For Immediate Release

DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES FOURTH QUARTER AND YEAR END FINANCIAL RESULTS FOR 2018

HIGHLIGHTS

FISCAL 2018

- Revenues increased 11.5% year over year to $322.8 million compared with $289.5 million in the prior year, including a 7.5% increase in our core DCM business
- Adjusted EBITDA of $22.2 million, an increase of 38.0% year over year (See Table 2 and "Non-IFRS Measures" below)
- Net Income of $2.2 million, including restructuring expenses of $2.7 million, acquisition costs of $0.3 million and one-time business reorganization costs of $1.4 million compared to Net Loss of $6.2 million, including restructuring expenses of $9.5 million, acquisition costs of $1.4 million and one-time business reorganization costs of $0.4 million in the prior comparative period
- Adjusted Net Income of $5.6 million, compared to $2.5 million in the prior comparative period (See Table 3 and "Non-IFRS Measures" below)

FOURTH QUARTER 2018

- Revenues increased 6.6% year over year to $81.2 million compared with $76.1 million in the prior year, including a 4.0% increase in our core DCM business
- Adjusted EBITDA of $6.5 million, compared to $5.6 million in the prior year (See Table 2 and "Non-IFRS Measures" below)
- Net Income of $0.8 million, including restructuring expenses of $1.8 million compared to Net Loss of $2.5 million, including restructuring expenses of $4.5 million in the prior comparative period
- Adjusted net income of $2.3 million, compared to $1.5 million in the prior comparative period (See Table 3 and "Non-IFRS Measures" below)

RECENT EVENTS

- Announces the reduction in the direct sales force with expecting cost savings of $1.4 million
- Extension of Bank Credit Facility to March 21, 2020
- Investments in previously announced new equipment

Brampton, Ontario – March 21, 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 its consolidated financial results for the year ended December 31, 2018.

"2018 was an improved year for our Company," said Gregory J. Cochrane, President & CEO. "We reported the second consecutive year in a row of revenue growth, after many years of continued declines. Importantly, we also showed improvements in gross profit and gross profit margin, SG&A as percent of revenue, adjusted EBITDA, adjusted EBITDA margin, net income and adjusted net income. Revenue growth, along with these other improved financial metrics, was largely supported by the acquisitions DCM made in 2017 and 2018 together with some stability in our core DCM business."

Our core business was supported by the onboarding of a major financial services customer. We also benefited from a one-time increase in volume in the first quarter of 2018 from a long-standing customer. While the customer remains an important one, we don't expect its volumes to recur at the same levels in 2019. However, in the last half of 2018, we began to serve an emerging new market, providing specialty label solutions to the cannabis market.

While our core traditional business continues to face secular challenges, we remain optimistic that opportunities to continue to gain increased wallet share from our top customers will offset secular declines in certain parts of our business and that we will continue to experience growth in other markets, including those served by our recent acquisitions.

FINALIZATION OF PURCHASE PRICE FOR PERENNIAL ACQUISTION

On October 17, 2018, the vendors of Perennial and DCM finalized the purchase price related to the Perennial acquisition resulting in a $0.1 million post-close working capital adjustment which will be paid in cash by DCM to the vendors of Perennial Inc. in the fourth quarter of 2018.

RESTRUCTURING

Effective October 19, 2018, DCM closed its corporate engineering department in Drummondville, Québec, which was comprised of a staff of approximately 14 people. The group was primarily responsible for the service and maintenance of DCM's traditional rotary offset and label presses, which have now been consolidated in two facilities in Drummondville and Brampton, Ontario, and led the significant consolidation of DCM's facilities over the past several years. Internal maintenance departments in Drummondville and Brampton are expected to support DCM's forms and label presses going forward, while DCM's other equipment is typically serviced by original equipment manufacturers. DCM included restructuring costs related to the closing of this department of $0.6 million in the fourth quarter of 2018, primarily relating to severances for terminated employees. Total annualized savings from reduced labour and related overhead costs from the elimination of this group are estimated at $1.5 million.

Effective November 13, 2019, DCM reduced its direct sales force by approximately 13 people. DCM included restructuring costs of $0.7 million in the fourth quarter of 2019, primarily relating to severances for terminated employees. Total annual savings from reduced labour and related overhead costs from the elimination of this group are estimated at approximately $1.4 million.

PERENNIAL JOINT VENTURE WITH APHRIA

On November 7, 2018, DCM announced that Perennial, a wholly owned subsidiary of DCM, and Aphria Inc. ("Aphria"), a leading global cannabis company, had entered into a joint venture agreement (the "JV") for the purpose of the development, production, marketing and sale of non-Aphria branded new products, brands and product categories on the domestic and international adult-use cannabis markets. The JV will initially focus on cannabis-infused products for the wellness, medical and adult-use markets. The JV is owned equally by Perennial and Aphria. It will select specific projects to collaborate on and seek to leverage the respective capabilities of Perennial, DCM and Aphria. The JV agreement includes typical terms related to corporate governance, capital contributions, intellectual property, and other standard matters. As at December 31, 2018 and for the year then ended, the JV did not have any significant balances or transactions.

