

For Immediate Release

DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES SECOND QUARTER FINANCIAL RESULTS FOR 2016

HIGHLIGHTS

SECOND QUARTER 2016

- Net Income of \$1.0 million, including restructuring expenses of \$0.4 million, compared to Net Loss of \$29.7 million, including a goodwill impairment charge of \$26.0 million and restructuring expenses of \$4.2 million in the prior comparative period
- Adjusted Net Income of \$1.3 million, an increase of \$1.8 million compared to the prior comparative period (See Table 3 and "Non-GAAP Measures" below)
- Adjusted EBITDA of \$4.5 million, an increase of 74.4% year over year (See Table 2 and "Non-GAAP Measures" below)
- Revenues of \$69.7 million, a decrease of 5.1% year over year

FIRST HALF OF 2016

- Net Income of \$2.9 million, including restructuring expenses of \$0.7 million, compared to Net Loss of \$30.8 million, including a goodwill impairment charge of \$26.0 million and restructuring expenses of \$6.3 million in the prior comparative period
- Adjusted Net Income of \$3.4 million, an increase of \$3.6 million compared to the prior comparative period (See Table 3 and "Non-GAAP Measures" below)
- Adjusted EBITDA of \$10.2 million, an increase of 67.0% year over year (See Table 2 and "Non-GAAP Measures" below)
- Revenues of \$144.3 million, a decrease of 3.4% year over year

Brampton, Ontario – August 10, 2016 – DATA Communications Management Corp. (TSX: DCM) ("DATA" or the "Company") announced its consolidated financial results for the second quarter and the six months ended June 30, 2016.

"In the second quarter of 2016, our financial results showed continued improvements in margins and profitability over the comparable period last year. Gross margin percentage, Adjusted EBITDA margin percentage and net margin percentage all improved, leading to healthy increases in Adjusted EBITDA and net income despite softer revenue. It's one year ago today that we announced a series of significant restructuring initiatives to improve DATA's financial performance and we have now experienced four successive quarters of year over year improvements in margins and profitability", said Michael G. Sifton, President and Chief Executive Officer of DATA.

Although significant operating improvements have been implemented, DATA continues to optimize its operations. As such, DATA recently announced it is consolidating its Alberta operations into its flagship Calgary, Alberta operations facility. As a result, it will close its Edmonton, Alberta operations facility at the end of 2016 and redistribute production from Edmonton to Calgary and other operations facilities across Canada. DATA presently expects to incur a total of approximately \$3.5 million in restructuring expenses in the second half of 2016 related to these consolidation plans, consisting primarily of severance costs associated with headcount reductions and, to a lesser extent, relocation of equipment.

DATA continues to contend with industry over-capacity in some print segments and the current uncertainty about a potential Canada Post labour disruption. Some of DATA's sales initiatives to address its industry challenges include: recruitment of both senior sales leadership and young talent; better integration of its outside sales teams and its inside "customer experience" teams; and building marketplace awareness and credibility through directed marketing strategies which leverage its new brand, name and website.

DATA's senior leadership team has been focused on stabilizing the business for the past year and is now renewing its emphasis on developing and implementing growth strategies for both the short and longer term. DATA has recently completed a number of corporate initiatives which it believes will help position DATA better to execute on these strategies as they are developed.

These include:

- Closing a private placement that raised a total of \$2.8 million in gross proceeds in two tranches, further strengthening its balance sheet;
- Entering into a settlement, nomination and standstill agreement with KST Industries Inc.;
- Adding three new directors to its Board of Directors, with strong governance and relevant industry expertise;
- Formally changing its legal name to "DATA Communications Management Corp."; and
- Consolidating its outstanding common shares on a 1-for-100 basis, along with a corresponding change in trading symbol.

