedness under the Bank Credit Agreement and the IAM Credit Agreements and is secured by a conventional security on all of the assets of DCM and its subsidiaries. The Crown Facility limits spending on capital expenditures by DCM to an aggregate amount not to exceed $5.0 million during any fiscal year. Effective May 7, 2018, DCM entered into the first amendment (the "Crown Amendment") to the Crown Facility, which amended certain representations and indemnities relating to taxation, including with respect to excluded taxes, indemnified taxes and other taxes in the event of a future change in the regulatory jurisdiction of the holder of the Crown Facility for the benefit of each of Crown and DCM.

Under the terms of the Crown Facility agreement, DCM must maintain (i) a fixed charge ratio, at the end of each quarter, of no less than (a)1.1 to 1.0 for the fiscal quarter ending June 30, 2018, (b) 1.25 to 1.0 for the fiscal quarter ending September 30, 2018 and (c) 1.4 to 1.0 for each fiscal quarter thereafter; and (ii) a net debt to EBITDA ratio, of no more than 4.0 to 1.0 for each quarter up until December 31, 2019 and 3.0 to 1.0 for each quarter thereafter.

As at March 31, 2018, DCM had outstanding borrowings of $21.2 million and letters of credit granted of $1.4 million under the Bank Credit Facility, outstanding borrowings of $4.6 million under the IAM III Credit Facility, outstanding borrowings of $21.3 million under the IAM IV Credit Facility, borrowings of $4.7 million under the IAM V Credit Facility, and outstanding borrowings of $3.5 million under the Bridging Credit Facility. Under the Bank Credit Facility, DCM had access to $12.4 million of available credit at March 31, 2018.

Under the terms of the Bank Credit Agreement, the maximum principal amount available under the Bank Credit Facility is $35.0 million and the Bank Credit Facility matures on March 31, 2020. Advances under the amended Bank Credit Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin of 0.75%. As at March 31, 2018, DCM has capitalized transaction costs of $0.8 million related to the amended Bank Credit Facility. The unamortized transaction costs related to the credit facility as at March 31, 2018 was $0.4 million. The unamortized balance of the transaction costs are being amortized over the remaining term of the amended Bank Credit Facility. As at March 31, 2018, all of DCM's indebtedness outstanding under the amended Bank Credit Facility was subject to a floating interest rate of 4.2% per annum.

Under the terms of the IAM Credit Agreements, the maximum aggregate principal amount which may be outstanding at any time under the IAM III Credit Facility, IAM IV Credit Facility, the IAM V Credit Facility, the Bank Credit Facility and Crown Facility, calculated on a consolidated basis in accordance with IFRS ("Total Funded Debt"), is $72.0 million (after giving effect to the provisions of the inter-creditor agreement described below).

The principal amount of the amended IAM III Credit Facility amortizes in blended equal monthly repayments of principal and interest over a nine year term ending October 15, 2022. The principal amount of the amended IAM IV Credit Facility amortizes in blended equal monthly repayments of principal and interest over a seven year term ending in March 10,

2023. The principal amount of the IAM V Credit Facility amortizes in blended equal monthly repayments of principal and interest over a sixty six month term ending in May 15, 2023. As at March 31, 2018, all of DCM's indebtedness outstanding under the IAM III Credit Facility was subject to a fixed interest rate equal to 6.10% per annum and all of DCM's indebtedness outstanding under the amended IAM IV Credit Facility and under the IAM V Credit Facility were subject to a fixed interest rate equal to 6.95% per annum, respectively.

As at March 31, 2018, the unamortized transaction costs related to the IAM III Credit Facility were $28,000 and the unamortized balance of the transaction costs is being amortized over the remaining term of this facility. DCM has capitalized transaction costs of $0.8 million related to the amended IAM IV Credit Facility and the related unamortized balance of transaction costs were $0.5 million as at March 31, 2018. The unamortized balance of the transaction costs is being amortized over the remaining term of this facility. DCM has capitalized transaction costs of $0.2 million related to the IAM V Credit Facility. As at March 31, 2018. the unamortized balance of the transaction costs were $0.1 million. The unamortized balance of the transaction costs of the IAM V Credit Facility is being amortized over the term of this facility.

Each of the amended Bank Credit Agreement, the IAM III Credit Agreement, the amended IAM IV Credit Agreement, the IAM V Credit Agreement and the Crown Facility agreement contain customary representations and warranties, as well as restrictive covenants which limit the discretion of the Board and management with respect to certain business matters including the declaration or payment of dividends on the Common Shares without the consent of the Bank, IAM III, IAM IV, IAM V and Crown, as applicable.

Under the terms of the amended Bank Credit Agreement, DCM is required to maintain a fixed charge coverage ratio as follows: i) for the period commencing July 1, 2017 and ending December 31, 2017,the ratio would not be less than 0.9 to 1.0; ii) for the period commencing January 1, 2018 and ending March 31, 2018, the ratio would not be less than 1.0 to 1.0, and for the periods ending after March 31, 2018, the ratio must not be less than 1.1 to 1.0 at all times, calculated on a consolidated basis, in respect of any particular trailing 12 month period, as EBITDA for such period less cash taxes, cash distributions (including dividends paid) and non-financed capital expenditures paid in such period, divided by the total amount required by DCM to service its outstanding debt for such period. The pro forma financial results for DCM's acquisitions are included on a trailing twelve month basis effective as of the closing date of the acquisitions for the purposes of DCM's covenant calculations. As at March 31, 2018, the fixed charge coverage ratio was 1.14. As at March 31, 2018, DCM was in compliance with this covenant and it expects to be compliant with this covenant going forward.

Under the terms of the IAM Credit Agreements, DCM is required to maintain (i) a ratio of Total Funded Debt to EBITDA of not greater than the following levels: from October 1 2017 to December 31, 2017 - 3.50 to 1; from January 1, 2018 up to March 31, 2018 - 3.25 to 1; and on and after April 1, 2018 - 3.00 to 1; (ii) a debt service coverage ratio of not less than 1.50 to 1; and (iii) a working capital current ratio of not less than 1.1:1. The pro forma financial results from DCM's acquisitions are included on a trailing twelve month basis effective as of the closing date of the acquisitions for the purposes of DCM's covenant calculations.

As at March 31, 2018, the ratio of Total Funded Debt to EBITDA was 2.72, the debt service coverage ratio was 2.09 and the working capital current ratio was 1.13. As at March 31, 2018, DCM was in compliance with these covenants and it expects to be compliant with these covenants going forward.

A failure by DCM to comply with its obligations under any of the amended Bank Credit Agreement, the IAM Credit Agreements or the Crown Facility agreement, together with certain other events, including a change of control of DCM and a change in DCM's chief executive officer, president or chief financial officer (unless a replacement officer acceptable to IAM III, IAM IV and IAM V, acting reasonably, is appointed within 60 days of the effective date of such officer's resignation), could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under each of those agreements. On May 3, 2018, DCM obtained written consent from IAM III, IAM IV and IAM V regarding the resignation of DCM's CEO and the appointment of DCM's President as President and CEO of DCM. DCM anticipates it will be in compliance with the covenants in its credit facilities for the next twelve months; however there can be no assurance that DCM will be successful in achieving the results targeted in its 2018 operating plan or in complying with its covenants over the next twelve months.

DCM's obligations under the amended Bank Credit Facility, the IAM III Credit Facility, the amended IAM IV Credit Facility and the IAM V Credit Facility are secured by conventional security charging all of the property and assets of DCM and its affiliates. On February 22, 2017, DCM entered into an amended inter-creditor agreement between the Bank, IAM III, IAM IV, and the parties to the vendor take-back promissory notes (the “VTB Noteholders”) issued in connection with the acquisitions of Eclipse and Thistle, respectively, which, among other things, establishes the rights and priorities of the respective liens of the Bank, IAM III, IAM IV and the VTB Noteholders on the present and after-acquired property of DCM, Eclipse and Thistle (the "Original Inter-Creditor Agreement"). On June 28, 2017, a second inter-creditor agreement was entered into in order to include Bridging and to separately address the priority of its liens on certain specified equipment as a result of the Bridging Credit Facility. On November 10, 2017, the Original Inter-Creditor Agreement was amended in connection with the BOLDER Graphics acquisition to include IAM V as a party to the agreement and to establish the rights and priorities of the respective liens of the Bank, IAM III, IAM IV, IAM V and the VTB Noteholders on the present and after-acquired property of BOLDER Graphics. Effective May 7, 2018, DCM entered into a second amended and restated inter-creditor agreement (the “Second A&R ICA”) between the Bank, IAM III, IAM IV, IAM V, Crown and the VTB Noteholders, respectively, which, among other things, establishes the rights and priorities of the respective liens of the Bank, IAM III, IAM IV, IAM V, Crown and the VTB Noteholders on the present and after-acquired property of DCM and Perennial.

Effective May 7, 2018, DCM entered into an amended and restated bank credit agreement (the “A&R Bank Credit Facility”) with regards to its Bank Credit Facility, as amended, which incorporated conforming updates to the original Bank Credit Facility dated March 16, 2016 to consolidate the subsequent series of amendments previously made to that facility, including to provide for the addition of the Crown Facility together with the repayment of the Bridging Credit Agreement into the A&R Bank Credit Facility and the acquisition of Perennial. No material changes were otherwise incorporated into the A&R Bank Credit Facility.

Effective May 7, 2018, DCM also entered into amended and restated credit agreements with regards to its IAM III Credit Facility (the “IAM III A&R Credit Facility”), its IAM IV Credit Facility (the “IAM IV A&R Credit Facility”) and its IAM V Credit

Facility (the "IAM V Credit Facility"), each managed by IAM, which, among other things, incorporated conforming updates to each those respective original credit agreements, to consolidate the subsequent series of amendments previously made to those agreements, including to provide for the addition of the Crown Facility together with the repayment of the Bridging Credit Agreement and the acquisition of Perennial. No material changes were otherwise incorporated into the various credit facilities managed by IAM.

Market conditions and DCM's financial condition and capital structure could affect the availability and terms of any replacement credit facilities or other funding sought by DCM from time to time or upon the maturity of the amended Bank Credit Facility, the IAM III Credit Facility, the amended IAM IV Credit Facility, the IAM V Credit Facility, the Crown Facility, as amended, or other indebtedness of DCM.

As at March 31, 2018, DCM had a bank overdraft of $2.9 million compared to bank overdraft of $2.9 million at December 31, 2017. Under the terms of the amended IAM IV Credit Agreement and IAM V Credit Agreement, DCM is required to deposit and hold cash in a blocked account to be used for repayments of principal and interest of indebtedness outstanding under the amended IAM IV Credit Facility and IAM V Credit Facility. As at March 31, 2018, there was a balance of $0.5 million in the blocked account, which is recognized as restricted cash in DCM's consolidated statements of financial position.

In assessing DCM's liquidity requirements, DCM takes into account its level of cash and cash equivalents, together with currently projected cash to be provided by operating activities, cash available from its unused credit facilities, cash from investing activities such as sales of redundant assets, access to the capital markets and anticipated reductions in operating costs projected to result from existing restructuring activities, as well as its ongoing cash needs for its existing operations, will be sufficient to fund its currently projected operating requirements including expenditures related to its growth strategy, payments associated with various restructuring and productivity improvement initiatives, contributions to its pension plans, payment of income tax liabilities and cash required to finance currently planned expenditures, and debt repayment obligations. Cash flows from operations have been, and could continue to be, negatively impacted by decreased demand for DCM's products and services and pricing pressures from its existing and new customers, which could result from factors such as reduced demand for traditional business forms and other print-related products, adverse economic conditions and competition from competitors supplying similar products and services, increases in DCM's operating costs (including interest expense on its outstanding indebtedness and restructuring expenses) and increased costs associated with the manufacturing and distribution of products or the provision of services. DCM's ability to conduct its operations could be negatively impacted in the future should these or other adverse conditions affect its primary sources of liquidity.

CASH FLOW FROM OPERATIONS

During the three months ended March 31, 2018, cash flows generated by operating activities were $6.1 million compared to cash flows used for operating activities of $1.6 million during the same period in 2017. A total of $5.5 million of the current period cash flows resulted from operations, after adjusting for non-cash items, compared with $1.5 million for the same period last year. Current period cash flows from operations were positively impacted by the increase in revenues and better gross margins from improved pricing discipline however this was slightly offset by a $2.6 million increase in SG&A expense over the prior year comparative period. Changes in working capital during the three months ended

March 31, 2018 generated $3.7 million in cash compared with $0.9 million of cash used in the prior year. Given the increase in trade receivables as a result of higher sales in the current quarter, there was a corresponding increase in accounts payable for higher volumes in inventory purchases and related manufacturing costs. Timing of payments to suppliers are fairly commensurate with collections on outstanding receivables from DCM's customers.

In addition, $2.2 million of cash was used to make payments primarily related to severances and lease termination costs, compared with $1.7 million of payments in 2017. Contributions made to the Company's pension plans were $0.3 million, which decreased from $0.5 million in the prior year while income tax payments increased by $0.6 million for the three months ended March 31, 2018.

INVESTING ACTIVITIES

During the three months ended March 31, 2018, $1.4 million in cash flows were used for investing activities compared with $5.0 million during the same period in 2017. In 2018, $0.6 million of cash was used to invest in IT equipment, in addition to incurring certain costs for leasehold improvements to facilitate the consolidation of the Multiple Pakfold, Granby, Québec and BOLDER Graphics facilities into DCM's Brampton, Ontario, Drummondville, Quebec and Calgary, Alberta locations, respectively. Furthermore, $0.9 million of cash was used to further invest in DCM's ERP project. In 2017, $4.6 million of cash was used to acquire the businesses of Eclipse and Thistle.

FINANCING ACTIVITIES

During the three months ended March 31, 2018, cash flow used for financing activities was $4.8 million compared to cash flow generated by financing activities of $6.9 million during the same period in 2017. DCM used a portion of cash generated from its operations to repay $1.9 million in outstanding principal amounts under its various credit facilities and paid a total of $2.8 million related to the promissory notes issued in connection with the acquisitions of Thistle and Eclipse.

