

DATA Communications Management Corp. Announces Amendments to its Senior Credit Facilities and Support of Standby Purchasers Pursuant to its Rights Offering which Expires on December 27, 2019

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BRAMPTON, Ontario--(BUSINESS WIRE)--December 20, 2019--DATA Communications Management Corp. (TSX: DCM) ("**DCM**" or the "**Company**"), a leading provider of marketing and business communication solutions to companies across North America, announced it has entered into amended credit agreements (the "**Credit Agreement Amendments**") with its senior lenders, including amendments to its financial covenants.

DCM also announced that the stand-by purchasers (the "**Stand-by Purchasers**") under the current rights offering (the "**Rights Offering**") commenced by the Company on November 26, 2019 have approved the Credit Agreement Amendments for purposes of their stand-by commitment (the "**Stand-by Commitment**"), thereby satisfying a condition of the Stand-by Purchasers' obligations under the Stand-by Commitment. Pursuant to the Stand-by Commitment, the Stand-by Purchasers have agreed to acquire common shares of the Company ("**Common Shares**") not acquired by holders of rights ("**Rights**") under the Rights Offering up to a maximum of \$4.6 million. The Stand-by Purchasers have also confirmed that, as of December 19, 2019, no Material Adverse Effect had occurred for purposes of their commitment.

Under the terms of the Rights Offering, each eligible securityholder is entitled to subscribe for one Common Share for every one Right held, upon payment of the subscription price of \$0.23 per Common Share. Securityholders who exercise their basic subscription privilege in full are also entitled to subscribe for additional shares under the additional subscription privilege. The Rights Offering expires at 5:00 p.m. (Toronto time) on December 27, 2019. Further details regarding the terms of the Rights Offering, including the Stand-by Commitment, are set forth in the Company's rights offering circular dated November 26, 2019 (the "**Rights Offering Circular**"), a copy of which is available on SEDAR at www.sedar.com.

Details of the Credit Agreement Amendments

DCM maintains a revolving credit facility (the "**Bank Credit Facility**") with a Canadian chartered bank (the "**Bank**") pursuant to an amended and restated credit agreement (the "**Bank Credit Agreement**") between DCM and the Bank. DCM also maintains amortizing term loan facilities pursuant to loan agreements (collectively, the "**FPD Loan Agreements**") with Fiera Private Debt Fund III LP ("**FPD III**"), Fiera Private Debt Fund IV LP ("**FPD IV**") and Fiera Private Debt Fund V LP ("**FPD V**"). Each of FPD III, FPD IV and FPD V is a fund managed by Fiera Private Debt Fund GP Inc. DCM also maintains a \$19.0 million non-revolving term loan facility with Crown Capital Partner Funding, a fund managed by Crown Capital LP Partner Funding Inc. ("**Crown**"), pursuant to a credit agreement (the "**Crown Credit Agreement**") between DCM and Crown. Capitalized items not otherwise defined herein are referenced in the respective credit agreements with DCM's senior lenders.

Each of the Bank Credit Agreement, the FPD Loan Agreements and the Crown Credit Agreement contain certain financial and other restrictive covenants with which the Company must comply. As previously announced, the Company has been negotiating certain amendments to the terms of those credit agreements and covenants and has now completed those negotiations and entered into formal agreements with its senior lenders which give effect to those amendments.

On December 19, 2019, DCM entered into a fifth amendment to its Bank Credit Facility (the “**Bank Fifth Amendment**”). This amendment increased the maximum principal amount of the Bank Credit Facility to a maximum of \$50.0 million, subject to successful completion of the Rights Offering and receipt of net proceeds from the Rights Offering of at least \$3.0 million, after giving effect to any repayment of the Promissory Notes (as defined in the Rights Offering Circular). The maximum principal amount available under the Bank Credit Facility will decrease by \$1.5 million each month commencing April 2020 until it has been reduced to \$35.0 million in January 2021. The Bank Fifth Amendment suspended the requirement for DCM to comply with its Fixed Charge Coverage Ratio (the “**FCCR**”) until July 31, 2020. DCM will be required to maintain an FCCR of not less than 1.0 to 1.0 for the twelve month period ended July 31, 2020, an FCCR of not less than 1.05 to 1.0 for the twelve month period ended August 31, 2020 and an FCCR of not less than 1.1 to 1.0 for each twelve month period ending thereafter, commencing with the month ending September 30, 2020. The Bank Fifth Amendment introduced a new covenant requiring DCM to collect an agreed minimum percentage of its outstanding accounts receivable each month and a covenant requiring DCM to attain revenue in a minimum amount equal to not less than 90% of its forecasted revenue on a quarterly and on a cumulative basis commencing with the fourth quarter of 2019 and ending with the quarter ending June 30, 2020. The Bank Fifth Amendment also increased the interest rate payable by DCM on its prime rate loans by 100 basis points per annum, at least until such time as DCM demonstrates its achievement of at least an FCCR of greater than 1.1 to 1.0.

