

DATA Communications Management Corp. Provides Business Update

BRAMPTON, Ontario--(BUSINESS WIRE)--March 27, 2020--DATA Communications Management Corp. (TSX: DCM) ("**DCM**" or the "**Company**"), a leading provider of marketing and business communication solutions to companies across North America, today provided updates on its business related to COVID-19, recent amendments to its credit agreement amendments, and on the timing of its regulatory filings.

Business Update and DCM's Role in Supporting Essential Services

"DCM plays a critical role in the supply chain to essential services providers in several facets of healthcare, financial services, government and the transportation and logistics sectors," said Gregory Cochrane, Chief Executive Officer. "Our manufacturing capabilities, technology solutions, and coast-to-coast network are mission critical to industry leaders in these fields and, as such, we assume a special responsibility to maintain normal operations and to remain open. We are focused on taking appropriate measures to ensure continuity of service to our customers."

The spread of COVID-19 and related restrictions on travel and non-essential services have led to a general reduction in business and consumer activity in Canada and the United States and in a reduction in demand of certain non-essential services for the Company's products and services.

While the Company expects these effects to be temporary, the duration of the business disruptions in Canada and the United States and the related financial impact on the Company, its business and its liquidity and results of operations cannot be reasonably estimated at this time.

Recent Credit Agreement Updates

In connection with the Company's continuing remediation efforts with respect to its previously reported implementation of a new enterprise resource planning ("**ERP**") system company-wide (excluding Eclipse, Thistle and Perennial) in June 2019 and the impact of the COVID-19 pandemic on the Company, its business and its financial liquidity and results of operations, DCM recently negotiated amendments to the terms of its credit agreements and obtained certain waivers from its senior lenders under those agreements. DCM continues to monitor the rapidly evolving impact of COVID-19 on its business and continues to have proactive discussions with its senior credit providers in regards to additional liquidity and other accommodations that may be required.

"We recently negotiated amendments to our credit agreements and covenants in order to provide DCM with up to an additional \$8.8 million of borrowing base capacity within our current credit facilities," said Mr. Cochrane. "While we continue to make progress in resolving the financial liquidity issues encountered in connection with the implementation of our ERP system, reserves for past due customer receivables in particular have reduced our eligible borrowing base. The additional availability provided by these amendments provided us with additional flexibility to work through our remediation efforts while we address the impact of the COVID-19 pandemic on our business."

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 non-revolving term loan facility with Crown Capital Partner Funding, LP, a fund managed by Crown Capital LP Partner Funding Inc. (“**Crown**”), pursuant to a credit agreement (the “**Crown Credit Agreement**”) between DCM and Crown. 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. Earlier this year DCM entered into amending agreements for each of the Bank Credit Agreement (the “**Bank Amendment**”), the FPD Loan Agreements (the “**FPD Amendment**”) and the Crown Credit Agreement (the “**Crown Amendment**”).

The Bank Amendment provides that advances under the Bank Credit Facility may not, at any time, exceed the lesser of \$50 million and a fixed percentage of DCM’s aggregate accounts receivables and inventory (less certain reserve amounts). This amendment permits DCM (i) to add, for the period from January 1, 2020 to April 30, 2020, up to \$6 million on an unmarginated basis (the “**Unmarginated Amount**”) when calculating that borrowing base, and (ii) for the period from January 15, 2020 to May 14, 2020, to remove from the calculation of that borrowing base, up to \$2.8 million of reserves (the “**Excluded Pension Reserve Amount**”) on account of DCM’s deficit in respect of its defined benefit pension plan. The Unmarginated Amount of the borrowing base will reduce at the rate of \$1 million per month commencing on May 1, 2020 until the Unmarginated Amount is fully removed from the borrowing base. DCM will be required to reinstate the Excluded Pension Reserve Amount in the calculation of its borrowing base by adding \$1 million and \$2 million of that amount in May and June, 2020, respectively, and by including all of the Excluded Pension Reserve Amount in July 2020 and thereafter. In addition to the financial covenants in the Bank Credit Agreement, the Bank Amendment added a new financial covenant that requires DCM to meet a Minimum Cash Flow Requirement (as defined in the Bank Amendment). In the event that DCM’s borrowing base exceeds total borrowings under the Bank Credit Facility by less than \$1.5 million, tested on a bi-weekly basis, the Minimum Cash Flow Requirement requires DCM to demonstrate, in that circumstance, that net cash flows for the Company for the preceding four weeks do not vary negatively from its forecasted cash flows by more than \$3 million.