Outstanding share data

At May 11, 2018, March 31, 2018 and December 31, 2017, there were 21,434,015, 20,039,159 and 20,039,159 Common Shares outstanding, respectively.

On May 8, 2018, a total of 1,394,856 Common Shares were issued to one of the vendors as partial consideration for the purchase of the shares of Perennial. That vendor entered into a lock-up agreement with DCM, pursuant to which they have agreed not to sell the Common Shares issued to them pursuant to the Perennial transaction until May 8, 2019.

At May 11, 2018 and March 31, 2018, there were options outstanding to purchase up to 1,991,957 Common Shares, respectively and at December 31, 2017, there were options outstanding to purchase up to 804,961 Common Shares. During the three months ended March 31, 2018, the Board approved awards of options to purchase up to 1,200,000 Common Shares. Once vested, the options are exercisable for a period of seven years from the grant date at an exercise price of $1.41 per share, representing the fair value of the Common Shares on March 13, 2018. A total of 40,000 options were awarded to DCM's CEO and a total of 1,160,000 options were awarded to the other members of DCM's executive management team and the Board. All options vest at a rate of 1/36th per month beginning on March 14, 2018. The fair value of the options issued was estimated to be $0.8 million using the Black-Scholes option-pricing model, assuming a risk-free interest of 1.88%, a weighted average life of seven years, a dividend yield of nil, an expected volatility of 40% and a forfeiture rate of 10%. During the three months ended March 31, 2018, options to purchase 13,004 Common Shares were forfeited.

At May 11, 2018, there were warrants outstanding to purchase up to 2,341,050 Common Shares. At March 31, 2018, and December 31, 2017, there were warrants outstanding to purchase up to 1,381,050 Common Shares, respectively. On April 30, 2018, Crown was granted a total of 960,000 Warrants in connection with the Crown Facility used to finance the acquisition of Perennial. Each Warrant entitles the holder to acquire one Common Share of DCM at an exercise price of $1.75 for a period of five years, commencing on May 8, 2018.

Contractual obligations

DCM believes that it will have sufficient resources from its operating cash flow, existing cash resources and borrowing under available credit facilities to meet its contractual obligations as they become due. Contractual obligations have been defined as contractual commitments in existence but not paid for as at March 31, 2018. Short-term commitments such as month-to-month office leases, which are easily cancelled, are excluded from this definition. Operating leases include payments to landlords for the rental of facilities and payments to vendors for the rental of equipment.

DCM believes that its existing cash resources and projected cash flows from operations will be sufficient to fund its currently projected operating requirements and that it will continue to remain compliant with its covenants and other obligations under its credit facilities.

Summary of eight quarter results

TABLE 5 The following table summarizes quarterly financial information for the past eight quarters.

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

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**$88,516**	$76,125	$ 70,212	$73,066	$70,126	$ 68,191	$ 65,842	$ 69,716
Net income (loss) attributable to shareholders	**1,763**	(2,459)	(1,068)	(581)	(2,097)	(33,115)	(1,865)	991
Basic earnings (loss) per share	**0.09**	(0.12)	(0.06)	(0.04)	(0.17)	(2.77)	(0.16)	0.09
Diluted earnings (loss) per share	**0.09**	(0.12)	(0.06)	(0.04)	(0.17)	(2.77)	(0.16)	0.09

The variations in DCM's quarterly revenues and net income (loss) over the eight quarters ended March 31, 2018 can be attributed to several principal factors: the adoption of IFRS 9 and 15 on January 1, 2018, the acquisitions of Eclipse, Thistle and BOLDER Graphics, revenue declines in DCM's traditional print business due to production volume declines largely related to technological change, price concessions and competitive activity, seasonal variations in customer spending, restructuring expenses and business reorganization costs related to DCM's ongoing productivity improvement and cost reduction initiatives, profitability improvements resulting from cost savings initiatives which lowered direct and indirect labour costs and improved utilization rates at DCM's key plants, lower interest expense during 2016 as a result of the partial redemption of its outstanding 6.00% Convertible Debentures in 2015, non-cash goodwill impairment charges and business acquisition costs.

DCM's net income for the first quarter of 2018 included the impact on adoption of IFRS 9 and 15, operating results of Eclipse, Thistle and BOLDER for the full quarter of 2018 and net restructuring expenses of $0.1 million related to its cost reduction initiatives. DCM's net loss in the first quarter of 2017 included the operating results of Eclipse and Thistle post-acquisition (after February 22, 2017), restructuring expenses of $1.9 million and business acquisition costs of $1.0 million.

DCM's net loss for the fourth quarter of 2017 included operating results of Eclipse, Thistle and BOLDER Graphics, restructuring expenses of $4.5 million, $0.4 million of one-time business reorganization costs related to its cost reduction initiatives and business acquisition costs of $0.4 million. DCM's net loss for the fourth quarter of 2016 included restructuring expenses of $1.7 million and $1.0 million in one-time business reorganization costs related to its cost reduction initiatives, and a non-cash impairment of goodwill of $31.1 million related to its DCM North America cash generating unit.

DCM's net loss for the third quarter of 2017 included operating results of Eclipse and Thistle and restructuring expenses of $1.4 million related to its cost reduction initiatives. There were $1.8 million of restructuring expenses in the third quarter of 2016.

DCM's net loss for the second quarter of 2017 included operating results of Eclipse and Thistle and restructuring expenses of $1.7 million related to its cost reduction initiatives. DCM's net income for the second quarter of 2016 included $0.4 million of restructuring expense related to its cost reduction initiatives.

Accounting policies

CHANGES IN ACCOUNTING POLICIES

The accounting policies and critical accounting estimates and judgments as disclosed in DCM's audited annual consolidated financial statements have been applied consistently in the preparation of its unaudited condensed interim consolidated financial statements, with the exception of the accounting standards implemented in 2018 which are outlined in notes 2 and 3 of the Notes to the condensed interim consolidated financial statements of DCM for the three months ended March 31, 2018. On January 1, 2018, DCM implemented the following new and revised standards, along with any consequential amendments, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the implementation of these standards on DCM's condensed interim consolidated financial statements are described below.

IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

In 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), replacing IAS 18 *Revenue* ("IAS 18"), IAS 11 *Construction Contracts*, and related interpretations. IFRS 15 establishes a single comprehensive framework for revenue recognition based on a five-step model where entities are required to 1) identify the contract with a customer; 2) identify the performance obligations related to the contract; 3) determine the transaction price of the contract; 4) allocate such transaction price between the performance obligations in the contract; and 5) recognize revenue when (or as) performance obligations are satisfied. In addition to recognition and measurement, IFRS 15 also includes new requirements on presentation and disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

DCM elected to adopt IFRS 15 using the modified retrospective method, with recognition of transitional adjustments in opening deficit on the date of initial application (January 1, 2018), without restatement of comparative figures.

IFRS 15 provides for certain optional practical expedients, including those related to the initial adoption of the standard. DCM applied the following practical expedients upon adoption of IFRS 15:

PRACTICAL EXPEDIENT (ON TRANSITION)	**DESCRIPTION**
Completed contracts	DCM did not restate contracts that began and were completed in the same annual reporting period or were completed by delivering all product and services prior to or on January 1, 2018.

PRACTICAL EXPEDIENTS (ONGOING)	**DESCRIPTION**
Assessment against a portfolio of contracts versus individual contracts	DCM grouped customer contracts that were individually less significant in nature where they had similar characteristics and applied IFRS 15 to the portfolio of contracts (or performance obligations) on the basis that DCM reasonably expects that the effects on the financial statements of applying this standard to the portfolio would not differ materially from applying this standard to the individual contracts (or performance obligations) within that portfolio.
Consideration of potential existence of a significant financing component in a contract	DCM applied the practical expedient in IFRS 15 to not assess whether there is a significant financing component in its contracts on the basis that: 1) The period between when DCM transfers a promised good or service to a customer and when the customer pays for that good or service is generally one year or less; and 2) Where invoicing takes place when the product is dispatched from the warehouse, DCM charges its customers a financing charge for the duration of the time that customer product is stored in its warehouses at a rate that is reasonably comparable with market interest rates.
Transaction price allocated to the remaining performance obligations unsatisfied at the end of a reporting period	DCM elected not to disclose the aggregate amount of the transaction price allocated to the unsatisfied portion of the performance obligations at the end of the reporting period, in addition to when it expects to recognize this as revenue based on the following reasons: 1) Product and freight revenue - DCM has a right to consideration from a customer in an amount that corresponds directly with the value to the customer for the performance obligation completed to date. 2) Warehouse revenue - generally this performance obligation is part of a contract that has an original expected duration of one year or less.

The details of the new significant accounting policies and the impact of the changes from previous significant accounting policies in relation to DCM's sale of products and services are set out below.

REVENUE RECOGNITION

Under IFRS 15, DCM recognizes revenue when control of the goods or services has been transferred. Revenue is measured at the amount of consideration to which DCM expects to be entitled to, net of incentives given to its customers including volume-based incentives and cash discounts.

The following is a description of the principal activities from which DCM generates its revenue, along with the corresponding revenue recognition accounting policies applied under IFRS 15:

a. Product sales - DCM manufactures customized products based on specifications pre-approved by its customers. At its customers' request, DCM will also purchase stock product from third-party vendors and resell that to its customers. For products that DCM purchases and resells to its customers, DCM is typically a principal in these arrangements as it is responsible for making key decisions over the purchasing of product and has the economic risks and rewards that are customary with control. Accordingly, third party stock product revenue is typically presented on a gross basis in revenue with the corresponding product purchase cost and associated costs recognized in costs of revenue. Under IFRS 15, DCM recognizes revenue when control over the product transfers to the customer, which is effectively transferred upon the completion of production or when resale product is purchased and inducted into DCM's warehouses. Given manufactured products are customized or purchased specifically at the customer's request, product returns are insignificant.

   In some instances, DCM customers obtain the product directly from DCM following the completion of production. In other instances, DCM's contracts involve the provision of warehousing and shipment services, in addition to manufacturing or purchasing of third-party products. Based on DCM's contractual arrangements with such customers, DCM has identified three key distinct performance obligations under IFRS 15: product, warehousing services and shipment services. DCM stores customized or purchased product at the request of the customer; the product is identifiable as the customer's product; the product is ready for transfer to the customer upon the customer's request; and DCM cannot re-direct the product nor use the product to fulfill another customer's product order under the contract. Where control has transferred over the product upon product manufacture by DCM or upon receipt of third-party product into DCM's warehouses, DCM recognizes revenue for product and allocates an amount of the consideration received or receivable from the customer for the remaining warehousing and shipping performance obligations based on their relative stand-alone selling prices, where applicable. Based on the contractual terms with its customers, DCM either issues an invoice when product that is manufactured by DCM or purchased from third-party vendors is inducted into, or alternatively the invoice is issued for some customers when product is dispatched from its warehouses. In instances where DCM issues an invoice on dispatch of product from its warehouses, rather than at the date of transfer of control, DCM is still entitled to payment for the purchased or manufactured product. Accordingly, revenue is recognized for the product manufactured by DCM or third-party stock product and a corresponding "unbilled receivable" is also recognized as a trade receivable in the consolidated statement of financial position.

b. Warehousing services - DCM provides custodial services to store customer product in its warehouse over a specified agreed upon period. For non-bundled pricing arrangements, warehousing revenues are recognized over the period that warehousing services are provided to the customer based on the balance of customer product remaining in the warehouse at the time an invoice is issued. For bundled pricing arrangements, DCM allocates a portion of the initial transaction price for warehousing services and recognizes revenue on a straight-line basis over the period of the warehousing as it best represents the pattern of performance.

c. Freight services - Under IFRS 15, DCM has identified that it has a distinct performance obligation for shipment of product for certain contracts where it has an obligation to arrange shipment services where control of the product has been transferred to the customer prior to shipment. DCM frequently contracts with third parties to deliver product. Under IFRS 15, DCM is typically a principal for such shipment services as it is responsible for making key decisions over the shipment arrangements and has the economic risks and rewards associated with such control. As a principal DCM recognizes shipment revenues when performance of the shipping service has occurred.

VARIABLE CONSIDERATION

Some contracts with customers provide volume-based incentives specific to product sales. Previously, under IAS 18, DCM recognized revenue from the sale of products measured at the fair value of the consideration received or receivable, net of provisions for customer incentives. Such incentive offerings give rise to variable consideration under IFRS 15 and are required to be estimated at contract inception by using either the expected value or the most likely amount, depending on which method better predicts the amount of consideration to which the customer will be entitled. The estimates are based on various assumptions including past experience with customers and other relevant factors. DCM uses the most likely amount when determining the expected amount of volume-based incentives it will give to its customers.

Given the timing of revenue recognition has changed for product sales and warehousing services with a bundled pricing arrangement upon the adoption of IFRS 15, the timing to recognize volume-based incentives has also changed to correspond with the related timing of recognition of product sales and warehouse revenue.

CONTRACT COSTS

DCM rewards its employees with sales commissions for sales made to certain customers. Previously, under IAS 18, DCM would recognize an expense for commission costs payable to its employees within selling, commissions and expenses in the consolidated statement of operations based on when the customer was invoiced. Given the timing of revenue recognition has changed for product sales and warehousing services with a bundled pricing arrangement upon the adoption of IFRS 15, the timing to recognize commission costs also changed to correspond with the related recognition of revenue.

PRESENTATION OF DISAGGREGATED REVENUE

In accordance with IFRS 15, DCM has disclosed revenue on a disaggregated basis in the "Impact of Adoption of IFRS 9 and IFRS 15" section below. Revenue is disaggregated based on the nature of the major products and services it provides to its customers which comprise of product sales, warehousing services, freight and other services. Freight and other services includes other ancillary services such as administrative functions that DCM provides to its customers. Revenue for the other ancillary services are recognized upon completion of the performance obligations of its customers.