INVESTMENT IN NEW EQUIPMENT

During the year ended December 31, 2018, DCM secured the new Gallus / Heidelberg hybrid digital label press. This press will support DCM's current demand for cannabis label solutions and provide new opportunities in the wine and spirits markets, offering a unique value proposition for these producers and distributors compared to their current offerings.

The Heidelberg six-colour press has been installed in the Thistle operations during the first quarter of 2019. This new piece of equipment will provide enhanced capabilities, allowing DCM to migrate more sheet fed volumes from tier two suppliers, and will also help in improving operating efficiencies and gross margins as it will replace an older five-colour press.

EXTENSION OF BANK CREDIT FACILITY

On March 5, 2019, DCM entered into a second amendment to its Bank Credit Facility. Significant terms of the amendment made to DCM's Bank Credit Facility include an extension of the maturity date to January 31, 2023, from its original maturity date of March 31, 2020; a reduction in the interest rate payable on advances by 15 basis points from 0.75% per annum to 0.60% per annum; the elimination of an early termination fee in the event the Bank Credit Facility is terminated or repaid prior to maturity; and amendments related to the calculation of certain financial covenants as a result of the adoption of IFRS 16 effective for reporting periods on or after January 1, 2019. The amendments related to IFRS 16 include clarification that the calculation of DCM's fixed charge coverage ratio under the Bank Credit Facility will be completed on substantially the same basis as prior to the adoption of IFRS 16, after giving effect to changes in the accounting treatment of leases related to right-of-use assets. As a result, definitions of certain terms related to IFRS 16 were added to the Bank Credit Facility. The Company's financial covenant ratio with the Bank remains unchanged.

RESULTS OF OPERATIONS

All financial information in this press release is presented in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

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

For the periods ended December 31, 2018 and 2017	**Oct. 1 to Dec. 31, 2018**	**Oct. 1 to Dec. 31, 2017**	**Jan. 1 to Dec. 31, 2018**	**Jan. 1 to Dec. 31, 2017**
(in thousands of Canadian dollars, except share and per share amounts, unaudited)	**$**	**$**	**$**	**$**
Revenues [(1)]	81,152	76,125	322,769	289,529
Cost of revenues	61,279	57,771	244,571	220,138
Gross profit	19,873	18,354	78,198	69,391
Selling, general and administrative expenses	15,247	15,263	66,216	61,371
Restructuring expenses	1,845	4,453	2,654	9,457
Acquisition costs	29	381	348	1,368
Income (loss) before finance costs and income taxes	2,752	(1,743)	8,980	(2,805)
Finance costs (income)				
Interest expense, net	1,321	1,143	4,985	4,409
Amortization of transaction costs	154	324	623	701
	1,475	1,467	5,608	5,110
Income (loss) before income taxes	1,277	(3,210)	3,372	(7,915)
Income tax (recovery) expense				
Current	422	221	1,407	725
Deferred	13	(972)	(284)	(2,435)
	435	(751)	1,123	(1,710)
Net income (loss) for the year	842	(2,459)	2,249	(6,205)
Basic earnings (loss) per share	0.04	(0.12)	0.11	(0.38)
Diluted earnings (loss) per share	0.04	(0.12)	0.11	(0.38)
Weighted average number of common shares outstanding, basic	21,523,515	19,732,888	20,998,703	16,330,837
Weighted average number of common shares outstanding, diluted	21,523,515	19,732,888	21,055,460	16,330,837

As at December 31, 2018 and December 31, 2017	**As at Dec. 31, 2018**	**As at Dec. 31, 2017**
(in thousands of Canadian dollars, unaudited)	**$**	**$**
Current assets	85,455	82,804
Current liabilities	64,716	68,648
Total assets	142,231	131,859
Total non-current liabilities	70,003	68,610
Shareholders' equity (deficit)	7,512	(5,399)

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

Table 2 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”.

EBITDA and Adjusted EBITDA Reconciliation

For the periods ended December 31, 2018 and 2017	**Oct. 1 to Dec. 31, 2018**	**Oct. 1 to Dec. 31, 2017**	**Jan. 1 to Dec. 31, 2018**	**Jan. 1 to Dec. 31, 2017**
(in thousands of Canadian dollars, unaudited)	**$**	**$**	**$**	**$**
Net income (loss) for the year	842	(2,459)	2,249	(6,205)
Interest expense	1,330	1,149	4,999	4,415
Interest income	(9)	(6)	(14)	(6)
Amortization of transaction costs	154	324	623	701
Current income tax expense	422	221	1,407	725
Deferred income tax (recovery) expense	13	(972)	(284)	(2,435)
Depreciation of property, plant and equipment	1,192	1,116	4,678	4,143
Amortization of intangible assets	659	1,004	4,173	3,509
EBITDA	4,603	377	17,831	4,847
Restructuring expenses	1,845	4,453	2,654	9,457
One-time business reorganization costs (2)	61	432	1,385	432
Acquisition costs	29	381	348	1,368
Adjusted EBITDA (1)	6,538	5,643	22,218	16,104

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

(2) One-time business reorganization costs primarily include non-recurring headcount reduction expenses for employees that did not qualify as restructuring costs and a one-time non-recurring write-off of intangible assets.