The Bank Amendment also restricts DCM from making payments and distributions to non-arm’s length parties without the Bank’s consent, subject to certain exceptions, and increases the interest rate on DCM’s borrowings under the Bank Credit Facility by 0.50% for the period from January 1, 2020 to September 30, 2020. In addition, DCM has agreed to issue to the Bank warrants to purchase, for a period of 24 months, up to 500,000 common shares of the Company at a price to be determined in accordance with the rules of, and approved by, the Toronto Stock Exchange.

The FPD Amendment permits DCM to defer the payment of regularly scheduled principal payments owing to FPD III, FPD IV and FPD V under the applicable FPD Loan Agreement effective February 15, 2020. Scheduled principal payments will resume June 15, 2020. The

deferred principal payments will be added to the amounts due at maturity of the respective FPD Loan Agreements.

Under the Crown Amendment, for the period from January 1, 2020 to October 1, 2020, all interest on outstanding borrowings under the Crown Credit Agreement will be deferred and will be capitalized on each date on which payment of such interest would otherwise be due by adding the amount of the interest due to DCM's then outstanding principal and interest obligations under the Crown Credit Agreement.

Holders of an aggregate of \$1 million in promissory notes issued by DCM to certain insiders in July 2019 have agreed to defer repayment of those notes. It had been intended that these promissory notes would be repaid out of the net proceeds of the rights offering completed by the Company in December 2019.

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, 2018 and its annual and interim financial statements and related management's discussion and analysis, all of which are available on SEDAR at www.sedar.com.

Blanket Relief for Regulatory Filing Extension Due To COVID-19

As a result of COVID-19 pandemic developments, the Canadian Securities Administrators recently granted blanket relief (the “**Blanket Relief**”) for all market participants, providing up to a 45-day extension for periodic filings normally required to be made on or before June 1, 2020.

In accordance with the Blanket Relief, the Company intends to delay the filing of its audited annual financial statements for the year ended December 31, 2019 (the “**2019 Annual Financial Statements**”), annual management's discussion and analysis (“**MD&A**”) for the corresponding period, related management certifications of annual filings and its annual information form (collectively, the “**Filings**”). In addition to the Filings, the Company also intends to rely on the Blanket Relief in order to extend the date by which the Company must, under applicable securities laws, deliver an annual request form, the 2019 Annual Financial Statements and the MD&A. DCM expects to be able to complete the Filings and those deliveries on or before May 14, 2020. DCM's insiders and management remain restricted from trading in DCM securities pursuant to the Company's insider trading policy, which reflects the principles in section 9 of National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions. In light of the Blanket Relief, DCM has decided not to pursue a management cease trade order in relation to the Filings at this time, as previously announced on March 17, 2020.

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 belief that the release of DCM's financial results for the year ended December 31, 2019 and the Filings may be delayed; 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; risks relating to the impact of the COVID-19 pandemic, a rapidly evolving situation the impact of which could be material on DCM's business, liquidity 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 acquisitions it has made 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 and its suppliers. 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.

Contacts

Mr. Gregory Cochrane
Chief Executive Officer
DATA Communications Management Corp.
Tel: (905) 791-3151

Mr. James E. Lorimer
Chief Financial Officer
DATA Communications Management Corp.
Tel: (905) 791-3151