USE OF SIGNIFICANT JUDGMENT

DCM has significant judgment, which is inherent in its revenue generating activities, in when control has transferred to its customers on completion of the manufacture or purchase and induction of third-party product into DCM's warehouses. As an integral part of the judgment on the transfer of control of product, DCM typically has a right of payment for all customized product produced or purchased from third-party vendors notwithstanding that invoicing of the product for some contracts does not occur until the product is dispatched from the warehouse at the customers' request. Due to the custom nature of the product, it does not have an alternative use to DCM, such that DCM is practically entitled to payment once the quantity of product pursuant to an individual purchase order is produced or purchased from a third-party vendor and inducted into its warehouses. Where a customer has an arrangement to be invoiced on dispatch from one of DCM's warehouses, DCM closely monitors the customer’s product and the agreed upon term of warehousing to manage any related business risks.

IFRS 9 - FINANCIAL INSTRUMENTS

In 2014, the IASB issued IFRS 9 *Financial Instruments* (“IFRS 9”) replacing IAS 39 *Financial Instruments: Recognition and Measurement* and related interpretations. IFRS 9 includes revised guidance on the classification and measurement of financial assets, including impairment and a new general hedge accounting model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. DCM implemented IFRS 9 as at January 1, 2018 by applying the requirements for classification and measurement, including impairment, retrospectively with the cumulative effects of initial application recorded in the opening deficit balance as at January 1, 2018 with no restatement of comparative periods. IFRS 9 was not applied to financial assets and financial liabilities that were derecognized at the date of initial application (i.e. January 1, 2018). DCM also applied related amendments to IFRS 7 *Financial Instruments: Disclosures*.

CLASSIFICATION AND MEASUREMENT

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income, and fair value through profit and loss (“FVTPL”).

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification.

The following table summarizes the classification impact of DCM's financial assets and financial liabilities upon the adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in any significant changes in measurement or the carrying amount of DCM's financial assets and liabilities.

Asset/Liability	Classification under IAS 39	Classification under IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Financial liabilities		
Bank overdraft	Other liabilities	Amortized cost
Trade payables and accrued liabilities (1)	Other liabilities	Amortized cost
Other non-current liabilities (2)	Other liabilities	Amortized cost
Credit facilities	Other liabilities	Amortized cost
Promissory notes	Other liabilities	Amortized cost

(1) *Includes trade payables and accrued liabilities (excluding financial liabilities related to commodity taxes that are not contractual and that arise as a result of statutory requirements imposed by governments and therefore do not meet the definition of financial assets or financial liabilities)*

(2) Includes bonuses payables

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses.

DCM applies the ECL model to assess for impairment of its financial assets at each balance sheet date. DCM adopted the simplified approach to determine ECLs on trade receivables using a provision matrix based on historical credit loss experiences to estimate lifetime ECLs.

Impairment losses are recorded in general and administration expenses in the consolidated statements of operations with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss is reversed through the consolidated statements of operations. The impairment reversal is limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

IMPACT OF ADOPTION OF IFRS 9 AND IFRS 15

The following table summarizes the impact of adopting IFRS 9 and IFRS 15 on DCM's consolidated statement of financial position as at January 1, 2018:

(in thousands of Canadian dollars, unaudited)	January 1, 2018 prior to the adoption of IFRS 9 and IFRS 15	Impact of adopting IFRS 9	Impact of adopting IFRS 15	January 1, 2018 after the adoption of IFRS 9 and IFRS 15
Trade receivables	$ 41,193	(505) $	28,671 $	69,359
Inventories	36,519	—	(25,639)	10,880
Deferred income tax assets	6,108	132	(3,006)	3,234
Trade payables and accrued liabilities	34,306	—	601	34,907
Deferred revenue	11,237	—	(9,395)	1,842
Deferred income tax liabilities	1,295	—	83	1,378
Deficit	(256,233)	(373)	8,737	(247,869)

a) Under IAS 18, DCM previously identified that the risks and rewards of ownership related to product that was manufactured by DCM or purchased from a third-party vendor at the customer's request and stored on the customer's behalf in DCM's warehouse did not transfer until such time as the product was dispatched from the warehouse. As noted under changes in accounting policies, DCM has identified that on adoption of IFRS 15 product revenue should be recognized upon the completion of production of manufactured product or purchase and induction of third-party product into DCM's warehouses as that is when control of the product is transferred to the customer and DCM has a right to payment.

An adjustment of $8,320, net of tax, was made to recognize product revenue upon the completion of production or upon the purchase and induction of third-party product into DCM's warehouses resulting in a decrease to the deficit balance in the consolidated statement of financial position as at January 1, 2018. There was a corresponding increase to the unbilled portion of trade receivables of $27,753, a decrease in finished goods inventory of $25,639 and a decrease to deferred revenue of $9,147.

b) Under IFRS 15, revenue is recognized over the period that warehousing services are provided to the customer. Previously, under IAS 18, revenue related to warehousing services that were bundled with the overall selling price of the product, were recognized upon shipment of the product to the customer and non-bundled warehousing services were recognized over the service period.

An adjustment of $861, to the opening deficit, net of tax, was made to recognize revenue related to warehousing services completed that were bundled with the overall transaction price of the product, and therefore had not been recognized previously under IAS 18 until the product was invoiced upon shipment of the product from the warehouse. The adjustment decreased the deficit balance in the consolidated statement of financial position as of January 1, 2018. There was a corresponding increase to the unbilled portion of trade receivables of $917 and a decrease to deferred revenue of $248.

c) DCM has recognized revenue as noted in (a) and (b) above for unbilled receivables representing receivables where DCM has a right to payment for product manufactured or purchased from a third-party vendor and inducted into its warehouses, and warehousing services, yet DCM has agreed not to issue an invoice until the product is shipped from the warehouse. Such amounts related to product sales under IFRS 15 were previously recorded as inventories under IAS 2 *Inventories*, until such time as the product was dispatched from the warehouse.

Upon transition to IFRS 9, DCM assessed trade receivables, which includes unbilled receivables for impairment by applying the provision matrix as at January 1, 2018. An impairment loss of $373, net of tax, was recorded as an increase to the deficit balance in the consolidated statement of financial position. There was a corresponding decrease to the unbilled portion of trade receivables of $505 in the consolidated statement of financial position as at January 1, 2018.

The following table presents the reconciliation of the ending allowances as at December 31, 2017 to the opening loss allowances determined in accordance with IFRS 9 at the date of initial application:

(in thousands of Canadian dollars, unaudited)	**TRADE RECEIVABLES** Lifetime expected credit losses	**UNBILLED RECEIVABLES** Lifetime expected credit losses	**Total**
Allowances as at December 31, 2017	$ (206)	N/A [1]	$ (206)
Additional loss allowance recognized on January 1, 2018	—	(505)	(505)
Impairment allowance under IFRS 9 as at January 1, 2018	**$ (206)**	**$ (505)**	**$ (711)**

(1) *Unbilled receivables, classified in Trade receivables were recognized upon the adoption of IFRS 15 as at* January 1, 2018

d) As a result of the change in the timing of revenue recognition upon the adoption of IFRS 15, the timing to recognize volume-based incentives was also changed to correspond with the related recognition of revenue.

An adjustment of $259, net of tax, was made to increase the opening deficit balance in the consolidated statement of financial position as at January 1, 2018. There was a corresponding increase to trade payables and accrued liabilities of $350 in the consolidated statement of financial position as at January 1, 2018.

e) As a result of the change in the timing of revenue recognition upon the adoption of IFRS 15, the timing to recognize sales commission costs was also changed to correspond with the related recognition of revenue.

An adjustment of $184, net of tax, was made to increase the opening deficit balance in the consolidated statement of financial position as at January 1, 2018. There was a corresponding increase to trade payables and accrued liabilities of $249 in the consolidated statement of financial position as at January 1, 2018.

f) The combined tax impact of the above adjustments in (a) to (e) was a decrease to deferred income tax assets of $2,874 and increase to deferred income tax liabilities of $83 in the consolidated statement of financial position as at January 1, 2018.

There were adjustments made for the three-month period ended March 31, 2018 similar in nature to those noted in (a) to (f) above. In addition, the following adjustments were also made for the three-months ended March 31, 2018:

g) As at March 31, 2018, DCM has disclosed revenue on a disaggregated basis based on the nature of the major products and services it provides to its customers as follows:

(in thousands of Canadian dollars, unaudited)		**For the three months ended March 31, 2018**
Product sales	**$**	**81,835**
Warehousing services		**2,801**
Freight and other services		**3,880**
	$	**88,516**

h) As noted in the accounting policies, DCM serves as a principal when contracting freight services that it provides to its customers as it represents the primary obligor in these arrangements. Previously, under IAS 18, DCM had recorded freight revenue, net of related costs. Under IFRS 15, an adjustment was made to present freight revenue on a gross basis. For the three months ended March 31, 2018, DCM recognized $2,106 of freight revenue in the consolidated statement of operations

The following table summarizes the impact of adopting IFRS 9 and IFRS 15 on DCM's consolidated financial statements for the three months ended March 31, 2018:

(in thousands of Canadian dollars, unaudited)		**For the three months ended March 31, 2018 prior to the adoption of IFRS 9 and IFRS 15**		**Impact of adopting IFRS 9**		**Impact of adopting IFRS 15**		**For the three months ended March 31, 2018 as reported**
Revenues	$	84,699	$	—	$	3,817	$	88,516
Cost of Revenues		64,486		—		2,555		67,041
Gross profit		20,213		—		1,262		21,475
Selling, commissions and expenses		10,302		—		159		10,461
General and administration expenses		7,165		46		—		7,211
Current income tax expense		175		(144)		812		843
Deferred income tax expense (recovery)		236		132		(558)		(190)
Net income		948		(34)		849		1,763

(in thousands of Canadian dollars, unaudited)		**March 31, 2018 prior to the adoption of IFRS 9 and IFRS**		**Impact of adopting IFRS 9**		**Impact of adopting IFRS 15**		**March 31, 2018 as reported**
Trade receivables	$	45,388	$	(46)	$	31,309	$	76,651
Inventories		36,512		—		(26,020)		10,492
Deferred income tax assets		5,741		(132)		(2,399)		3,210
Trade payables and accrued liabilities		44,031		—		751		44,782
Income taxes payable		2,748		(144)		812		3,416
Deferred revenue		9,740		—		(7,891)		1,849
Deficit		(255,050)		(34)		9,218		(245,866)

The adoption of IFRS 9 and IFRS 15 did not have a material impact on DCM's consolidated statement of cash flows for the three months ended March 31, 2018.

IFRS 2 - SHARE-BASED PAYMENT

An amendment to IFRS 2 *Share-based Payment* was issued in June 2016 to clarify the accounting for certain types of share-based payment transactions. The amendments provide requirements on accounting for the effects of vesting and non-vesting conditions of cash-settled share-based payments, withholding tax obligations for share-based payments with a net settlement feature, and when a modification to the terms of a share-based payment changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for the year beginning on or after January 1, 2018. This amendment did not have an impact on the interim consolidated financial statements of DCM.

IFRIC 22 - FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* is an interpretation paper issued by the IASB in December 2016. This interpretation paper clarifies that the foreign exchange rate applicable to transactions involving advance consideration paid or received is the rate at the date that the advance consideration is paid or received and a non-monetary asset or liability is recorded, and not the later date at which the related asset or liability is recognized in the financial statements. This interpretation is applicable for annual periods beginning on or after January 1, 2018, and can be applied either prospectively or retrospectively, at the option of the entity. IFRIC 22 did not have an impact on the interim consolidated financial statements of DCM.

FUTURE ACCOUNTING STANDARDS NOT YET ADOPTED

DCM has not yet determined the impact of adopting the changes in accounting standards listed below. The assessment of the impact on our consolidated financial statements of these new standards or the amendments to these standards is ongoing.

IFRS 16 - LEASES

IFRS 16 *Leases* was issued in January 2016. It supersedes the IASB's current lease standard, IAS 17 *Leases*, which required lessees and lessors to classify their leases as either finance leases or operating leases and to account for those two types of leases differently. It did not require lessees to recognize assets and liabilities arising from operating leases, but it did require lessees to recognize assets and liabilities arising from finance leases.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months and for which the underlying asset is not of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is initially measured at cost and subsequently depreciated. The lease liability is initially measured at the present value of the lease payments and subsequently adjusted for interest and lease payments. This accounting is subject to certain exceptions and other adjustments.

IFRS 16 contains disclosure requirements for lessees and lessors. This new standard will come into effect for annual periods beginning on or after January 1, 2019.

Based on management's preliminary assessment, DCM has identified lease contracts, primarily for building and equipment rentals, for which recognition will change under IFRS 16. The recognition of the leased assets and their related liabilities will increase income from operations, with a corresponding combined increase in depreciation and amortization and financial charges as at the date of application of IFRS 16. DCM will adopt IFRS 16 for the annual period beginning on January 1, 2019.

IFRIC 23 - UNCERTAINTY OVER INCOME TAX TREATMENTS

In June 2017, the IASB issued IFRIC 23 *Uncertainty over Income Tax Treatments*. The interpretation clarifies the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires an entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If the entity considers it to be not probable that a taxation authority will accept an uncertain tax provision the interpretation requires the entity to use the most likely amount or the expected value. The amendments are to be applied retrospectively and are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The adoption of this amendment is not expected to have a significant impact on the DCM's consolidated financial statements.

IAS 19 EMPLOYEE BENEFITS (AMENDMENT)

In February 2018, the IASB issued amendments to IAS 19 *Employee Benefits* with a mandatory effective date of January 1, 2019. The amendment clarifies the effect of a plan amendment, curtailment and settlement on the requirements regarding the asset ceiling. In addition, if a plan amendment, curtailment or settlement occurs, it is mandatory under the amended standard that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. This amendment is to be applied prospectively. DCM intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of this amendment is not expected to have a significant impact on the DCM's consolidated financial statements.

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

Management's report on internal controls over financial reporting

DCM's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements of DCM for external purposes in accordance with IFRS.

DCM's management has determined that there have been no changes in the internal controls over financial reporting of DCM during the period beginning on January 1, 2018 and ending on March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting of DCM.

Outlook

DCM recently announced the acquisition of the Perennial along with a new $12.0 million credit facility with Crown Capital, of which $3.5 million was used to repay short term debt outstanding. Perennial highlights the strategic shift DCM is making to bolster its credibility in the retail sector which it sees as a key vertical market.