At August 10, 2016, June 30, 2016 and December 31, 2015, DATA had 11,975,053, 1,166,608,744 and 998,752,732 common shares outstanding, respectively. On May 27, 2016, DATA announced that it intended to complete a non-brokered private placement of up to 198,751,793 common shares at a price of \$0.014 per common share for gross proceeds to DATA of approximately \$2.8 million in two tranches. On May 31, 2016, the first portion of private placement was completed and DATA issued 167,856,012 common shares. On July 4, 2016, following receipt of disinterested shareholder approval at DATA's annual and special meeting of shareholders held on June 30, 2016, the second portion of the private placement was completed and DATA issued 30,895,781 common shares. On July 4, 2016, DATA consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for each 100 pre-consolidation common shares (the "Share Consolidation"). After giving effect to the Share Consolidation, the 1,197,504,525 common shares then outstanding were consolidated into 11,975,053 common shares. No fractional common shares were issued, and any fractional share entitlements resulting from the Share Consolidation were rounded up to the nearest whole number of common shares. The exercise price and number of common shares issuable, and other entitlements, under awards granted pursuant to DATA's long-term incentive plan have been proportionately adjusted to reflect the Share Consolidation. Additionally, the conversion price of DATA's outstanding 6.00% Convertible Unsecured Subordinated Debentures (the "6.00% Convertible Debentures") was proportionately adjusted to reflect the Share Consolidation.

RESULTS OF OPERATIONS

All financial information in this press release is presented in Canadian dollars and in accordance with generally accepted accounting principles ("GAAP") measured under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") for publicly accountable entities, unless otherwise noted.

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

For the periods ended June 30, 2016 and 2015	Apr. 1 to June 30, 2016	Apr. 1 to June 30, 2015	Jan. 1 to June 30, 2016	Jan. 1 to June 30, 2015
<i>(in thousands of Canadian dollars, except per share amounts, unaudited)</i>	\$	\$	\$	\$
Revenues	69,716	73,447	144,330	149,449
Cost of revenues	52,567	57,821	108,808	116,538
Gross profit	17,149	15,626	35,522	32,911
Selling, general and administrative expenses	13,748	14,249	27,581	29,184
Restructuring expenses	368	4,205	692	6,259
Impairment of goodwill	—	26,000	—	26,000
Amortization of intangible assets	510	479	1,015	958
Income (loss) before finance costs and income taxes	2,523	(29,307)	6,234	(29,490)
Finance costs				
Interest expense	869	1,464	1,737	2,748
Interest income	(1)	(3)	(4)	(7)
Amortization of transaction costs	109	134	356	170
	977	1,595	2,089	2,911
Income (loss) before income taxes	1,546	(30,902)	4,145	(32,401)
Income tax expense (recovery)				
Current	1,156	76	1,332	83
Deferred	(601)	(1,295)	(60)	(1,670)
	555	(1,219)	1,272	(1,587)
Net income (loss) for the period	991	(29,683)	2,873	(30,814)
Net income (loss) attributable to common shareholders	991	(29,683)	2,873	(30,814)
Basic earnings (loss) per share	0.00	(1.26)	0.00	(1.31)
Diluted earnings (loss) per share	0.00	(1.26)	0.00	(1.31)
Weighted average number of common shares outstanding - basic	1,055,934,450	23,490,592	1,027,343,591	23,490,592
Weighted average number of common shares outstanding - diluted	1,058,695,311	23,490,592	1,028,724,021	23,490,592
As at June 30, 2016 and December 31, 2015	As at June 30, 2016	As at Dec. 31, 2015		
<i>(in thousands of Canadian dollars, unaudited)</i>	\$	\$		
Current assets	73,488	80,125		
Current liabilities	60,701	90,298		
Total assets	125,025	134,067		
Total non-current liabilities	41,278	24,750		
Shareholders' equity	23,046	19,019		

Table 2 The following table provides reconciliations of net income (loss) to EBITDA and of net income (loss) to Adjusted EBITDA for the periods noted. See “Non-GAAP Measures”.