Table 3 The following table provides reconciliations of net (loss) income to Adjusted net (loss) income and a presentation of Adjusted net (loss) income per share for the periods noted. See “Non-IFRS Measures”.

Adjusted Net Income (Loss) Reconciliation

For the periods ended December 31, 2018 and 2017	**Oct. 1 to Dec. 31, 2018**	**Oct. 1 to Dec. 31, 2017**	**Jan. 1 to Dec. 31, 2018**	**Jan. 1 to Dec. 31, 2017**
(in thousands of Canadian dollars, except share and per share amounts, unaudited)	**$**	**$**	**$**	**$**
Net income (loss) for the year	842	(2,459)	2,249	(6,205)
Restructuring expenses	1,845	4,453	2,654	9,457
One-time business reorganization costs (2)	61	432	1,385	432
Acquisition costs	29	381	348	1,368
Tax effect of the above adjustments	(497)	(1,274)	(1,052)	(2,580)
Adjusted net (loss) income (1)	2,280	1,533	5,584	2,472
Adjusted net (loss) income per share, basic	0.11	0.08	0.27	0.15
Adjusted net (loss) income per share, diluted	0.11	0.08	0.27	0.15
Weighted average number of common shares outstanding, basic	21,523,515	19,732,888	20,998,703	16,330,837
Weighted average number of common shares outstanding, diluted	21,523,515	19,732,888	21,055,460	16,445,831
Number of common shares outstanding, basic	21,523,515	20,039,159	21,523,515	20,039,159
Number of common shares outstanding, diluted	21,523,515	20,039,159	21,580,272	20,154,153

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

(2) One-time business reorganization costs primarily include non-recurring headcount reduction expenses for employees that did not qualify as restructuring costs and a one-time non-recurring write-off of intangible assets.

Revenues

For the quarter ended December 31, 2018, DCM recorded revenues of $81.2 million, an increase of 6.6% or $5.0 million compared with the same period in 2017. Excluding the effects of adopting IFRS 15, for the quarter ended December 31, 2018, revenues were $1.5 million, or 2.0%, higher than the same period last year. The increase in revenues for the quarter ended December 31, 2018 was primarily due to additional revenues from the full year results of the previous acquisitions of Eclipse, Thistle, and BOLDER Graphics, the acquisition of Perennial in 2018, 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 existing and new retailer customers, increased volume from existing customers in the lotto industry, increased pricing for certain products and a one-time increase in volume from a long-standing customer which generated $8.9 million in higher revenues in the first quarter of 2018. The increase in revenues was partially offset by the reduction in spend by certain customers, particularly in the financial institutions sector due to a technological shift in the way they conduct business, non-recurring work and the timing of orders. Overall, DCM continues to benefit from the growth initiatives it effected throughout the years 2017 and 2018 which helped to offset some of the secular declines experienced by the industry.

For the year ended December 31, 2018, DCM recorded revenues of $322.8 million, an increase of 11.5% or $33.2 million compared with the same period in 2017. Excluding the effects of adopting IFRS 15, for the year ended December 31, 2018, revenues were $23.1 million, or 8.0%, higher than the same period last year. The increase in revenues for the year ended December 31, 2018 was primarily due to additional revenues from the full year results of the previous acquisitions of Eclipse, Thistle, and BOLDER Graphics, the acquisition of Perennial in 2018, 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 existing and new retailer customers, increased volume from existing customers in the lotto industry, increased pricing for certain products and a one-time increase in volume from a long-standing customer which generated $8.9 million in higher revenues in the first quarter of 2018. The increase in revenues was partially offset by the reduction in spend by certain customers, particularly in the financial institutions sector due to a technological shift in the way they conduct business, non-recurring work and the timing of orders. Overall, DCM continues to benefit from the growth initiatives it effected throughout the years 2017 and 2018 which helped to offset some of the secular declines experienced by the industry.

Cost of Revenues and Gross Profit

For the quarter ended December 31, 2018, cost of revenues increased to $61.3 million from $57.8 million for the same period in 2017, resulting in a $3.5 million or 6.1% increase over the same period last year. Excluding the effects of the adjustments upon adoption of IFRS 15, cost of revenues increased by $0.2 million or 0.4% relative to the same period last year. For the year ended December 31, 2018, cost of revenues increased to $244.6 million from $220.1 million for the same period in 2017, resulting in a $24.5 million or 11.1% increase over the same period last year. Excluding the effects of the adjustments upon adoption of IFRS 15, cost of revenues increased by $15.7 million or 7.1% relative to the same period last year.