With encouraging signs like growth from existing customers, the addition of new customers, and improvements in key "growth" segments like labels and large format, DCM maintains the 2018 guidance it issued in February 2018.

DCM is buoyed by its first quarter results and looks forward to a strong 2018.

Revenues
DCM anticipates total revenues of between $295.0 million and $310.0 million, representing growth of approximately 2% to 7% compared to revenues of $289.5 million in fiscal 2017.

Adjusted EBITDA
Adjusted EBITDA for fiscal 2018 is estimated to be between $22.0 million and $25.0 million, compared to Adjusted EBITDA in fiscal 2017 of $16.1 million.

Capital Expenditures

For fiscal 2018, DCM expects to spend approximately $2.5 million on capital expenditures, in line with the $2.4 million recorded in fiscal 2017. DCM expects to incur approximately $1.5 million in intangible asset purchases in 2018 mostly relating to the ERP project which will be incurred primarily through the first half of 2018.

As part of establishing the above guidance, DCM made the following assumptions:

- New customer wins and sales initiatives focused on capturing greater wallet share from DCM's existing customer base, including increasingly capitalizing on its technology-enabled value-added services provided to customers, will offset continued expected declines in the Company's core business communications market;
- DCM will benefit from the full-year results of the acquisitions of Eclipse, Thistle and BOLDER Graphics and continue to experience growth rates in each of those businesses consistent with the past year, and DCM will benefit from the partial year of results from the acquisition of Perennial, commencing May 8, 2018.
- The three acquisitions DCM completed in 2017, together with the acquisition of Perennial in May 2018, will continue to generate incremental cross-selling opportunities and cost synergies across the entire business of the Company in 2018;
- DCM will be able to translate its sales pipeline into new customer acquisitions;
- Improved year over year margins will be achieved through the strategic initiatives implemented in the fourth quarter of fiscal 2017, including from the consolidation of facilities, headcount reductions and continuing efforts by management to drive improved profitability;
- The Company continues to explore additional strategic acquisition opportunities, and, while there can be no certainty that any such opportunities will be completed, such acquisitions could impact the outlook provided;
- Economic conditions in North America will not deteriorate; and

- The above guidance is based on the accounting policies applied in the unaudited interim consolidated financial statements and accompanying notes of DCM for the first quarter of 2018 and IFRS in effect for the period ended March 31, 2018.

DCM cautions that the assumptions used to prepare the guidance provided above, although currently reasonable, may prove to be incorrect or inaccurate. Accordingly, actual results may differ materially from expectations as set forth above. The guidance provided above should be read in conjunction with, and is qualified by, the section Forward-looking Statements beginning on page 1 of the May 11, 2018 MD&A.

Risks and uncertainties

An investment in DCM's securities involves risks. In addition to the other information contained in this report, investors should carefully consider the risks described in DCM's most recent Annual Information Form and other continuous disclosure filings made by DCM with Canadian securities regulatory authorities before investing in securities of DCM. The risks described in this report, the Annual Information Form and those other filings are not the only ones facing DCM. Additional risks not currently known to DCM, or that DCM currently believes are immaterial, may also impair the business, results of operations, financial condition and liquidity of DCM.

Consolidated statements of financial position

(in thousands of Canadian dollars, unaudited)	**March 31, 2018**	December 31, 2017
ASSETS		
CURRENT ASSETS		
Trade receivables (note 4)	**$ 76,651**	$ 41,193
Inventories (note 5)	**10,492**	36,519
Prepaid expenses and other current assets	**4,384**	5,092
	91,527	82,804
NON-CURRENT ASSETS		
Deferred income tax assets (note 9)	**3,210**	6,108
Restricted cash (note 7)	**515**	515
Property, plant and equipment	**18,306**	18,831
Pension assets	**1,097**	760
Intangible assets	**14,306**	14,473
Goodwill	**8,368**	8,368
	$ 137,329	$ 131,859
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	**$ 2,916**	$ 2,868
Trade payables and accrued liabilities	**44,782**	34,306
Current portion of credit facilities (note 7)	**8,852**	8,725
Current portion of promissory notes (note 8)	**4,190**	4,374
Provisions (note 6)	**3,902**	3,950
Income taxes payable	**3,416**	3,188
Deferred revenue	**1,849**	11,237
	69,907	68,648
NON-CURRENT LIABILITIES		
Provisions (note 6)	**660**	2,702
Credit facilities (note 7)	**45,339**	47,207
Promissory notes (note 8)	**342**	2,829
Deferred income tax liabilities (note 9)	**1,248**	1,295
Other non-current liabilities (note 10)	**3,654**	3,413
Pension obligations	**7,997**	8,133
Other post-employment benefit plans	**3,098**	3,031
	$ 132,245	$ 137,258
EQUITY		
SHAREHOLDERS' EQUITY / (DEFICIT)		
Shares (note 11)	**$ 248,996**	$ 248,996
Warrants (note 11)	**287**	287
Contributed surplus (note 11)	**1,462**	1,368
Accumulated other comprehensive income	**205**	183
Deficit	**(245,866)**	(256,233)
	$ 5,084	$ (5,399)
	$ 137,329	$ 131,859

Approved by Board of Directors

Director

Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated statements of operations

(in thousands of Canadian dollars, except per share amounts, unaudited)		**For the three months ended March 31, 2018**		For the three months ended March 31, 2017
REVENUES (note 2)	**$**	**88,516**	$	70,126
COST OF REVENUES		**67,041**		53,766
GROSS PROFIT		**21,475**		16,360
EXPENSES				
Selling, commissions and expenses		**10,461**		8,518
General and administration expenses		**7,211**		6,506
Restructuring expenses (note 6)		**64**		1,886
Acquisition costs		**43**		956
		17,779		17,866
INCOME (LOSS) BEFORE FINANCE COSTS AND INCOME TAXES		**3,696**		(1,506)
FINANCE COSTS (INCOME)				
Interest expense		**1,139**		950
Interest income		**(2)**		—
Amortization of transaction costs		**143**		115
		1,280		1,065
INCOME (LOSS) BEFORE INCOME TAXES		**2,416**		(2,571)
INCOME TAX (RECOVERY) EXPENSE				
Current		**843**		51
Deferred		**(190)**		(525)
		653		(474)
NET INCOME (LOSS) FOR THE PERIOD	**$**	**1,763**	$	(2,097)
BASIC EARNINGS (LOSS) PER SHARE (note 12)	**$**	**0.09**	$	(0.17)
DILUTED EARNINGS (LOSS) PER SHARE (note 12)	**$**	**0.09**	$	(0.17)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated statements of comprehensive income (loss)

(in thousands of Canadian dollars, unaudited)		**For the three months ended March 31, 2018**		For the three months ended March 31, 2017
NET INCOME (LOSS) FOR THE PERIOD	**$**	**1,763**	$	(2,097)
OTHER COMPREHENSIVE LOSS:				
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME (LOSS)				
Foreign currency translation		**22**		(18)
		22		(18)
ITEMS THAT WILL NOT BE RECLASSIFIED TO NET INCOME (LOSS)				
Re-measurements of post-employment benefit obligations		**323**		(1,345)
Taxes related to post-employment adjustment above		**(84)**		350
		239		(995)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**$**	**261**	$	(1,013)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**$**	**2,024**	$	(3,110)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated statements of changes in equity (deficit)

(in thousands of Canadian dollars, unaudited)	Shares	Warrants	Conversion options	Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity (deficit)
Balance as at December 31, 2016	$ 237,432	$ —	$ 128	$ 1,164	$ 258	$ (248,917)	$ (9,935)
Net loss for the period	—	—	—	—	—	(2,097)	(2,097)
Other comprehensive loss for the period	—	—	—	—	(18)	(995)	(1,013)
Total comprehensive loss for the period	—	—	—	—	(18)	(3,092)	(3,110)
Issuance of common shares (note 11)	2,847	—	—	—	—	—	2,847
Share-based compensation expense	—	—	—	52	—	—	52
Balance as at March 31, 2017	$ 240,279	$ —	$ 128	$ 1,216	$ 240	$ (252,009)	$ (10,146)
BALANCE AS AT DECEMBER 31, 2017	**$ 248,996**	**$ 287**	**$ —**	**$ 1,368**	**$ 183**	**$ (256,233)**	**$ (5,399)**
Impact of change in accounting policy (note 3)	**—**	**—**	**—**	**—**	**—**	**8,365**	**8,365**
	$ 248,996	**$ 287**	**$ —**	**$ 1,368**	**$ 183**	**$ (247,868)**	**$ 2,966**
Net income for the period	**—**	**—**	**—**	**—**	**—**	**1,763**	**1,763**
Other comprehensive income for the period	**—**	**—**	**—**	**—**	**22**	**239**	**261**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**22**	**2,002**	**2,024**
Share-based compensation expense	**—**	**—**	**—**	**94**	**—**	**—**	**94**
BALANCE AS AT MARCH 31, 2018	**$ 248,996**	**$ 287**	**$ —**	**$ 1,462**	**$ 205**	**$ (245,866)**	**$ 5,084**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated statements of cash flows

(in thousands of Canadian dollars, unaudited)	**For the three months ended March 31, 2018**	For the three months ended March 31, 2017
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income (loss) for the period	**$ 1,763**	$ (2,097)
Adjustments to net income (loss)		
Depreciation of property, plant and equipment	**1,148**	885
Amortization of intangible assets	**1,069**	693
Share-based compensation expense	**94**	52
Pension expense (note 15)	**134**	135
Gain on disposal of property, plant and equipment	**(124)**	(20)
Provisions (note 6)	**64**	1,886
Amortization of transaction costs	**143**	115
Accretion of non-current liabilities and related interest expense	**161**	98
Other non-current liabilities	**326**	130
Other post-employment benefit plans, net	**67**	55
Income tax expense (recovery)	**653**	(474)
	5,498	1,458
Changes in working capital (note 13)	**3,689**	(885)
Contributions made to pension plans (note 15)	**(284)**	(459)
Provisions paid (note 6)	**(2,154)**	(1,687)
Income taxes paid	**(616)**	—
	6,133	(1,573)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(621)**	(137)
Purchase of intangible assets	**(902)**	(233)
Proceeds on disposal of property, plant and equipment	**124**	20
Cash consideration for acquisition of businesses	**—**	(4,638)
	(1,399)	(4,988)
FINANCING ACTIVITIES		
Issuance of common shares and warrants, net (note 11)	**—**	(11)
Proceeds from credit facilities (note 7)	**—**	13,589
Repayment of credit facilities (note 7)	**(1,879)**	(3,598)
Repayment of loans and other liabilities	**(101)**	(289)
Repayment of promissory notes (note 8)	**(2,808)**	(129)
Finance and transaction costs (note 7)	**(5)**	(317)
Finance lease payments	**(7)**	(2,382)
	(4,800)	6,863
INCREASE IN (BANK OVERDRAFT) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	**(66)**	302
(BANK OVERDRAFT) CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	**$ (2,868)**	$ 1,544
EFFECTS OF FOREIGN EXCHANGE ON CASH BALANCES	**18**	(8)
(BANK OVERDRAFT) CASH AND CASH EQUIVALENTS – END OF PERIOD	**$ (2,916)**	$ 1,838

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2018 and 2017

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

1 General Information

DATA Communications Management Corp. ("DCM") is a communication solutions partner that adds value for major companies across North America by creating more meaningful connections with their customers. We pair customer insights and thought leadership with cutting-edge products, modular enabling technology and services to power our clients' go-to market strategies. We help our clients manage how their brands come to life, determine which channels are right for them, manage multimedia campaigns, deploy location-specific and 1:1 marketing, execute custom loyalty programs, and fulfill their commercial printing needs all in one place.

Our extensive experience has positioned us as experts at providing communication solutions across many verticals, including the financial, retail, healthcare, consumer health, energy, and not-for-profit sectors. Thanks to our locations throughout Canada and in the United States (Chicago, Illinois and New York, New York), we are able to meet our clients' varying needs with scale, speed, and efficiency - no matter how large or complex the ask. And we can do it all with advanced data security, regulatory compliance, and bilingual communications, in print or digital.

On February 22, 2017, DCM acquired substantially all of the assets of Eclipse Colour and Imaging Corp. ("Eclipse"), a Canadian large-format and point-of-purchase printing and packaging company. On February 22, 2017, DCM acquired 100% of the outstanding common shares of Thistle Printing Limited ("Thistle"), a full service commercial printing company. On November 10, 2017, DCM acquired 100% of the outstanding common shares of BGI Holdings Inc. and 1416395 Alberta Limited (collectively "BOLDER Graphics"), a privately-held company that specializes in large-format digital printing, point of sale signage, corporate packaging, outdoor signage and vehicle graphics. It also specializes in loose-leaf bindery, stationery and other commercial print capabilities. On January 1, 2018, BOLDER Graphics was amalgamated into DCM.

DCM's revenue is subject to the seasonal advertising and mailing patterns of certain customers. 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 customers' purchasing decisions throughout the year. As a result, DCM's revenue and financial performance for any single quarter may not be indicative of revenue and financial performance which may be expected for the full year.

The common shares of DCM are listed on the Toronto Stock Exchange ("TSX") under the symbol "DCM". The address of the registered office of DCM is 9195 Torbram Road, Brampton, Ontario.

2 Basis of presentation and significant accounting policies

DCM prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial reports, including International Accounting Standard ("IAS") 34 "*Interim Financial Reporting*". The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in DCM's consolidated financial statements for the year ended December 31, 2017, except for certain new accounting pronouncements which have been adopted by DCM in and disclosed in note 3. Where applicable, DCM has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS effective for the year ending December 31, 2018, as issued and outstanding as of May 11, 2018, the date the Board of Directors approved these financial statements.

The condensed interim consolidated financial statements should be read in conjunction with DCM's consolidated annual financial statements for the year ended December 31, 2017 which have been prepared in accordance with IFRS, as issued by the IASB.