EBITDA and Adjusted EBITDA Reconciliation

For the periods ended June 30, 2016 and 2015	Apr. 1 to June 30, 2016	Apr. 1 to June 30, 2015	Jan. 1 to June 30, 2016	Jan. 1 to June 30, 2015
<i>(in thousands of Canadian dollars, unaudited)</i>	\$	\$	\$	\$
Net income (loss) for the period	991	(29,683)	2,873	(30,814)
Interest expense	869	1,464	1,737	2,748
Interest income	(1)	(3)	(4)	(7)
Amortization of transaction costs	109	134	356	170
Current income tax expense	1,156	76	1,332	83
Deferred income tax recovery	(601)	(1,295)	(60)	(1,670)
Depreciation of property, plant and equipment	1,134	1,224	2,249	2,374
Amortization of intangible assets	510	479	1,015	958
EBITDA	4,167	(27,604)	9,498	(26,158)
Restructuring expenses	368	4,205	692	6,259
Impairment of goodwill	—	26,000	—	26,000
Adjusted EBITDA	4,535	2,601	10,190	6,101

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

Adjusted Net Income (Loss) Reconciliation

For the periods ended June 30, 2016 and 2015	Apr. 1 to June 30, 2016	Apr. 1 to June 30, 2015	Jan. 1 to June 30, 2016	Jan. 1 to June 30, 2015
<i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>	\$	\$	\$	\$
Net income (loss) for the period	991	(29,683)	2,873	(30,814)
Restructuring expenses	368	4,205	692	6,259
Impairment of goodwill	—	26,000	—	26,000
Tax effect of the above adjustments	(96)	(1,089)	(181)	(1,621)
Adjusted net (loss) income	1,263	(567)	3,384	(176)
Adjusted net income (loss) per share, basic	0.0012	(0.0241)	0.0033	(0.0075)
Adjusted net income (loss) per share, diluted	0.0012	(0.0241)	0.0033	(0.0075)
Pro forma Adjusted net income (loss) per share, basic ⁽¹⁾	0.0012	(0.0006)	0.0033	(0.0002)
Pro forma Adjusted net income (loss) per share, diluted ⁽¹⁾	0.0012	(0.0006)	0.0033	(0.0002)
Weighted average number of common shares outstanding - basic	1,055,934,450	23,490,592	1,027,343,591	23,490,592
Weighted average number of common shares outstanding - diluted	1,058,695,311	23,490,592	1,028,724,021	23,490,592
Number of common shares outstanding	1,166,608,744	23,490,592	1,166,608,744	23,490,592

Note:

(1) On December 23, 2015, DATA issued 975,262,140 common shares in connection with the redemption of approximately 75% of the aggregate principal amount of its outstanding "6.00% Convertible Debentures". Pro forma Adjusted net income (loss) per share, a non-GAAP measure, assumes Adjusted net income (loss) per share for the three and six month periods ended June 30, 2015 were calculated on the basis of the total number of common shares outstanding of 998,752,732 at December

31, 2015, rather than the weighted average number of common shares outstanding at the respective period ends, given the significant dilution that occurred with eight days left in the 2015 fiscal year due to the issuance of 975,262,140 common shares of DATA as described above.

Revenues

For the quarter ended June 30, 2016, DATA recorded revenues of \$69.7 million, a decrease of \$3.7 million or 5.1% compared with the same period in 2015. The decrease in revenues was due to declines in and the timing of orders from existing customers for print-related products and services, which was partially offset by growth in revenues from new customer orders. For the six months ended June 30, 2016, DATA recorded revenues of \$144.3 million, a decrease of \$5.1 million or 3.4% compared with the same period in 2015. The decrease in revenues for the six months ended June 30, 2016 was primarily due to a greater decline in orders from existing customers for print-related products and services than offsetting growth in revenues from new customers.