Gross profit for the quarter ended December 31, 2018 was $19.9 million, which represented an increase of $1.5 million or 8.3% from $18.4 million for the same period in 2017. Excluding the effects of adopting IFRS 15, gross profit increased by $1.3 million or 6.8% relative to the same period last year. Gross profit as a percentage of revenues increased to 24.5% for the quarter ended December 31, 2018 compared to 24.1% for the same period in 2017, however, excluding the effects of adopting IFRS 15, gross profit as a percentage of revenues was 25.3% for the quarter ended December 31, 2018. The increase in gross profit as a percentage of revenues for the quarter ended December 31, 2018 was primarily due to higher revenues, increased pricing for certain products and favourable product mix, with lower levels of lower margin thermal products production than the comparable period replaced with higher margin products, higher gross margins attributed to Perennial, as well as cost reductions realized from prior cost savings initiatives implemented early on in the year. Gross profit was also negatively impacted by increases in the cost of paper and the timing of passing through increases to customers, particularly certain recently large customers.

Gross profit for the year ended December 31, 2018 was $78.2 million, which represented an increase of $8.8 million or 12.7% from $69.4 million for the same period in 2017. Excluding the effects of adopting IFRS 15, gross profit increased by $7.4 million or 10.6% relative to the same period last year. Gross profit as a percentage of revenues increased to 24.2% for the year ended December 31, 2018 compared to 24.0% for the same period in 2017, however, excluding the effects of adopting IFRS 15, gross profit as a percentage of revenues was24.6% for the year ended December 31, 2018. The increase in gross profit as a percentage of revenues for the year ended December 31, 2018 was positively impacted by higher gross margins attributed to Eclipse, Thistle, BOLDER Graphics and Perennial, and due to the refinement of DCM's pricing discipline and the implementation of cost reductions realized from prior cost savings initiatives. The increase in gross profit as a percentage of revenues was, however, partially offset by changes in product mix, the impact of paper and other raw materials price increases and compressed margins on contracts with certain existing customers.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the quarter ended December 31, 2018 decreased $0.1 million or 0.1% to $15.2 million compared to $15.3 million in the same period in 2017. Excluding the effects of adopting IFRS 9 and 15, SG&A expenses were consistent when compared to the same period last year. As a percentage of revenues, these costs were 18.8% (or 19.8% before the effects of adopting IFRS 9 and 15) and 20.0% of revenues for the quarter ended December 31, 2018 and 2017, respectively. The change in the SG&A expenses for the quarter ended December 31, 2018 which was primarily attributable to the acquisition of Perennial and increase in one-time business reorganization costs includes non-recurring headcount reduction expenses for employees that did not qualify as restructuring costs and a one-time non-recurring write-off of intangible assets, however this was offset by the benefits from cost saving initiatives including headcount reductions resulting in a consistent balance with the prior period.

SG&A expenses for the year ended December 31, 2018 increased $4.8 million or 7.9% to $66.2 million compared to $61.4 million for the same period of 2017. Excluding the effects of adopting IFRS 9 and 15, SG&A expenses were $4.8 million higher for the year ended December 31, 2018 when compared to the same period last year. As a percentage of revenues, these costs were 20.5% (or 21.2% before the effects of adopting IFRS 9 and 15) and 21.2% of revenues for the year ended December 31, 2018 and 2017, respectively. The increase in SG&A expenses for the year ended December 31, 2018 was primarily attributable to the full year results of the prior acquisitions of Eclipse, Thistle, and BOLDER Graphics, and the acquisition of Perennial in 2018, one time business reorganization costs of $1.4 million relating to non-recurring headcount reduction expenses for employees that did not qualify as restructuring costs and a one-time, non-recurring write-off of intangible assets, additional professional fees and higher sales commission costs commensurate with the increase in revenues and gross margin and was partially offset by the benefits from the cost savings initiatives implemented in early 2018 and in 2017.

***Restructuring Expense*s**

For the quarter ended December 31, 2018, DCM incurred restructuring expenses of $1.8 million compared to $4.5 million in the same period in 2017. For the quarter ended December 31, 2018, DCM incurred restructuring expense of $1.8 million primarily related to headcount reductions across DCM's operations. For the quarter ended December 31, 2017, DCM incurred restructuring expenses of $1.7 million primarily to related headcount reductions associated facility closure costs, costs to move equipment and inventory from the closed facilities, and headcount reduction across all areas of DCM's operations including sales, general and administrative functions. DCM also incurred lease exit charges associated with the closures of its facilities in Mississauga, Ontario, and in Granby, Québec of $0.3 million and $2.4 million, respectively, in the quarter ended December 31, 2017.