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

On December 19, 2019 DCM entered into a fourth amending agreement (the “**Crown Fourth Amendment**”) in connection with the Crown Credit Agreement. Under the Crown Fourth

Amendment, the calculation of DCM's Net Debt to EBITDA Ratio covenant was modified such that EBITDA is calculated on an annualized basis for the first three quarters of 2020, commencing with EBITDA for the quarter ending March 31, 2020. The Net Debt to EBITDA Ratio covenant was further modified such that DCM is required to maintain a maximum Net Debt to EBITDA Ratio of 5.0 to 1.0 for the quarters ending March 31, 2020 and June 30, 2020, a maximum of 4.5 to 1.0 for the quarters ending September 30, 2020 and December 31, 2020 and a maximum of 3.0 to 1.0 for each quarter thereafter. The FCCR covenant under the Crown Credit Agreement was also modified such that DCM must maintain an FCCR of at least 1.1 to 1.0 for the quarter ending September 30, 2020, at least 1.15 to 1.0 for the quarter ending December 31, 2020 and at least 1.25 to 1.0 for each quarter thereafter. The FCCR will not apply for the quarters ending December 31, 2019, March 31, 2020 and June 30, 2020. The Crown Fourth Amendment also added a new financial covenant requiring DCM to have EBITDA of not less than \$4.0 million for the quarter ending March 31, 2020 and cumulative EBITDA of not less than \$8.0 million for the six-month period ending June 30, 2020. The Crown Fourth Amendment increased the interest rate on the Crown Credit Agreement from 10% per annum to 12% per annum, with the incremental 200 basis points per annum being accrued and payable at the earlier of maturity of the Crown Credit Agreement or, pursuant to its prepayment terms, prepayment in full.

In connection with the Crown Fourth Amendment, the Company has agreed to amend the exercise price of (A) the 960,000 common share purchase warrants of the Company issued to Crown in May 2018 from \$1.75 to \$0.26, and (B) the 550,000 common share purchase warrants of the Company issued to Crown in August 2019 from \$1.08 to \$0.26. In accordance with the rules of the Toronto Stock Exchange, these amendments will become effective on January 8, 2020.

Additional information regarding the Company's senior credit facilities and other indebtedness is set out in DCM's annual information form for the year ended December 31, 2019 and its annual and interim financial statements and related management's discussion and analysis, all of which is available on SEDAR at www.sedar.com.

More Information About the Rights Offering

DCM has retained Kingsdale Advisors as its information agent in connection with the Rights Offering. Questions and requests for assistance relating to the Rights Offering may be directed to Kingsdale at contactus@kingsdaleadvisors.com or 1-866-851-2484.

No Offering in the United States

Neither the Rights nor the Common Shares issuable upon exercise of the Rights have been, or will be, registered under the United States Securities Act of 1933, as amended, (the "**1933 Act**") and may not be offered, sold or delivered, directly or indirectly, in the United States, or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the 1933 Act), except pursuant to an exemption from the registration requirements of the 1933 Act. This press release does not constitute an offer to sell or a solicitation of an offer to buy any Rights or Common Shares in the United States or to, or for, the account or benefit of, U.S. persons.

About 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. DCM pairs customer insights and thought leadership with cutting-edge products, modular enabling technology and services to power its clients' go-to market strategies. DCM helps its 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.

DCM's extensive experience has positioned it as an expert at providing communication solutions across many verticals, including the financial, retail, healthcare, consumer health, energy, and not-for-profit sectors. As a result of its locations throughout Canada and in the United States (Chicago, Illinois and New York, New York), it is able to meet its clients' varying needs with scale, speed, and efficiency – no matter how large or complex the ask. DCM is able to deliver advanced data security, regulatory compliance, and bilingual communications, both in print and/or digital formats.

Additional information relating to DATA Communications Management Corp. is available on www.datacm.com, and in the disclosure documents filed by DATA Communications Management Corp. on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Forward-Looking Statements

Certain statements in this press release 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 press release, 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 press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future 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: DCM's new enterprise resource planning system has failed to perform as planned and interrupted operational transactions during and following the implementation, which has, and may continue to, materially and adversely affect DCM's financial liquidity and operations and results of operations; there are material uncertainties associated with the resolution of the liquidity challenges currently facing the Company, as described in the Company's condensed interim financial statements for the three months ended September 30, 2019, that may cast significant

doubt as to the ability of the Company to meet its obligations as they come due; there is no assurance that management's initiatives for dealing with these events and conditions will be successful and there are risks in the expected timing of resolution thereof and the possible effects of these issues if they are not resolved; the Company's ability to continue as a going concern is dependent upon its ability to return the Company to profitability, generate positive cash flows from operations, obtain additional financing as discussed in those interim financial statements; risks relating to DCM's ability to access sufficient capital, including, without limitation, under its existing revolving credit facility, on favourable terms to fund its liquidity and business plans from internal and external sources; 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 and/or investments in joint ventures 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 and growth of such businesses; 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 press release and under the headings "Liquidity and capital resources" and "Risks and Uncertainties" in DCM's management's discussion and analysis and in DCM's other 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 press release 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. 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 press release 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.

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