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

3 Change in accounting policies

(a) New and amended standards adopted

On January 1, 2018, DCM implemented the following new and revised standards, along with any consequential amendments, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the implementation of these standards on DCM's condensed interim consolidated financial statements are described below.

IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

In 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), replacing IAS 18 *Revenue* ("IAS 18"), IAS 11 *Construction Contracts*, and related interpretations. IFRS 15 establishes a single comprehensive framework for revenue recognition based on a five-step model where entities are required to 1) identify the contract with a customer; 2) identify the performance obligations related to the contract; 3) determine the transaction price of the contract; 4) allocate such transaction price between the performance obligations in the contract; and 5) recognize revenue when (or as) performance obligations are satisfied. In addition to recognition and measurement, IFRS 15 also includes new requirements on presentation and disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

DCM elected to adopt IFRS 15 using the modified retrospective method, with recognition of transitional adjustments in opening deficit on the date of initial application (January 1, 2018), without restatement of comparative figures.

IFRS 15 provides for certain optional practical expedients, including those related to the initial adoption of the standard. DCM applied the following practical expedients upon adoption of IFRS 15:

PRACTICAL EXPEDIENT (ON TRANSITION)	DESCRIPTION
Completed contracts	DCM did not restate contracts that began and were completed in the same annual reporting period or were completed by delivering all product and services prior to or on January 1, 2018.

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2018 and 2017

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

PRACTICAL EXPEDIENTS (ONGOING)	DESCRIPTION
Assessment against a portfolio of contracts versus individual contracts	DCM grouped customer contracts that were individually less significant in nature where they had similar characteristics and applied IFRS 15 to the portfolio of contracts (or performance obligations) on the basis that DCM reasonably expects that the effects on the financial statements of applying this standard to the portfolio would not differ materially from applying this standard to the individual contracts (or performance obligations) within that portfolio.
Consideration of potential existence of a significant financing component in a contract	DCM applied the practical expedient in IFRS 15 to not assess whether there is a significant financing component in its contracts on the basis that: 1) The period between when DCM transfers a promised good or service to a customer and when the customer pays for that good or service is generally one year or less; and 2) Where invoicing takes place when the product is dispatched from the warehouse, DCM charges its customers a financing charge for the duration of the time that customer product is stored in its warehouses at a rate that is reasonably comparable with market interest rates.
Transaction price allocated to the remaining performance obligations unsatisfied at the end of a reporting period	DCM elected not to disclose the aggregate amount of the transaction price allocated to the unsatisfied portion of the performance obligations at the end of the reporting period, in addition to when it expects to recognize this as revenue based on the following reasons: 1) Product and freight revenue - DCM has a right to consideration from a customer in an amount that corresponds directly with the value to the customer for the performance obligation completed to date. 2) Warehouse revenue - generally this performance obligation is part of a contract that has an original expected duration of one year or less.

The details of the new significant accounting policies and the impact of the changes from previous significant accounting policies in relation to DCM's sale of products and services are set out below.

REVENUE RECOGNITION

Under IFRS 15, DCM recognizes revenue when control of the goods or services has been transferred. Revenue is measured at the amount of consideration to which DCM expects to be entitled to, net of incentives given to its customers including volume-based incentives and cash discounts.

The following is a description of the principal activities from which DCM generates its revenue, along with the corresponding revenue recognition accounting policies applied under IFRS 15:

a. Product sales - DCM manufactures customized products based on specifications pre-approved by its customers. At its customers' request, DCM will also purchase stock product from third-party vendors and resell that to its customers. For products that DCM purchases and resells to its customers, DCM is typically a principal in these arrangements as it is responsible for making key decisions over the purchasing of product and has the economic risks and rewards that are customary with control. Accordingly, third party stock product revenue is typically presented on a gross basis in revenue with the corresponding product purchase cost and associated costs recognized in costs of revenue. Under IFRS 15, DCM recognizes revenue when control over the product transfers to the customer, which is effectively transferred upon the completion of production or when resale product is purchased and inducted into DCM's warehouses. Given manufactured products are customized or purchased specifically at the customer's request, product returns are insignificant.

   In some instances, DCM customers obtain the product directly from DCM following the completion of production. In other instances, DCM's contracts involve the provision of warehousing and shipment services, in addition to manufacturing or purchasing of third-party products. Based on DCM's contractual arrangements with such customers, DCM has identified three key distinct performance obligations under IFRS 15: product, warehousing services and shipment services. DCM stores customized or purchased product at the request of the customer; the product is identifiable as the customer's product; the product is ready for transfer to the customer upon the customer's request; and DCM cannot re-direct the product nor use the product to fulfill another customer's product order under the contract. Where control has transferred over the product upon product manufacture by DCM or upon receipt of third-party product into DCM's warehouses, DCM recognizes revenue for product and allocates an amount of the consideration received or receivable from the customer for the remaining warehousing and shipping performance obligations based on their relative stand-alone selling prices, where applicable. Based on the contractual terms with its customers, DCM either issues an invoice when product that is manufactured by DCM or purchased from third-party vendors is inducted into, or alternatively the invoice is issued for some customers when product is dispatched from its warehouses. In instances where DCM issues an invoice on dispatch of product from its warehouses, rather than at the date of transfer of control, DCM is still entitled to payment for the purchased or manufactured product. Accordingly, revenue is recognized for the product manufactured by DCM or third-party stock product and a corresponding "unbilled receivable" is also recognized as a trade receivable in the consolidated statement of financial position.

b. Warehousing services - DCM provides custodial services to store customer product in its warehouse over a specified agreed upon period. For non-bundled pricing arrangements, warehousing revenues are recognized over the period that warehousing services are provided to the customer based on the balance of customer product remaining in the warehouse at the time an invoice is issued. For bundled pricing arrangements, DCM allocates a portion of the initial transaction price for warehousing services and recognizes revenue on a straight-line basis over the period of the warehousing as it best represents the pattern of performance.

c. Freight services - Under IFRS 15, DCM has identified that it has a distinct performance obligation for shipment of product for certain contracts where it has an obligation to arrange shipment services where control of the product has been transferred to the customer prior to shipment. DCM frequently contracts with third parties to deliver product. Under IFRS 15, DCM is typically a principal for such shipment services as it is responsible for making key decisions over the shipment arrangements and has the economic risks and rewards associated with such control. As a principal DCM recognizes shipment revenues when performance of the shipping service has occurred.

VARIABLE CONSIDERATION

Some contracts with customers provide volume-based incentives specific to product sales. Previously, under IAS 18, DCM recognized revenue from the sale of products measured at the fair value of the consideration received or receivable, net of provisions for customer incentives. Such incentive offerings give rise to variable consideration under IFRS 15 and are required to be estimated at contract inception by using either the expected value or the most likely amount, depending on which method better predicts the amount of consideration to which the customer will be entitled. The estimates are based on various assumptions including past experience with customers and other relevant factors. DCM uses the most likely amount when determining the expected amount of volume-based incentives it will give to its customers.

Given the timing of revenue recognition has changed for product sales and warehousing services with a bundled pricing arrangement upon the adoption of IFRS 15, the timing to recognize volume-based incentives has also changed to correspond with the related timing of recognition of product sales and warehouse revenue.

CONTRACT COSTS

DCM rewards its employees with sales commissions for sales made to certain customers. Previously, under IAS 18, DCM would recognize an expense for commission costs payable to its employees within selling, commissions and expenses in the consolidated statement of operations based on when the customer was invoiced. Given the timing of revenue recognition has changed for product sales and warehousing services with a bundled pricing arrangement upon the adoption of IFRS 15, the timing to recognize commission costs also changed to correspond with the related recognition of revenue.

PRESENTATION OF DISAGGREGATED REVENUE

In accordance with IFRS 15, DCM has disclosed revenue on a disaggregated basis in the "Impact of Adoption of IFRS 9 and IFRS 15" section below. Revenue is disaggregated based on the nature of the major products and services it provides to its customers which comprise of product sales, warehousing services, freight and other services. Freight and other services includes other ancillary services such as administrative functions that DCM provides to its customers. Revenue for the other ancillary services are recognized upon completion of the performance obligations of its customers.

USE OF SIGNIFICANT JUDGMENT

DCM has significant judgment, which is inherent in its revenue generating activities, in when control has transferred to its customers on completion of the manufacture or purchase and induction of third-party product into DCM's warehouses. As an integral part of the judgment on the transfer of control of product, DCM typically has a right of payment for all customized product produced or purchased from third-party vendors notwithstanding that invoicing of the product for some contracts does not occur until the product is dispatched from the warehouse at the customers' request. Due to the custom nature of the product, it does not have an alternative use to DCM, such that DCM is practically entitled to payment once the quantity of product pursuant to an individual purchase order is produced or purchased from a third-party vendor and inducted into its warehouses. Where a customer has an arrangement to be invoiced on dispatch from one of DCM's warehouses, DCM closely monitors the customer’s product and the agreed upon term of warehousing to manage any related business risks.

IFRS 9 - FINANCIAL INSTRUMENTS

In 2014, the IASB issued IFRS 9 *Financial Instruments* (“IFRS 9”) replacing IAS 39 *Financial Instruments: Recognition and Measurement* and related interpretations. IFRS 9 includes revised guidance on the classification and measurement of financial assets, including impairment and a new general hedge accounting model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. DCM implemented IFRS 9 as at January 1, 2018 by applying the requirements for classification and measurement, including impairment, retrospectively with the cumulative effects of initial application recorded in the opening deficit balance as at January 1, 2018 with no restatement of comparative periods. IFRS 9 was not applied to financial assets and financial liabilities that were derecognized at the date of initial application (i.e. January 1, 2018). DCM also applied related amendments to IFRS 7 *Financial Instruments: Disclosures*.

CLASSIFICATION AND MEASUREMENT

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income, and fair value through profit and loss (“FVTPL”).

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification.

The following table summarizes the classification impact of DCM's financial assets and financial liabilities upon the adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in any significant changes in measurement or the carrying amount of DCM's financial assets and liabilities.

Asset/Liability	**Classification under IAS 39**	**Classification under IFRS 9**
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Financial liabilities		
Bank overdraft	Other liabilities	Amortized cost
Trade payables and accrued liabilities (1)	Other liabilities	Amortized cost
Other non-current liabilities (2)	Other liabilities	Amortized cost
Credit facilities	Other liabilities	Amortized cost
Promissory notes	Other liabilities	Amortized cost

(1) *Includes trade payables and accrued liabilities (excluding financial liabilities related to commodity taxes that are not contractual and that arise as a result of statutory requirements imposed by governments and therefore do not meet the definition of financial assets or financial liabilities)*

(2) Includes bonuses payable

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (“ECL”) model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses.

DCM applies the ECL model to assess for impairment of its financial assets at each balance sheet date. DCM adopted the simplified approach to determine ECLs on trade receivables using a provision matrix based on historical credit loss experiences to estimate lifetime ECLs.

Impairment losses are recorded in general and administration expenses in the consolidated statements of operations with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss is reversed through the consolidated statements of operations. The impairment reversal is limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

IMPACT OF ADOPTION OF IFRS 9 AND IFRS 15

The following table summarizes the impact of adopting IFRS 9 and IFRS 15 on DCM's consolidated statement of financial position as at January 1, 2018:

(in thousands of Canadian dollars, unaudited)	January 1, 2018 prior to the adoption of IFRS 9 and IFRS 15	Impact of adopting IFRS 9	Impact of adopting IFRS 15	January 1, 2018 after the adoption of IFRS 9 and IFRS 15
Trade receivables	$ 41,193	$ (505)	$ 28,671	$ 69,359
Inventories	36,519	—	(25,639)	10,880
Deferred income tax assets	6,108	132	(3,006)	3,234
Trade payables and accrued liabilities	34,306	—	601	34,907
Deferred revenue	11,237	—	(9,395)	1,842
Deferred income tax liabilities	1,295	—	83	1,378
Deficit	(256,233)	(373)	8,737	(247,869)

a) Under IAS 18, DCM previously identified that the risks and rewards of ownership related to product that was manufactured by DCM or purchased from a third-party vendor at the customer's request and stored on the customer's behalf in DCM's warehouse did not transfer until such time as the product was dispatched from the warehouse. As noted under changes in accounting policies, DCM has identified that on adoption of IFRS 15 product revenue should be recognized upon the completion of production of manufactured product or purchase and induction of third-party product into DCM's warehouses as that is when control of the product is transferred to the customer and DCM has a right to payment.

   An adjustment of $8,320, net of tax, was made to recognize product revenue upon the completion of production or upon the purchase and induction of third-party product into DCM's warehouses resulting in a decrease to the deficit balance in the consolidated statement of financial position as at January 1, 2018. There was a corresponding increase to the unbilled portion of trade receivables of $27,753, a decrease in finished goods inventory of $25,639 and a decrease to deferred revenue of $9,147.

b) Under IFRS 15, revenue is recognized over the period that warehousing services are provided to the customer. Previously, under IAS 18, revenue related to warehousing services that were bundled with the overall selling price of the product, were recognized upon shipment of the product to the customer and non-bundled warehousing services were recognized over the service period.

   An adjustment of $861, to the opening deficit, net of tax, was made to recognize revenue related to warehousing services completed that were bundled with the overall transaction price of the product, and therefore had not been recognized previously under IAS 18 until the product was invoiced upon shipment of the product from the warehouse. The adjustment decreased the deficit balance in the consolidated statement of financial position as of January 1, 2018. There was a corresponding increase to the unbilled portion of trade receivables of $917 and a decrease to deferred revenue of $248.

c) DCM has recognized revenue as noted in (a) and (b) above for unbilled receivables representing receivables where DCM has a right to payment for product manufactured or purchased from a third-party vendor and inducted into its warehouses, and warehousing services, yet DCM has agreed not to issue an invoice until the product is shipped from the warehouse. Such amounts related to product sales under IFRS 15 were previously recorded as inventories under IAS 2 *Inventories*, until such time as the product was dispatched from the warehouse.

   Upon transition to IFRS 9, DCM assessed trade receivables, which includes unbilled receivables for impairment by applying the provision matrix as at January 1, 2018. An impairment loss of $373, net of tax, was recorded as an increase to the deficit balance in the consolidated statement of financial position. There was a corresponding decrease to the unbilled portion of trade receivables of $505 in the consolidated statement of financial position as at January 1, 2018.