For the year ended December 31, 2018, DCM incurred net restructuring expenses of $2.7 million compared to $9.5 million in the same period in 2017. DCM incurred $2.7 million of restructuring costs related to 1) headcount reductions in indirect labour due to plant consolidations completed during the year, as well as reductions in the sales and administrative functions, and 2) costs incurred to facilitate the closure and consolidation of Multiple Pakfold, BOLDER Graphics and the Granby, Québec facilities into DCM's Brampton, Ontario, Calgary, Alberta and Drummondville, Quebec facilities, respectively. Total restructuring costs were offset by a recovery of $1.1 million related to the termination of DCM's lease agreement for its Granby, Québec facility

For the year ended December 31, 2017, DCM incurred restructuring expenses of $9.5 million. A total of $6.8 million of restructuring costs related to headcount reductions in DCM's indirect labour force due to the streamlining of DCM's order-to-production process as well as headcount reductions in the sales, general and administrative functions; facility closure costs; and costs to move equipment and inventory from the closed facilities. 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 and DCM also incurred a lease exit charge associated with the closure of its manufacturing and warehouse facility in Regina, Saskatchewan, in Mississauga, Ontario, and in Granby, Québec of $0.3 million, $0.3 million and $2.4 million, respectively.

Adjusted EBITDA

For the quarter ended December 31, 2018, Adjusted EBITDA was $6.5 million, or 8.1% of revenues, after adjusting EBITDA for $29 thousand related to business acquisition costs and $0.1 million of one-time business reorganization costs. Excluding the effects of adopting IFRS 9 and 15, Adjusted EBITDA was $6.1 million or 7.8% of revenues for the quarter ended December 31, 2018 compared with an Adjusted EBITDA of $5.6 million or 7.4% for the same period last year. Adjusted EBITDA for the three months ended December 31, 2018 increased $0.9 million or 15.9% from the same period in the prior year. The increase in Adjusted EBITDA for the three months ended December 31, 2018 was primarily attributable to higher gross profit as a result of higher revenues contributed by DCM's core business, higher margins related to the Perennial acquisition, favourable product mix and improved pricing discipline and costs savings from the restructuring and plant consolidations carried out in the second half of 2017 and early 2018

For the year ended December 31, 2018, Adjusted EBITDA was $22.2 million, or 6.9% of revenues, after adjusting EBITDA for the $2.7 million in restructuring charges, $0.3 million of acquisition costs and $1.4 million of one-time business reorganization costs. Excluding the effects of adopting IFRS 9 and 15, Adjusted EBITDA was $20.8 million or 6.6% of revenues for the year ended December 31, 2018 compared with an Adjusted EBITDA of $16.1 million or 5.6% for the same period last year. The $6.1 million increase in Adjusted EBITDA for the year ended December 31, 2018 over the same period last year was attributable to higher gross profit as a result of revenues contributed by DCM's core business, in addition to the Eclipse, Thistle, BOLDER Graphics and Perennial acquisitions, improved pricing initiatives implemented part-way through the prior year, favourable product mix, and cost savings from the restructuring efforts carried out in the second half of 2017 and early 2018. 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 interest accretion expense related to certain debt obligations recorded at fair value, was $1.3 million for the three months ended December 31, 2018 compared to $1.1 million for the same period in 2017, and was $5.0 million for the year ended December 31, 2018 compared to $4.4 million for the same period in 2017. Interest expense for the year ended December 31, 2018 was higher than the same periods in the prior year primarily due to the increase in interest expense relating to the new Crown Facility and the issuance of an unsecured non-interest bearing vendor take back note to fund the Perennial acquisition, full year interest expense for the vendor take back notes for the previous year acquisitions, including Eclipse, Thistle and BOLDER Graphics and higher transaction costs for the new Crown Facility which are being amortized to interest expense.

Income Taxes

DCM reported income before income taxes of $1.3 million and a net income tax expense of $0.4 million for the quarter ended December 31, 2018 compared to a loss before income taxes of $3.2 million and a net income tax recovery of $0.8 million for the quarter ended December 31, 2017. Excluding the impacts of adopting IFRS 9 and 15, the net income tax expense was 0.3 million for the year ended December 31, 2018. The current tax expense was primarily related to the income tax payable on DCM's estimated taxable income for the quarters ended December 31, 2018 and 2017. The deferred income tax recovery primarily related to changes in estimates of the timing of future reversals of temporary differences and new temporary differences that arose during the quarters ended December 31, 2018 and 2017, respectively.

DCM reported income before income taxes of $3.4 million and a net income tax expense of $1.1 million for the year ended December 31, 2018 compared to a loss before income taxes of $7.9 million and a net income tax recovery of $1.7 million for the year ended December 31, 2017. Excluding the impacts of adopting IFRS 9 and 15, the net income tax expense was $0.8 million for the year ended December 31, 2018. The current income tax expense was due to the taxes payable on DCM's estimated taxable income for the year ended December 31, 2018. The deferred income tax recovery for the year ended December 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 for the year ended December 31, 2018.

Net Income

Net income for the quarter ended December 31, 2018 was $0.8 million compared to net loss of $2.5 million for the same period in 2017. Excluding the impacts of adopting IFRS 9 and 15, net income for the year ended December 31, 2018 was $0.6 million. The increase in comparable profitability for the quarter ended December 31, 2018 was primarily due to higher gross profit as a percentage of revenue, higher revenues which included the post-acquisition financial results of Perennial, increased pricing for certain products, favourable product mix, cost savings and lower restructuring and acquisition expenses.

