

**FORM 51-102F3**  
**Material Change Report**

**Item 1: Name and Address of Company**

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

**Item 2: Date of Material Change**

April 30, 2018

**Item 3: News Release**

A news release announcing the material change was issued and disseminated on April 30, 2018. A further press release in relation to the material change was issued and disseminated on May 8, 2018. Each of those news releases has been filed with the Canadian securities regulatory authorities, through SEDAR, and is available at [www.sedar.com](http://www.sedar.com).

**Item 4: Summary of Material Change**

On April 30, 2018, DATA Communications Management Corp. (TSX: DCM) ("**DCM**" or the "**Company**") announced it has entered into a share purchase agreement to acquire (the "**Acquisition**") all of the issued and outstanding common shares of each of Perennial Group of Companies Inc., Perennial Inc. and The Finished Line Studios Inc. (collectively, the "**Subject Corporations**") for a purchase price of \$12 million (subject to customary working capital, closing indebtedness and other adjustments) (the "**Purchase Price**"), subject to the satisfaction of customary closing conditions.

DCM also announced that it has arranged a \$12 million term loan (the "**Crown Loan**") from Crown Capital Fund IV, LP ("**Crown**"), an investment fund managed by Crown Capital Partners Inc., to fund the cash component of the Acquisition and repay other indebtedness of the Company.

On May 8, 2018 (the "**Closing Date**") the Company announced that it had closed the Acquisition and the Loan.

**Item 5: Full Description of Material Change**

***Acquisition***

The Company has entered into a share purchase agreement made as of April 30, 2018 (the "**Purchase Agreement**") with Christopher Lund, Marina Lund and The Lund Family Trust (collectively, the "**Vendors**"). Pursuant to the Purchase Agreement, the Company has purchased from the Vendors all of the issued and outstanding shares of each Subject Corporation, upon the terms and conditions of the Purchase

Agreement.

The Purchase Price was satisfied by: (i) the payment on closing to the Vendors of \$8,166,323 in cash (after giving effect to a preliminary working capital adjustment); (ii) the issuance of an aggregate of 1,394,856 common shares of the Company (the “**Consideration Shares**”); and (iii) the issuance of a promissory note in the aggregate principal amount of \$2,500,000, which will be payable in two annual instalments of \$1,000,000 on each of the first and second anniversaries of the Closing Date and a third instalment of \$500,000 paid on the third anniversary of the Closing Date. The purchase price is subject to certain post-closing adjustments.

The Consideration Shares are subject to a lock up agreement entered into between the Company and the holder of such shares pursuant to which the holder has agreed that it will not dispose of Consideration Shares for a period of one year from the Closing Date, subject to certain exceptions.

The Purchase Agreement contains customary representations and warranties on the part of the Vendors relating to the following matters, among others: ownership of the shares of the Subject Corporations; capitalization; ownership of subsidiaries; no conflicts and consents; organization and qualification; authority relative to the Purchase Agreement; no violations; financial statements; books, records and disclosure controls; absence of certain changes; litigation; taxes; real property; personal property; contracts; permits; employees and benefits; compliance with laws; intellectual property; insurance; environment; material contracts; and the absence of brokers.

The Purchase Agreement also contains customary representations and warranties of DCM relating to matters that include: organization and qualification; authority relative to the Purchase Agreement; no violations; sufficiency of funds; litigation; matters related to the Consideration Shares; reporting issuer status; public disclosure record; compliance with laws; and the absence of brokers.

Under the Purchase Agreement, the Vendors, on the one hand, and DCM, on the other, have agreed to indemnify the other party against certain liabilities, including those arising from breaches of their respective representations, warranties or covenants contained in the Purchase Agreement.

The Vendors have entered into non-competition and non-solicitation agreements with DCM as of the Closing Date, pursuant to which each of them will be restricted from competing with the Subject Corporations, and from soliciting the respective customers and employees of the Subject Corporations for a fixed period of time.

### ***Crown Term Credit Facility***

In connection with the Acquisition, DCM has established a \$12 million non-revolving term loan facility (the “**Crown Term Credit Facility**”) with Crown, of which approximately \$8.2 million was used to fund the up-front cash component of the Acquisition and then approximately \$3.5 million was used to repay in full the

outstanding balance of the Company's non-revolving credit facility with Bridging Finance Inc., with the balance being used for general working capital purposes.

The Crown Term Credit Facility matures on May 7, 2023 and on the Closing Date DCM borrowed the full principal amount of \$12 million available thereunder. Indebtedness outstanding under the Crown Term Credit Facility bears interest at a fixed rate equal to 10% per annum. Under the terms of the Crown Term Credit Facility, DCM is required to pay the outstanding principal amount of the Crown Loan in full at maturity and is required to make mandatory quarterly payments of interest. DCM may, upon prior written notice to Crown, prepay the Crown Term Credit Facility in whole, but not in part, at any time after May 7, 2020, provided that DCM pays Crown a prepayment premium equal to a specified fixed percentage of the then outstanding principal amount of the Crown Loan. Under the terms of the Crown Term Credit Facility, DCM must ensure that the aggregate of the principal amount outstanding under the Crown Term Credit Facility, the other credit facilities established by the lenders under DCM's bank credit facility, Integrated Private Debt Fund III LP, Integrated Private Debt Fund IV LP, Integrated Private Debt Fund V LP and other lenders managed by Integrated Private Debt Fund Inc., respectively, does not exceed \$72 million.

The credit agreement contains 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 the Company without consent of Crown if a default or event of default under the Crown Term Credit Facility has occurred or would occur as a consequence of paying such dividend .

The financial covenants under the Crown Term Credit Facility require DCM to maintain (i) a ratio of Net Debt to EBITDA for its four most recently completed fiscal quarters of not greater than the following levels: for each of DCM's fiscal quarters through the fiscal quarter ending December 31, 2019 – 4.00 to 1.0; and thereafter – 3.0 to 1.0; and (ii) a fixed charge coverage ratio, determined at the end of each fiscal quarter of DCM, of not less: for the fiscal quarter ending June 30, 2018 – 1.1 to 1.0; for the fiscal quarter ending September 30, 2018, 1.25 to 1.0; and for each fiscal quarter thereafter, 1.4 to 1.0.

A failure by the Company to comply with its obligations under the Crown Term Credit Facility, together with certain other events, including a change of control of the Company could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under the Crown Term Credit Facility.

The Company's obligations under the Crown Term Credit Facility are secured by conventional security charging all the property and assets of DCM and its affiliates.

In connection with the establishment of the Crown Term Facility, Crown entered into a second amended and restated inter-creditor agreement with the Company, its other senior lenders and the holders of the vendor take-back notes issued pursuant to acquisitions completed by the Company in February 2017. The terms of that agreement establish the relative priorities of the respective liens of those lenders on the Company's present and after-acquired property and certain other rights, priorities

and interests of those lenders, including with respect to the enforcement of the respective security held by them for payment of the Company's respective obligations under its senior credit facilities and those vendor take-back notes.

As a financing fee, the Company issued to Crown warrants to purchase up to 960,000 common shares of DCM. Each warrant entitles the holder to acquire one DCM common share at an exercise price of \$1.75 for a period of five years from the Closing Date. The issuance of the warrants and underlying DCM common shares to Crown has been approved by the Toronto Stock Exchange.

**Item 6: Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7: Omitted Information**

Not applicable.

**Item 8: Executive Officer**

James Lorimer  
Chief Financial Officer  
DATA Communications Management Corp.  
9195 Torbram Road, Brampton, ON L6S 6H2  
905.494.4101

**Item 9: Date of Report**

May 10, 2018