The following table presents the reconciliation of the ending allowances as at December 31, 2017 to the opening loss allowances determined in accordance with IFRS 9 at the date of initial application:

(in thousands of Canadian dollars, unaudited)	**TRADE RECEIVABLES** Lifetime expected credit losses	**UNBILLED RECEIVABLES** Lifetime expected credit losses	**Total**
Allowances as at December 31, 2017	$ (206)	N/A [(1)]	$ (206)
Additional loss allowance recognized on January 1, 2018	—	(505)	(505)
Impairment allowance under IFRS 9 as at January 1, 2018	**$ (206)**	**$ (505)**	**$ (711)**

(1) *Unbilled receivables, classified in Trade receivables were recognized upon the adoption of IFRS 15 as at* January 1, 2018

d) As a result of the change in the timing of revenue recognition upon the adoption of IFRS 15, the timing to recognize volume-based incentives was also changed to correspond with the related recognition of revenue.

An adjustment of $259, net of tax, was made to increase the opening deficit balance in the consolidated statement of financial position as at January 1, 2018. There was a corresponding increase to trade payables and accrued liabilities of $350 in the consolidated statement of financial position as at January 1, 2018.

e) As a result of the change in the timing of revenue recognition upon the adoption of IFRS 15, the timing to recognize sales commission costs was also changed to correspond with the related recognition of revenue.

An adjustment of $184, net of tax, was made to increase the opening deficit balance in the consolidated statement of financial position as at January 1, 2018. There was a corresponding increase to trade payables and accrued liabilities of $249 in the consolidated statement of financial position as at January 1, 2018.

f) The combined tax impact of the above adjustments in (a) to (e) was a decrease to deferred income tax assets of $2,874 and increase to deferred income tax liabilities of $83 in the consolidated statement of financial position as at January 1, 2018.

There were adjustments made for the three-month period ended March 31, 2018 similar in nature to those noted in (a) to (f) above. In addition, the following adjustments were also made for the three-months ended March 31, 2018:

g) As at March 31, 2018, DCM has disclosed revenue on a disaggregated basis based on the nature of the major products and services it provides to its customers as follows:

(in thousands of Canadian dollars, unaudited)	**For the three months ended March 31, 2018**
Product sales	**$ 81,835**
Warehousing services	**2,801**
Freight and other services	**3,880**
	$ 88,516

h) As noted in the accounting policies, DCM serves as a principal when contracting freight services that it provides to its customers as it represents the primary obligor in these arrangements. Previously, under IAS 18, DCM had recorded freight revenue, net of related costs. Under IFRS 15, an adjustment was made to present freight revenue on a gross basis. For the three months ended March 31, 2018, DCM recognized $2,106 of freight revenue in the consolidated statement of operations.

The following table summarizes the impact of adopting IFRS 9 and IFRS 15 on DCM's consolidated financial statements for the three months ended March 31, 2018:

(in thousands of Canadian dollars, unaudited)	For the three months ended March 31, 2018 prior to the adoption of IFRS 9 and IFRS 15	Impact of adopting IFRS 9	Impact of adopting IFRS 15	For the three months ended March 31, 2018 as reported
Revenues	$ 84,699	$ —	$ 3,817	$ 88,516
Cost of Revenues	64,486	—	2,555	67,041
Gross profit	20,213	—	1,262	21,475
Selling, commissions and expenses	10,302	—	159	10,461
General and administration expenses	7,165	46	—	7,211
Current income tax expense	175	(144)	812	843
Deferred income tax expense (recovery)	236	132	(558)	(190)
Net income	948	(34)	849	1,763

(in thousands of Canadian dollars, unaudited)	March 31, 2018 prior to the adoption of IFRS 9 and IFRS 15	Impact of adopting IFRS 9	Impact of adopting IFRS 15	March 31, 2018 as reported
Trade receivables	$ 45,388	(46)	$ 31,309	$ 76,651
Inventories	36,512	—	(26,020)	10,492
Deferred income tax assets	5,741	(132)	(2,399)	3,210
Trade payables and accrued liabilities	44,031	—	751	44,782
Income taxes payable	2,748	(144)	812	3,416
Deferred revenue	9,740	—	(7,891)	1,849
Deficit	(255,050)	(34)	9,218	(245,866)

The adoption of IFRS 9 and IFRS 15 did not have a material impact on DCM's consolidated statement of cash flows for the three months ended March 31, 2018.

IFRS 2 - SHARE-BASED PAYMENT

An amendment to IFRS 2 *Share-based Payment* was issued in June 2016 to clarify the accounting for certain types of share-based payment transactions. The amendments provide requirements on accounting for the effects of vesting and non-vesting conditions of cash-settled share-based payments, withholding tax obligations for share-based payments with a net settlement feature, and when a modification to the terms of a share-based payment changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for the year beginning on or after January 1, 2018. This amendment did not have an impact on the interim consolidated financial statements of DCM.

IFRIC 22 - FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* is an interpretation paper issued by the IASB in December 2016. This interpretation paper clarifies that the foreign exchange rate applicable to transactions involving advance consideration paid or received is the rate at the date that the advance consideration is paid or received and a non-monetary asset or liability is recorded, and not the later date at which the related asset or liability is recognized in the financial statements. This interpretation is applicable for annual periods beginning on or after January 1, 2018, and can be applied either prospectively or retrospectively, at the option of the entity. IFRIC 22 did not have an impact on the interim consolidated financial statements of DCM.

(b) Future accounting standards not yet adopted.

IFRS 16 - LEASES

IFRS 16 *Leases* was issued in January 2016. It supersedes the IASB's current lease standard, IAS 17 *Leases*, which required lessees and lessors to classify their leases as either finance leases or operating leases and to account for those two types of leases differently. It did not require lessees to recognize assets and liabilities arising from operating leases, but it did require lessees to recognize assets and liabilities arising from finance leases.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months and for which the underlying asset is not of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is initially measured at cost and subsequently depreciated. The lease liability is initially measured at the present value of the lease payments and subsequently adjusted for interest and lease payments. This accounting is subject to certain exceptions and other adjustments.

IFRS 16 contains disclosure requirements for lessees and lessors. This new standard will come into effect for annual periods beginning on or after January 1, 2019.

Based on management's preliminary assessment, DCM has identified lease contracts, primarily for building and equipment rentals, for which recognition will change under IFRS 16. The recognition of the leased assets and their related liabilities will increase income from operations, with a corresponding combined increase in depreciation and amortization and financial charges as at the date of application of IFRS 16. DCM will adopt IFRS 16 for the annual period beginning on January 1, 2019.

IFRIC 23 - UNCERTAINTY OVER INCOME TAX TREATMENTS

In June 2017, the IASB issued IFRIC 23 *Uncertainty over Income Tax Treatments*. The interpretation clarifies the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires an entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If the entity considers it to be not probable that a taxation authority will accept an uncertain tax provision the interpretation requires the entity to use the most likely amount or the expected value. The amendments are to be applied retrospectively and are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The adoption of this amendment is not expected to have a significant impact on the DCM's consolidated financial statements.

IAS 19 EMPLOYEE BENEFITS (AMENDMENT)

In February 2018, the IASB issued amendments to IAS 19 *Employee Benefits* with a mandatory effective date of January 1, 2019. The amendment clarifies the effect of a plan amendment, curtailment and settlement on the requirements regarding the asset ceiling. In addition, if a plan amendment, curtailment or settlement occurs, it is mandatory under the amended standard that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. This amendment is to be applied prospectively. DCM intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of this amendment is not expected to have a significant impact on the DCM's consolidated financial statements.

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

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

4 Trade receivables

		March 31, 2018		December 31, 2017
Trade receivables	**$**	**77,400**	$	41,399
Provision for doubtful accounts [1]		**(749)**		(206)
	$	**76,651**	$	41,193

(1) Under IAS 39 DCM had a provision for doubtful accounts for the year ended December 31, 2017. Under IFRS 9 DCM has an expected credit loss allowance for lifetime credit losses, which is a simplified approach that is permissible for trade receivables which do not have a significant financing component.

As at March 31, 2018, trade receivables include unbilled receivables of $26,555, net of an expected credit loss allowance of $551. Unbilled receivables and the related expected credit loss allowance were recognized upon the adoption of IFRS 9 and IFRS 15 (see note 3 for further discussion related to the impact on adoption of these standards).

5 Inventories

		March 31, 2018		December 31, 2017
Raw materials	**$**	**5,752**	$	6,235
Work-in-progress		**4,226**		4,164
Finished goods		**514**		26,120
	$	**10,492**	$	36,519

Raw materials inventory amount is net of obsolescence reserves of $370 (2017 – Raw materials and finished goods inventory amounts are net of obsolescence reserves of $586). Finished goods at March 31, 2018 consist of base stock items. See note 3 for impact of change on adoption of IFRS 15. The cost of inventories recognized as an expense within cost of revenues for the three months ended March 31, 2018 was $65,673 (2017 – $51,275).

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2018 and 2017

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

6 Provisions

2018		**Restructuring**		**Onerous contracts**		**Other**		**Total**
Balance – Beginning of period	$	**3,468**	$	**2,988**	$	**196**	$	**6,652**
Additional charge during the period		**1,187**		**(1,123)**		**—**		**64**
Utilized during the period		**(1,588)**		**(562)**		**(4)**		**(2,154)**
Balance – End of period	$	**3,067**	$	**1,303**	$	**192**	$	**4,562**
Less: Current portion of provisions		**(2,704)**		**(1,182)**		**(16)**		**(3,902)**
As at March 31, 2018	$	**363**	$	**121**	$	**176**	$	**660**

2017		Restructuring		Onerous contracts		Other		Total
Balance – Beginning of year	$	2,773	$	1,207	$	—	$	3,980
Additional charge during the year		6,778		2,679		—		9,457
Charge related to an acquisition		—		—		210		210
Utilized during the year		(6,083)		(898)		(14)		(6,995)
Balance – End of year	$	3,468	$	2,988	$	196	$	6,652
Less: Current portion of provisions		(2,856)		(1,078)		(16)		(3,950)
As at December 31, 2017	$	612	$	1,910	$	180	$	2,702

RESTRUCTURING

During the three months ended March 31, 2018, DCM continued its restructuring and ongoing productivity improvement initiatives to reduce its cost of operations. During the three months ended March 31, 2018, these initiatives resulted in $1,187 of additional restructuring expenses in the consolidated statement of operations due to headcount reductions across DCM's operations and the closure of certain manufacturing and warehouse locations in the consolidated statement of operations and comprehensive income. During the three months ended March 31, 2017, these initiatives resulted in $2,186 of restructuring expenses in the consolidated statement of operations primarily due to reductions in DATA's indirect labour force across its operations, which is designed to streamline DATA's order-to-production process.

For the three months ended March 31, 2018, cash payments of $1,588 (2017 - $1,497) were made to former employees for severance and other restructuring costs. The remaining severance and restructuring accruals of $3,067 at March 31, 2018 are expected to be paid throughout 2018 and 2019.

ONEROUS CONTRACTS

During the year ended December 31, 2017, DCM closed a Granby, Québec facility. A lease exit charge of $2,393 representing the liability, at present value, for remaining lease costs under the lease agreement and building maintenance costs, was recorded and will be paid over the remaining term of the lease, expiring in 2021. During the three months ended March 31, 2018, DCM entered into an agreement with the landlord of this property to terminate this lease. DCM has agreed to make payments of approximately $1,116 to the landlord. During the three months ended March 31, 2018, DCM has recorded a recovery of $1,123 related to this lease exit charge recorded as at December 31, 2017.

OTHER

In connection with the acquisition of Eclipse, on February 22, 2017, DCM assumed the lease for its Burlington, Ontario facility with rent payments that exceeded the fair market value and as a result an unfavourable lease obligation for $210 was recorded based on discounting the rent payments in excess of the fair market value lease rates using a discount rate of 7%. The unfavourable lease obligation is being amortized as a reduction of rent expense in the consolidated statement of operations over the lease term, expiring in 2026.

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

7 Credit facilities

		March 31, 2018		December 31, 2017
Term loans				
- floating rate debt, maturing June 28, 2018		**3,500**		3,500
- 6.10% term debt, maturing October 15, 2022		**4,617**		4,834
- 6.95% term debt, maturing March 10, 2023		**21,336**		22,220
- 6.95% term debt, maturing May 15, 2023		**4,748**		4,938
Revolving facilities				
- floating rate debt, maturing March 31, 2020		**21,159**		21,747
Credit facilities		**55,360**		57,239
Unamortized transaction costs		**(1,169)**		(1,307)
	$	**54,191**	$	55,932
Less: Current portion of Credit facilities		**(8,852)**		(8,725)
Credit facilities	**$**	**45,339**	$	47,207

DCM has established a revolving credit facility (the “Bank Credit Facility”) with a Canadian chartered bank (the “Bank”) and an amortizing term loan facility (the “IAM IV Credit Facility”) with Integrated Private Debt Fund IV LP ("IAM IV") a fund managed by Integrated Asset Management Corp. ("IAM") pursuant to separate amended and restated credit agreements between DCM and the Bank (as amended, the “Bank Credit Agreement”) and IAM (as amended, the “IAM IV Credit Agreement”), respectively. Upon closing of the Thistle acquisition in 2017, DCM became a co-borrower with Thistle under an existing credit agreement (the “IAM III Credit Agreement”) between Thistle and Integrated Private Debt Fund III LP (“IAM III”), another fund managed by IAM, pursuant to which IAM III has advanced to Thistle a term loan facility (the “IAM III Credit Facility”). On November 10, 2017, DCM established a $5,000 secured, non-revolving senior credit facility (the "IAM V Credit Facility") with Integrated Private Debt Fund V LP ("IAM V"), a fund managed by IAM (the "IAM V Credit Agreement" and, together with the IAM III Credit Agreement and the IAM IV Credit Agreement, the “IAM Credit Agreements”) to fund the acquisition of BOLDER Graphics and to repay a portion of DCM's outstanding principal under the Bank Credit Facility. The IAM III Credit Facility and the IAM V Credit Facility are subject to the same covenants stipulated under the IAM IV Credit Agreement and are reported on a consolidated basis.