Net income for the year ended December 31, 2018 was $2.2 million compared to a net loss of $6.2 million for the same period in 2017. Excluding the impacts of adopting IFRS 9 and 15, for the year ended December 31, 2018 was $1.2 million. The increase in comparable profitability the year ended December 31, 2018 was primarily due to the increase in revenues which included the post-acquisition financial results of Eclipse, Thistle, BOLDER Graphics and Perennial, a refined discipline in DCM's pricing strategy, lower restructuring expenses and acquisition costs, and cost reductions as a result of the restructuring efforts. This increase was partially offset by increases in the cost of raw materials and compressed margins on contracted customers, and higher levels of SG&A including the post-acquisition financial results of Eclipse, Thistle, BOLDER Graphics and Perennial.

Adjusted Net Income

Adjusted net income for the quarter ended December 31, 2018 was $2.3 million compared to Adjusted net income of $1.5 million for the same period in 2017. Excluding the impacts of adopting IFRS 9 and 15, Adjusted net income for the quarter ended December 31, 2018 was $2.5 million. The increase in comparable profitability for the quarter ended December 31, 2018 was primarily due to higher gross profit as a percentage of revenue, lower volumes of lower margin product, higher revenues and the refined discipline in DCM's pricing strategy and cost savings.

Adjusted net income for the year ended December 31, 2018 was $5.6 million compared to Adjusted net income of $2.5 million for the same period in 2017. Excluding the impacts of adopting IFRS 9 and 15, for the year ended December 31, 2018 was $5.1 million. The increase in comparable profitability for the year ended December 31, 2018 was primarily due to the increase in revenues which included the post-acquisition financial results of Eclipse, Thistle, BOLDER Graphics and Perennial, in addition to a refined discipline in DCM's pricing strategy and cost reductions as a result of the restructuring efforts. This increase was partially offset by higher levels of SG&A including the post-acquisition financial results of Eclipse, Thistle, BOLDER Graphics and Perennial.

CASH FLOW FROM OPERATIONS

During the year ended December 31, 2018, cash flows generated by operating activities were $17.3 million compared to cash flows generated by operating activities of $3.9 million during the same period in 2017. A total of $16.5 million of the current period cash flows resulted from operations, after adjusting for non-cash items, compared with $13.0 million for the same period last year. Current period cash flows from operations were positively impacted by the increase in revenues, better gross margins from improved pricing discipline and higher margins earned through the acquisitions of BOLDER Graphics and Perennial, however this was slightly offset by an increase in the cost of paper combined with compressed gross margin for customers with contract pricing, and an $4.8 million increase in SG&A expenses from the acquisitions made, one-time, non-recurring business reorganization costs, professional fees and higher sales commissions corresponding with the increase in revenues over the prior year comparative period. Changes in working capital during the year ended December 31, 2018 generated $7.8 million in cash compared with $0.5 million of cash used in the prior year. There was an increase in accounts payable for higher volumes in inventory purchases and related manufacturing costs as a result of higher revenues during the year ended December 31, 2018 as well as extending the payment terms to DCM's suppliers to better align the timing of payments with collections on outstanding receivables from DCM's customers.

In addition, $4.9 million of cash was used to make payments primarily related to severances and lease termination costs, compared with $7.0 million of payments in 2017. Contributions made to the Company's pension plans were $1.0 million, which decreased from $1.4 million in the prior year while income tax payments increased by $1.2 million for the year ended December 31, 2018.

INVESTING ACTIVITIES

During the year ended December 31, 2018, $14.9 million in cash flows were used for investing activities compared with $11.9 million during the same period in 2017. In 2018, $2.7 million of cash was used to invest in IT equipment to support the new Enterprise Resource Planning ("ERP") system and printing 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, Québec and Calgary, Alberta locations, respectively. Furthermore, $5.1 million of cash was used to further invest in the development of DCM's new ERP system. In 2018, $7.3 million of net cash was used to acquire the business of Perennial.

FINANCING ACTIVITIES

During the year ended December 31, 2018, cash flow used for financing activities was $3.5 million compared to cash flow generated by financing activities of $3.7 million during the same period in 2017. DCM received $0.7 million in cash from the issuance of common shares and warrants and $13 million in cash from advances under its credit facilities including the establishment of the new Crown Facility. A total of $11.2 million in outstanding principal amounts under its various credit facilities were repaid during the year and a total of $4.6 million related to the vendor take-back promissory notes issued in connection with the acquisitions of Eclipse, Thistle and BOLDER Graphics. DATA also incurred $0.9 million of transaction costs related to the amendments to its senior credit facilities and the establishment of the new Crown Facility.

OUTLOOK

In February 2019, we completed payments of the final promissory note balances owing to the Eclipse and Thistle vendors. The final payments to the BOLDER vendors will be completed later this year. In aggregate, we will pay down approximately $4.1 million of promissory notes related to the Eclipse, Thistle, BOLDER and Perennial acquisitions in fiscal 2019. In addition, we will repay approximately $5.7 million of fixed term debt, related to our three IAM credit facilities in 2019. Our scheduled IAM term debt payments continue to amortize and be repaid monthly, and will be fully repaid through their respective terms in early 2023. We recently extended the term of our Bank Credit Facility by three years to March 31, 2023. The balance drawn on this facility at the end of 2018 was approximately $20.8 million, and, with up to $35 million of total availability, subject to eligible provisions, provides us with working capital flexibility for our business.

While we don't expect to experience the year over year growth in 2019 that we did last year, we remain focused on driving improved financial results in the coming year by adhering to five key strategic priorities:

- Focus on our core customers
- Continue to improve gross margins
- Reduce our selling, general and administrative expenses
- Pay down debt
- Make strategic investments to support our future growth

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 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.

-- 30 --

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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, 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 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 DCM’s investment in the joint venture between Aphria Inc. and Perennial and risks associated with the integration and growth of such businesses; increases in the costs of paper and other raw materials used by DCM; DCM’s ability to maintain relationships with its customers; risks relating to future legislative and regulatory developments and other business risks involving the wellness, medical and adult-use marijuana markets in Canada and internationally generally; and risks relating to DCM’s ability to access sufficient capital on favourable terms to fund its business plans from internal and external sources. Additional factors are discussed elsewhere in this press release and under the headings "Risk Factors" 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.

NON-IFRS MEASURES

This press release includes certain non-IFRS measures as supplementary information. Except as otherwise noted, when used in this press release, EBITDA means earnings before interest and finance costs, taxes, depreciation and amortization. Adjusted EBITDA means EBITDA adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, and acquisition costs. Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, 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 of DCM (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 2 above. For a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 3 above.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars, unaudited)	**December 31, 2018** **$**	**December 31, 2017** **$**
Assets		
Current assets		
Trade receivables	73,124	41,193
Inventories	8,812	36,519
Prepaid expenses and other current assets	3,519	5,092
	85,455	82,804
Non-current assets		
Other non-current assets	827	—
Deferred income tax assets	3,428	6,108
Restricted cash	515	515
Property, plant and equipment	16,804	18,831
Pension assets	—	760
Intangible assets	18,164	14,473
Goodwill	17,038	8,368
	142,231	131,859
Liabilities		
Current liabilities		
Bank overdraft	3,999	2,868
Trade payables and accrued liabilities	43,497	34,306
Current portion of credit facilities	5,670	8,725
Current portion of promissory notes	4,013	4,374
Provisions	2,908	3,950
Income taxes payable	3,152	3,188
Deferred revenue	1,477	11,237
	64,716	68,648
Non-current liabilities		
Provisions	540	2,702
Credit facilities	51,751	47,207
Promissory notes	1,363	2,829
Deferred income tax liabilities	1,753	1,295
Other non-current liabilities	3,272	3,413
Pension obligations	8,346	8,133
Other post-employment benefit plans	2,978	3,031
	134,719	137,258
Equity		
Shareholders' equity/(deficit)		
Shares	251,217	248,996
Warrants	806	287
Contributed surplus	1,841	1,368
Translation reserve	242	183
Deficit	(246,594)	(256,233)
	7,512	(5,399)
	142,231	131,859

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the three months ended December 31, 2018**	**For the three months ended December 31, 2017**
	$	**$**
Revenues	81,152	76,125
Cost of revenues	61,279	57,771
Gross profit	19,873	18,354
Expenses		
Selling, commissions and expenses	8,380	8,018
General and administration expenses	6,867	7,245
Restructuring expenses	1,845	4,453
Acquisition costs	29	381
	17,121	20,097
Income (loss) before finance costs and income taxes	2,752	(1,743)
Finance costs (income)		
Interest expense	1,321	1,143
Amortization of transaction costs	154	324
	1,475	1,467
Income (loss) before income taxes	1,277	(3,210)
Income tax expense (recovery)		
Current	422	221
Deferred	13	(972)
	435	(751)
Net income (loss) for the period	842	(2,459)
Basic earnings (loss) per share	0.04	(0.12)
Diluted earnings (loss) per share	0.04	(0.12)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of Canadian dollars, except per share amounts, unaudited)	For the year ended December 31, 2018	For the year ended December 31, 2017
	$	$
Revenues	322,769	289,529
Cost of revenues	244,571	220,138
Gross profit	78,198	69,391
Expenses		
Selling, commissions and expenses	36,276	33,992
General and administration expenses	29,940	27,379
Restructuring expenses	2,654	9,457
Acquisition costs	348	1,368
	69,218	72,196
Income (loss) before finance costs and income taxes	8,980	(2,805)
Finance costs (income)		
Interest expense	4,985	4,409
Amortization of transaction costs	623	701
	5,608	5,110
Income (loss) before income taxes	3,372	(7,915)
Income tax expense (recovery)		
Current	1,407	725
Deferred	(284)	(2,435)
	1,123	(1,710)
Net income (loss) for the year	2,249	(6,205)
Basic earnings (loss) per share	0.11	(0.38)
Diluted earnings (loss) per share	0.11	(0.38)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands of Canadian dollars, unaudited)	**For the three months ended December 31, 2018 $**	**For the three months ended December 31, 2017 $**
Net income (loss) for the period	842	(2,459)
Other comprehensive income:		
Items that may be reclassified subsequently to net income (loss)		
Foreign currency translation	33	88
	33	88
Items that will not be reclassified to net income (loss)		
Re-measurements of pension and other post-employment benefit obligations	(2,776)	(1,627)
Taxes related to pension and other post-employment benefit adjustment above	722	424
	(2,054)	(1,203)
Other comprehensive loss for the period, net of tax	(2,021)	(1,115)
Comprehensive loss for the period	(1,179)	(3,574)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars, unaudited)	**For the year ended December 31, 2018**	**For the year ended December 31, 2017**
	$	**$**
Net income (loss) for the year	2,249	(6,205)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net income (loss)		
Foreign currency translation	59	(75)
	59	(75)
Items that will not be reclassified to net income (loss)		
Re-measurements of pension and other post-employment benefit obligations	(1,318)	(1,501)
Taxes related to pension and other post-employment benefit adjustment above	343	390
	(975)	(1,111)
Other comprehensive loss for the year, net of tax	(916)	(1,186)
Comprehensive income (loss) for the year	1,333	(7,391)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