On June 28, 2017, DCM established a subordinated debt facility with Bridging Finance Inc. for $3,500 ("Bridging Credit Facility"). Advances under the Bridging Credit Facility are repayable on demand and bear interest at a rate equal to the prime rate of interest charged by DCM’s Bank lender from time to time plus 10.3% per annum, calculated and payable monthly. The Bridging Credit Facility has a term of one year and can be repaid at any time without any prepayment fee upon sixty days prior written notice to Bridging, subject to the prior written consent of DCM’s other senior lenders. The Bridging Credit Facility is subordinated in right of payment to the prior payment in full of DCM’s indebtedness under the Bank Credit Agreement and the IAM Credit Agreements and is secured by certain specified equipment together with certain other conventional security. Transaction costs of $146 were capitalized and the unamortized transaction costs as at March 31, 2018 were $36. These costs are being amortized over the term of the Bridging Credit Facility. As at March 31, 2018, DCM had outstanding borrowings of $3,500 under the Bridging Credit Facility.

Under the terms of the Bank Credit Agreement, the maximum principal amount available under the Bank Credit Facility is $35,000 and the Bank Credit Facility matures on March 31, 2020. Advances under the Bank Credit Facility may not, at any time, exceed the lesser of $35,000 and a fixed percentage of DCM’s aggregate accounts receivable and inventory (less certain amounts). Advances under the amended Bank Credit Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin of 0.75%. DCM has capitalized transaction costs of $769 related to the Bank Credit Facility. The unamortized balance of the transaction costs are being amortized over the remaining term of the Bank Credit Facility. As at March 31, 2018, the unamortized transaction costs related to the Bank Credit Facility was $435. As at March 31, 2018 there were outstanding borrowings of $21,159 under the revolving facilities portion of the Bank Credit Facility and letters of credit granted of $1,426. As at March 31, 2018, all of DCM's indebtedness outstanding under the Bank Credit Facility was subject to a floating interest rate of 4.2% per annum. DCM had access to $12,415 of available credit under the Bank Credit Facility at March 31, 2018.

Under the terms of the IAM Credit Agreements, the maximum aggregate principal amount which may be outstanding under the IAM III Credit Facility, IAM IV Credit Facility, the IAM V Credit Facility, the Bank Credit Facility and Bridging Credit Facility, calculated on a consolidated basis in accordance with generally accepted accounting principles ("Total Funded Debt"), cannot exceed $72,000 (after giving effect to the provisions of the inter-creditor agreement described below).

The principal amount of the amended IAM III Credit Facility amortizes in blended equal monthly repayments of principal and interest of $96 over a nine year term ending October 15, 2022. The principal amount of the IAM IV Credit Facility amortizes in blended equal monthly repayments of principal and interest of $422 over a seven year term ending in March 10, 2023. The principal amount of the IAM V Credit Facility amortizes in blended equal monthly repayments of principal and interest of $91 over a sixty six month term ending in May 15, 2023. As at March 31, 2018, all of DCM's indebtedness outstanding under the IAM III Credit Facility was subject to a fixed interest rate equal to 6.10% per annum and all of DCM's indebtedness outstanding under the amended IAM IV Credit Facility and under the IAM V Credit Facility were subject to a fixed interest rate equal to 6.95% per annum, respectively.

As at March 31, 2018, the unamortized transaction costs and outstanding borrowings related to the IAM III Credit Facility were $28 and $4,617, respectively and the unamortized balance of the transaction costs is being amortized over the remaining term of this facility. DCM has capitalized transaction costs of $841, including $3 of additional costs incurred during the three months ended March 31, 2018. The unamortized balance of the transaction costs is being amortized over the remaining term of this facility. As at March 31, 2018, the unamortized transaction costs and outstanding borrowings related to the IAM IV Credit Facility were $524 and $21,336, respectively. DCM has capitalized transaction costs of $165 related to the IAM V Credit Facility and the unamortized balance of the transaction costs is being amortized over the term of this facility. As at March 31, 2018, the unamortized transaction costs and outstanding borrowings related to the IAM V Credit Facility were $146 and $4,748, respectively.

Each of the Bank Credit Agreement, the IAM Credit Agreements and the Bridging Credit Facility contain customary representations and warranties, as well as restrictive covenants which limit the discretion of the Board and management with respect to certain business matters including the declaration or payment of dividends on the common shares of DCM without the consent of the Bank, IAM III, IAM IV, IAM V and Bridging, as applicable. Under the terms of the IAM Credit Agreements, DCM has agreed that it will not, without the prior written consent of IAM III, IAM IV and IAM V, change (or permit any change) in its Chief Executive Officer, President or Chief Financial Officer, provided that, if he or she voluntarily resigns as an officer of DCM, 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, DCM will have 60 days to replace such officer, such replacement officer to be satisfactory to IAM III, IAM IV and IAM V, acting reasonably. The Bank Credit Facility limits spending on capital expenditures by DCM to an aggregate amount not to exceed $5,500 during any fiscal year, and the IAM Credit Agreements limits the incurrence of capital expenditures to no more than $5,000 in any fiscal year. The Bridging Credit Facility limits spending on capital expenditures by DCM to an aggregate amount not to exceed $5,500 during any fiscal year.

Under the terms of the Bank Credit Agreement, DCM is required to maintain a fixed charge coverage ratio as follows: i) for the period commencing July 1, 2017 and ending December 31, 2017, the ratio would not be less than 0.9 to 1.0; ii) for the period commencing January 1, 2018 and ending March 31, 2018, the ratio would not be less than 1.0 to 1.0, and for the periods ending after March 31, 2018, the ratio must not be less than 1.1 to 1.0 at all times, calculated on a consolidated basis, in respect of any particular trailing 12 month period, as EBITDA for such period less cash taxes, cash distributions (including dividends paid) and non-financed capital expenditures paid in such period, divided by the total amount required by DCM to service its outstanding debt for such period. The pro forma financial results for DCM's acquisitions completed during the year are included on a trailing twelve month basis effective as of the closing date of the acquisitions for the purposes of DCM's covenant calculations. As at March 31, 2018, DCM was in compliance with this covenant.

Under the terms of the IAM IV Credit Agreements, DCM was required to maintain (i) a ratio of Total Funded Debt to EBITDA of not greater than the following levels: from October 1, 2017 up to December 31, 2017 - 3.50 to 1; from January 1, 2018 up to March 31, 2018 - 3.25 to 1; and on and after April 1, 2018 - 3.00 to 1; (ii) a debt service coverage ratio of not less than 1.50 to 1; and (iii) a working capital current ratio of not less than 1.1:1. The pro forma financial results from DCM's acquisitions completed during the year are included on a trailing twelve month basis effective as of the closing date of the acquisitions for the purposes of DCM's covenant calculations. As at March 31, 2018, DCM was in compliance with these covenants.

For purposes of the Bank Credit Agreement and the IAM Credit Agreements, “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 as agreed to by the lender.

A failure by DCM to comply with its obligations under the Bank Credit Agreement, the IAM Credit Agreements or the Bridging Credit Facility, together with certain other events, including a change of control of DCM and a change in DCM's chief executive officer, president or chief financial officer (unless a replacement officer acceptable to IAM, acting reasonably, is appointed within 60 days of the effective date of such officer's resignation), could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under each of those agreements. DCM anticipates it will be in compliance with the covenants in its credit facilities for the next twelve months; however there can be no assurance that DCM will be successful in achieving the results targeted in its 2018 operating plan or in complying with its covenants over the next twelve months.

In addition, under the terms of the IAM IV Credit Agreement and the IAM V Credit Agreement, DCM is required to deposit and hold cash in a blocked account of $425 and of $90 to be used for repayments of principal and interest of indebtedness outstanding under the IAM IV Credit Facility and indebtedness outstanding under the IAM V Credit Facility, respectively. As at March 31, 2018, there was a balance of $515 in the blocked account related to the IAM IV Credit Facility and IAM V Credit Facility which is recognized as restricted cash on the consolidated statement of financial position.

DCM's obligations under the Bank Credit Facility, the IAM V Credit facility, the IAM IV Credit Facility and the IAM III Credit Facility are secured by conventional security charging all of the property and assets of DCM and its affiliates (the "Inter-creditor Agreement"). On February 22, 2017, DCM entered into an amended Inter-creditor Agreement between the Bank, IAM III, IAM IV, and the parties to the vendor take-back promissory notes (the “VTB Noteholders”) issued in connection with the acquisitions of Eclipse and Thistle, respectively, which, among other things, establishes the rights and priorities of the respective liens of the Bank, IAM III, IAM IV and the VTB Noteholders on the present and after-acquired property of DCM, Eclipse and Thistle (the "Original Inter-Creditor Agreement"). On June 28, 2017, a second inter-creditor agreement entered into in order to include Bridging and to separately address the priority of its liens on certain specified equipment as a result of the Bridging Credit Facility. On November 10, 2017, the Original Inter-Creditor Agreement was amended in connection with the BOLDER Graphics acquisition to include IAM V as a party to the agreement and to establish the rights and priorities of the respective liens of the Bank, IAM III, IAM IV, IAM V and the VTB Noteholders on the present and after-acquired property of BOLDER Graphics.

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The movement in credit facilities during the period or year are as follow:

		March 31, 2018		December 31, 2017
Balance - Beginning of period/year, net of transaction costs		**55,932**		35,042
Changes from financing cash flows				
Proceeds from credit facilities		**—**		27,393
Repayment of credit facilities		**(1,879)**		(14,709)
Finance costs		**(5)**		(925)
Total change from financing cash flows		**54,048**		46,801
Non-cash movements				
Acquisitions		**—**		8,476
Amortization of transaction costs		**143**		655
Balance - End of period/year	**$**	**54,191**	$	55,932

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

	March 31, 2018
2019	**$ 7,506**
2020	**5,671**
2021	**27,227**
2022	**6,494**
2023	**6,757**
2024 and thereafter	**1,705**
	$ 55,360

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8 Promissory notes

2018		**Eclipse acquisition**		**Thistle acquisition**		**BOLDER Graphics acquisition**		**Total**
Balance – Beginning of period	$	**4,309**	$	**1,799**	$	**1,095**	$	**7,203**
Additions		**—**		**—**		**—**		**—**
Unwinding of discount		**79**		**42**		**—**		**121**
Interest expense		**—**		**—**		**16**		**16**
Payments during the three month period		**(2,283)**		**(410)**		**(115)**		**(2,808)**
Balance – End of period	$	**2,105**	$	**1,431**	$	**996**	$	**4,532**
Less: Current portion of promissory notes		**(2,105)**		**(1,431)**		**(654)**		**(4,190)**
As at March 31, 2018	$	**—**	$	**—**	$	**342**	$	**342**

2017		Eclipse acquisition		Thistle acquisition		BOLDER Graphics acquisition		Total
Balance - February 22, 2017 (Preliminary)	$	3,962	$	2,783	$	—	$	6,745
Post-closing adjustment		—		231		—		231
Balance - February 22, 2017 (Final)		3,962		3,014		—		6,976
Addition on November 10, 2017		—		—		1,086		1,086
Unwinding of discount		347		206		—		553
Interest expense		—		—		9		9
Payments during the year		—		(1,421)		—		(1,421)
Balance – End of year	$	4,309	$	1,799	$	1,095	$	7,203
Less: Current portion of promissory notes		(2,253)		(1,529)		(592)		(4,374)
As at December 31, 2017	$	2,056	$	270	$	503	$	2,829

9 Income taxes

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred income tax assets and liabilities have been measured using an expected average combined statutory income tax rate of 26.30% (2017 – 26.21%) based on the tax rates in years when the temporary differences are expected to reverse. Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at March 31, 2018, DCM has non-capital loss carry-forwards of $Nil (2017 – $8,404).

Reflected in the consolidated statement of financial position as follows:		**March 31, 2018**		December 31, 2017
Deferred income tax assets	$	**3,210**	$	6,108
Deferred income tax liabilities		**(1,248)**		(1,295)
Net deferred income tax assets	$	**1,962**	$	4,813

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

10 Other non-current liabilities

		March 31, 2018		December 31, 2017
Deferred lease inducement	$	**1,039**	$	1,082
Lease escalation liabilities		**2,257**		1,888
Bonuses payable		**907**		983
	$	**4,203**	$	3,953
Less: Current portion of other non-current liabilities		**(549)**		(540)
	$	**3,654**	$	3,413

The current portion of other non-current liabilities is included in trade payables and accrued liabilities.

In connection with the acquisition on February 22, 2017 of Thistle, DCM assumed certain liabilities related to bonuses payable to former employees of the company which will be paid in equal monthly payments until the end of October 2020. The liability was recorded at fair value based on discounting using a discount rate of 10%. The fair value of the future payments of $33 per month as of the closing date was $1,226 of which $293 was classified as current liabilities in trade payables and accrued liabilities.

DCM's operations are conducted in leased properties. DCM's leases generally provide for minimum rent and may also include escalation clauses, guarantees and certain other restrictions, and generally require it to pay a portion of the real estate taxes and other property operating expense. Payments made under operating leases are recognized in the consolidated statements of operations on a straight-line basis over the term of the lease, expiring in 2018 to 2028.

11 Shares and warrants

DCM is authorized to issue an unlimited number of common shares. The common shares have a stated capital of one dollar. Each common share is entitled to one vote at any meeting of shareholders. Each holder of the common shares will be entitled to receive dividends if, as and when declared by the Board. In the event of the liquidation, dissolution, winding up of DCM or other distribution of assets of DCM among its shareholders for the purpose of winding up its affairs, the holders of the common shares will, subject to the rights of the holders of any other class of shares of DCM entitled to receive assets of DCM upon such a distribution in priority to or concurrently with the holders of the common shares, be entitled to participate in the distribution. Such distribution will be made in equal amounts per share on all the common shares at the time outstanding without preference or distinction.

The following summarizes the change in number of issued and outstanding common shares during the periods below:

	Number of Common shares		Amount
Balance – January 1, 2018 and March 31, 2018	**20,039,159**	**$**	**248,996**

	Number of Common shares		Amount
Balance – January 1, 2017	11,975,053	$	237,432
Shares issued - February 22, 2017	1,278,708		2,847
Balance – March 31, 2017	13,253,761	$	240,279

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

In connection with the acquisition of Thistle and Eclipse on February 22, 2017, DCM issued a total of 1,278,708 Common Shares to the vendors of the companies as partial consideration for the fair value of the net assets acquired on the Closing Date for $2,858, net of $11 in issuance costs.

SHARE-BASED COMPENSATION

DCM has adopted a Long-Term Incentive Plan ("LTIP") to: recruit and retain highly qualified directors, officers, employees and consultants (the "Participants"); provide Participants with an incentive for productivity and an opportunity to share in the growth and the value of DCM; and, align the interests of Participants with those of the shareholders of DCM. Awards to Participants are primarily based on the financial results of DCM and services provided. The aggregate maximum number of common shares available for issuance from DCM's treasury under the LTIP is 2,003,916 common shares or 10% of the issued and outstanding common shares of DCM. The shares to be awarded will be authorized and unissued shares.

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

(a) Restricted share unit ("RSU")

Under the RSU portion of the LTIP, selected employees are granted RSUs where each RSU represents the right to receive a distribution from the company in an amount equal to the fair value of one DCM common share. RSUs generally vest within three years and primarily settle in cash upon final vesting.

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

	March 31, 2018	December 31, 2017
	Number of RSUs	Number of RSUs
Balance - beginning of period/year	**177,869**	29,538
Units granted	**740,432**	150,192
Units forfeited	**—**	(1,514)
Units paid	**—**	(347)
Balance - end of period/year	**918,301**	177,869

During the three months ended March 31, 2018, the chief executive officer ("CEO") of DCM and President of DCM were granted 299,021 RSUs (2017 – Nil RSUs) and a total of 441,411 RSUs (2017 – Nil RSUs) were awarded to other key members of DCM's management. During the three months ended March 31, 2017 347 RSUs were paid in cash.

Of the total outstanding RSUs at March 31, 2018, $Nil (2017 – $Nil) have vested and are payable. The carrying amount of the liability relating to the RSUs at March 31, 2018 was $188 (2017 – $90).

During the three months ended March 31, 2018, compensation expense of $99 (2017 – $12) was recognized in the consolidated statement of operations related to RSUs granted.

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For the periods ended March 31, 2018 and 2017

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

Option ("Option")

A summary of Option activities for the three months ended March 31, 2018 and the year ended December 31, 2017 is as follows:

	2018			2017		
	Number of Options		**Weighted average Exercise Price**	Number of Options		Weighted average Exercise Price
Options outstanding - beginning of period / year	**804,961**	**$**	**1.50**	959,745	$	2.41
Granted	**1,200,000**		**1.41**	—		—
Forfeited	**(13,004)**		**1.50**	(135,279)		7.88
Exercised	**—**		**—**	(19,505)		1.50
Options outstanding - end of period / year	**1,991,957**	**$**	**1.45**	804,961	$	1.50
Exercisable	**800,904**	**$**	**1.50**	744,006	$	1.50

The outstanding options had an exercise price range as follows:

	March 31, 2018	December 31, 2017
	Number of Options	Number of Options
$1.41	**1,200,000**	—
$1.50	**791,957**	804,961
Options outstanding	**1,991,957**	804,961

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

		March 31, 2018
Expected life (years)		**7**
Expected volatility		**40%**
Dividend yield		**0%**
Risk free rate of return		**1.88%**
Weighted average fair value of options granted	**$**	**0.68**
Forfeiture rate		**10%**

During the three months ended March 31, 2018, options to purchase up to 1,200,000 common shares were awarded to DCM's Board of Directors and executive management team, including a total of 240,000 options awarded to the CEO and President. Once vested, the options are exercisable for a period of seven years from the grant date at an exercise price of $1.41 per share, representing the fair value of the common shares on the date of grant. These options vest at a rate of 1/36th per month beginning on March 14, 2018. During the three months ended March 31, 2018, 13,004 options awarded were forfeited.

During the three months ended March 31, 2018, compensation expense of $94 (2017 – $52) was recognized in the consolidated statement of operations related to options granted.

Notes to The Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2018 and 2017

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

12 Earnings (loss) per share

		For the three months ended March 31, 2018		For the three months ended March 31, 2017
BASIC EARNINGS (LOSS) PER SHARE				
Net income (loss) for the period attributable to common shareholders	**$**	**1,763**	$	(2,097)
Weighted average number of shares		**20,039,159**		12,514,952
Basic earnings (loss) per share	**$**	**0.09**	$	(0.17)
DILUTED EARNINGS (LOSS) PER SHARE				
Net income (loss) for the period attributable to common shareholders	**$**	**1,763**	$	(2,097)
Weighted average number of shares		**20,039,159**		12,514,952
Diluted earnings (loss) per share	**$**	**0.09**	$	(0.17)

Options to purchase up to 1,991,957 common shares where the average market price of the common shares was less than the exercise price were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive. Warrants to purchase up to 1,381,050 common shares were excluded from the computation of diluted earnings per share as they were out-of-the-money as of March 31, 2018.

For the three months ended March 31, 2017, 6.00% Convertible Unsecured Subordinated Debentures in the aggregate principal amount of $11,175 and the related interest expense were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive. Options to purchase up to 959,745 common shares where the average market price of the common shares was less than the exercise price were excluded from the computation of diluted earnings per share as their effect would have been anti-dilutive.

13 Changes in working capital

		For the three months ended March 31, 2018		For the three months ended March 31, 2017
Trade receivables	**$**	**(7,269)**	$	499
Inventories		**389**		(2,395)
Prepaid expenses and other current assets		**709**		280
Trade and accrued liabilities		**9,854**		(1,015)
Deferred revenue		**6**		1,746
	$	**3,689**	$	(885)

14 Commitments and Contingencies

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

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

15 Employee benefit plans

DCM maintains a defined benefit and defined contribution pension plan (the "DATA Communications Management Pension Plan") for some of its employees. During year ended December 31, 2017, DCM engaged actuaries to complete an updated actuarial valuation of the DATA Communications Management Pension Plan, which confirmed that, as at January 1, 2017, the DATA Communications Management Pension Plan had a solvency deficit. Based upon the January 1, 2017 actuarial report, DCM's annual minimum funding obligation for the defined benefit provision of the DATA Communications Management Pension Plan for 2017 decreased from $1,311 to $647. As of December 31, 2017, DCM had exceeded its minimum required funding requirements for the defined benefit provision of the DATA Communications Management Pension Plan for 2017 by $227. This excess funding will be applied to DCM's future minimum funding requirements for the defined benefit provision of the DATA Communications Management Pension Plan.

In May 2017 the Ontario Ministry of Finance announced major reforms to the funding framework for defined benefit pension plans. The proposed new framework is based on an enhanced going-concern approach, whereby solvency funding requirements would be eliminated except for plans that are less than 85% funded. The regulations supporting the transitional measures which assist plan sponsors prior to the full reforms being implemented were enacted into legislation in June 2017. The new regulation allows plan administrators whose next filed valuation report is dated on or after December 31, 2016 and before December 31, 2017 to elect to defer the start of new solvency special payments by up to 24 months instead of the usual 12 months.

DCM has elected to defer the start of new solvency special payments by 24 months and intends on completing an updated actuarial valuation of the DATA Communications Management Pension Plan as at January 1, 2018. DCM expects that its future minimum funding requirements for the defined benefit provision of the DATA Communications Management Pension Plan for 2018 will be approximately $420, after adjusting for the excess funding from 2017, and for 2019 will be approximately $1,353. The January 1, 2018 actuarial valuation report for the DATA Communications Management Pension Plan will not be completed until partway through 2018 and the funding reforms have not been finalized, therefore, the effect on DCM's minimum funding requirements for 2018 and forward is not determinable at this time.

<u>Pension expense</u>

DCM's pension expense related to its defined benefit and defined contributions plans is as follows:

		For the three months ended March 31, 2018		For the three months ended March 31, 2017
Net cost recognized in general and administration expenses	**$**	**74**	$	81
Interest costs in finance expense		**60**		54
Defined benefit plans	**$**	**134**	$	135
Defined contribution plans	**$**	**397**	$	380
Defined benefit multi-employer plans	**$**	**154**	$	153

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

Other post-employment benefit plans expense

DCM's other post-employment benefit plans expense is as follows:

		For the three months ended March 31, 2018		For the three months ended March 31, 2017
Net cost recognized in general and administration expenses	**$**	**73**	$	62
Interest costs in finance expense		**28**		26
Other post-employment benefit plans	**$**	**101**	$	88

16 Subsequent events

ACQUISITION OF PERENNIAL GROUP OF COMPANIES

On May 8, 2018, DCM completed the acquisition of Perennial Group of Companies Inc., a privately held holding company, Perennial Inc., one of Canada's leading design firms focused on creating and delivering design strategies for major retail brands in Canada and around the world, and The Finished Line Studios Inc., an independent, multi-function creative, execution and production art studio (collectively, Perennial Group of Companies Inc., Perennial Inc. and The Finished Line Studios Inc. being "Perennial Group"). On closing, Perennial Group was amalgamated as Perennial Inc. ("Perennial").

Perennial's suite of services includes business and brand strategy, consumer insights, environmental and graphic design, and communications and retail operations design and strategy.

DCM acquired Perennial for a total purchase price of approximately $13,166, comprised of $8,166 in cash paid on closing, $2,500 through the issuance of common shares of DCM, and $2,500 in the form of a subordinated, unsecured non-interest bearing vendor take back note (the "VTB"). The VTB is repayable as follows: $1,000 payable on the first anniversary of closing, $1,000 on the second anniversary of closing and $500 on the third anniversary of closing. A preliminary positive working capital adjustment of $1,166 was applied on closing to the original purchase price of $12,000, related primarily to Perennial's strong cash and accounts receivable balances at closing. The purchase price will be subject to certain post-closing adjustments.

A total of 1,394,856 common shares of DCM have been issued to one of the vendors of Perennial and the number of DCM's issued and outstanding common shares increased from 20,039,159 to 21,434,015 common shares outstanding on closing of the acquisition.

NEW CREDIT FACILITY WITH CROWN CAPITAL

On April 30, 2018, DCM established a $12,000 non-revolving term loan facility with Crown Capital Fund IV, LP (the "Crown Facility"), a fund managed by Crown Capital Fund IV Management Inc. ("Crown"), of which approximately $8,166 million was used to fund the up-front cash component of the Perennial acquisition and $3,500 was used to repay in full the outstanding balance of the Company's non-revolving credit facility with Bridging Finance Inc. The balance of the Crown Facility will be used for general working capital purposes.

The Crown Facility was made available in one advance on the funding date of May 8, 2018 and bears interest at a fixed rate of 10% per annum, payable quarterly, and the principal amount of the loan is due at maturity, which is 60 months from closing. DCM's obligations under the Crown Facility are subordinated to its other senior credit facilities and is secured by a conventional security on all of the assets of DCM and its subsidiaries. In addition, a total of 960,000 warrants have been issued to Crown in connection with the Crown Facility. Each warrant entitles the holder to acquire one DCM common share at an exercise price of $1.75 for a period of five years, commencing on May 8, 2018.

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

Effective May 7, 2018, DCM entered into the first amendment (the "Crown Amendment"), which amended certain representations and indemnities relating to taxation, including with respect to excluded taxes, indemnified taxes and other taxes in the event of a future change in the regulatory jurisdiction of the holder of the Crown Facility for the benefit of each of Crown and DCM.

AMENDED & RESTATED BANK CREDIT FACILITY, IAM CREDIT FACILITIES AND NEW INTERCREDITOR AGREEMENT

Effective May 7, 2018, DCM entered into an amended and restated bank credit agreement (the "A&R Bank Credit Facility") with regards to its Bank Credit Facility, as amended, which incorporated conforming updates to the original Bank Credit Facility dated March 16, 2016 to consolidate the subsequent series of amendments previously made to that facility, including to provide for the addition of the Crown Facility together with the repayment of the Bridging Credit Agreement into the A&R Bank Credit Facility and the acquisition of Perennial. No material changes were otherwise incorporated into the A&R Bank Credit Facility.

Effective May 7, 2018, DCM also entered into amended and restated credit agreements with regards to its IAM III Credit Facility (the "IAM III A&R Credit Facility"), its IAM IV Credit Facility (the "IAM IV A&R Credit Facility") and its IAM V Credit Facility (the "IAM V Credit Facility"), each managed by IAM, which, among other things incorporated conforming updates to each of those respective original credit agreements, to consolidate the subsequent series of amendments previously made to those agreements, including to provide for the addition of the Crown Facility together with the repayment of the Bridging Credit Agreement and the acquisition of Perennial. No material changes were otherwise incorporated into the various credit facilities managed by IAM.

Effective May 7, 2018, DCM entered into a second amended and restated inter-creditor agreement (the “Second A&R ICA”) between the Bank, IAM III, IAM IV, IAM V, Crown and the VTB Noteholders, respectively, which, among other things, establishes the rights and priorities of the respective liens of the Bank, IAM III, IAM IV, IAM V, Crown and the VTB Noteholders on the present and after-acquired property of DCM and Perennial.

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

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William Albino [1,2,3]
Director

James J. Murray O.Ont., SIOR [1,2]
Director

Derek J. Watchorn [1,2,3]
Director

Michael G. Sifton
Director & Officer
Chief Executive Officer

James E. Lorimer
Officer
Chief Financial Officer &
Corporate Secretary

EXECUTIVE TEAM

Michael G. Sifton
Chief Executive Officer

Gregory J. Cochrane
President

James E. Lorimer
Chief Financial Officer

Alan Roberts
Senior Vice-President,
Operations

Michael Coté
Senior Vice-President,
Chief Commercial Officer

Judy Holcomb-Williams
Senior Vice President,
Chief Culture Officer

CORPORATE INFORMATION

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Toronto Stock Exchange Symbols
DCM

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

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