(in thousands of Canadian dollars, unaudited)	**Shares**	**Warrants**	**Conversion options**	**Contributed surplus**	**Translation reserve**	**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	—	—	—	—	—	(6,205)	(6,205)
Other comprehensive loss for the period	—	—	—	—	(75)	(1,111)	(1,186)
Total comprehensive loss for the period	—	—	—	—	(75)	(7,316)	(7,391)
Shares issued on the redemption of convertible debentures	—	—	(128)	128	—	—	—
Issuance of common shares	11,564	287	—	(15)	—	—	11,836
Share-based compensation expense	—	—	—	91	—	—	91
Balance as at December 31, 2017	237,432	287	—	1,368	183	(256,233)	(5,399)
Balance as at December 31, 2017	248,996	287	—	1,368	183	(256,233)	(5,399)
Impact of change in accounting policy	—	—	—	—	—	8,365	8,365
	248,996	287	—	1,368	183	(247,868)	2,966
Net income for the period	—	—	—	—	—	2,249	2,249
Other comprehensive income (loss) for the period	—	—	—	—	59	(975)	(916)
Total comprehensive income for the period	—	—	—	—	59	1,274	1,333
Issuance of common shares and warrants, net	2,221	519	—	—	—	—	2,740
Share-based compensation expense	—	—	—	473	—	—	473
Balance as at December 31, 2018	251,217	806	—	1,841	242	(246,594)	7,512

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)	For the year ended December 31, 2018 $	For the year ended December 31, 2017 $
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	2,249	(6,205)
Adjustments to net income (loss)		
Depreciation of property, plant and equipment	4,678	4,143
Amortization of intangible assets	4,173	3,509
Share-based compensation expense	473	91
Pension expense	560	526
(Gain) loss on disposal of property, plant and equipment	(10)	312
Write-off of intangible assets	242	57
Provisions	1,665	9,457
Amortization of transaction costs	623	701
Accretion of non-current liabilities and related interest expense	617	692
Other non-current liabilities	192	1,043
Other post-employment benefit plans, net	1	531
Tax credits recognized	(111)	(125)
Income tax expense (recovery)	1,123	(1,710)
	16,475	13,022
Changes in working capital	7,827	(537)
Contributions made to pension plans	(959)	(1,415)
Provisions paid	(4,869)	(6,995)
Income taxes paid	(1,211)	(168)
	17,263	3,907
Investing activities		
Purchase of property, plant and equipment	(2,694)	(2,398)
Purchase of intangible assets	(5,111)	(3,375)
Proceeds on disposal of property, plant and equipment	180	638
Net cash consideration for acquisition of businesses	(7,320)	(6,796)
	(14,945)	(11,931)
Financing activities		
Increase in restricted cash	—	(90)
Issuance of common shares and warrants, net	685	8,125
Proceeds from credit facilities	12,951	27,393
Repayment of credit facilities	(11,238)	(14,709)
Repayment of convertible debentures	—	(11,175)
Repayment of other liabilities	(400)	(1,091)
Repayment of promissory notes	(4,561)	(1,421)
Transaction costs	(900)	(925)
Finance lease payments	(20)	(2,430)
	(3,483)	3,677
Increase in (bank overdraft) / (decrease) in cash and cash equivalents during the year	(1,165)	(4,347)
(Bank overdraft) cash and cash equivalents – beginning of year	(2,868)	1,544
Effects of foreign exchange on cash balances	34	(65)
Bank overdraft – end of year	(3,999)	(2,868)