Cost of Revenues and Gross Profit

For the quarter ended June 30, 2016, cost of revenues decreased to \$52.6 million from \$57.8 million for the same period in 2015. Gross profit for the quarter ended June 30, 2016 was \$17.1 million, which represented an increase of \$1.5 million or 9.7% from \$15.6 million for the same period in 2015. Gross profit as a percentage of revenues increased to 24.6% for the quarter ended June 30, 2016 compared to 21.3% for the same period in 2015. For the six months ended June 30, 2016, cost of revenues decreased to \$108.8 million from \$116.5 million for the same period in 2015. Gross profit for the six months ended June 30, 2016 was \$35.5 million, which represented an increase of \$2.6 million or 7.9% from \$32.9 million for the same period in 2015. Gross profit as a percentage of revenues increased to 24.6% for the six months ended June 30, 2016 compared to 22.0% for the same period in 2015. The increase in gross profit as a percentage of revenues for the three and six month periods ended June 30, 2016 was largely due to the cost reductions realized from prior cost savings initiatives implemented in 2015. Those cost savings initiatives included headcount reductions, which helped reduce direct and indirect labour costs, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses, excluding amortization of intangible assets, for the quarter ended June 30, 2016 decreased \$0.5 million or 3.5% to \$13.7 million compared to \$14.2 million in the same period in 2015. As a percentage of revenues, these costs were 19.7% of revenues for the quarter ended June 30, 2016 compared to 19.4% of revenues for the same period in 2015. SG&A expenses, excluding amortization of intangible assets, for the six months ended June 30, 2016 decreased \$1.6 million or 5.5% to \$27.6 million compared to \$29.2 million for the same period of 2015. As a percentage of revenues, these costs were 19.1% and 19.5% of revenues for the six month periods ended June 30, 2016 and 2015, respectively. The decrease in SG&A expenses for the three and six month periods ended June 30, 2016 was primarily attributable to cost savings initiatives implemented in 2015, including headcount reductions across sales, general and administration functions, respectively. The decrease in SG&A expenses for the three and six month periods ended June 30, 2016 was partially offset by higher SG&A expenses related to share-based compensation expense and additional corporate costs related to changes in DATA's Board of Directors, the change in the company's legal name and the share consolidation during the quarter ended June 30, 2016.

Restructuring Expenses

For the three and six month periods ended June 30, 2016, DATA incurred restructuring expenses primarily related to headcount reductions of \$0.4 million and \$0.7 million, respectively. For the three months ended June 30, 2015, DATA incurred restructuring expenses of \$4.2 million due to changes in senior management, headcount reductions across DATA's operations and the closure of certain manufacturing locations. For the six months ended June 30, 2015, DATA incurred restructuring expenses of \$6.3 million comprised of (i) \$5.6 million of restructuring expenses due to changes in senior management, headcount reductions across

DATA's operations and the closure of certain manufacturing locations, and a (ii) charge to onerous contracts of \$0.7 million for a lease exit charge for a closed facility in Calgary, Alberta.

Adjusted EBITDA

For the quarter ended June 30, 2016, Adjusted EBITDA was \$4.5 million, or 6.5% of revenues. Adjusted EBITDA for the quarter ended June 30, 2016 increased \$1.9 million or 74.4% from the same period in the prior year and Adjusted EBITDA margin for the quarter, as a percentage of revenues, increased from 3.5% of revenues in 2015 to 6.5% of revenues in 2016. For the six months ended June 30, 2016, Adjusted EBITDA was \$10.2 million, or 7.1% of revenues. Adjusted EBITDA for the six months ended June 30, 2016 increased \$4.1 million or 67.0% from the same period in the prior year and Adjusted EBITDA margin for the period, as a percentage of revenues, increased from 4.1% of revenues in 2015 to 7.1% of revenues in 2016. The increase in Adjusted EBITDA for the three and six month periods ended June 30, 2016 was attributable to improved gross margins as a result of prior cost savings initiatives which lowered direct and indirect labour costs, improved utilization rates at DATA's key plants and lowered SG&A expense, despite lower levels of revenues compared to the prior comparable periods.

Interest Expense

Interest expense, including interest on debt outstanding under DATA's credit facilities, on its outstanding 6.00% Convertible Debentures, on certain unfavourable lease obligations related to closed facilities and on DATA's employee benefit plans, was \$0.9 million for the quarter ended June 30, 2016 compared to \$1.5 million for the same period in 2015, and was \$1.7 million for the six months ended June 30, 2016 compared to \$2.7 million for the same period in 2015. Interest expense for the three and six month periods ended June 30, 2016 was lower than the same periods in the prior year primarily as a result of reductions in the aggregate principal amount of outstanding 6.00% Convertible Debentures and debt outstanding under DATA's credit facilities, respectively.

Income Taxes

DATA reported income before income taxes of \$1.5 million, a current income tax expense of \$1.2 million and a deferred income tax recovery of \$0.6 million for the quarter ended June 30, 2016 compared to a loss before income taxes of \$30.9 million, a current income tax expense of \$0.1 million and a deferred income tax recovery of \$1.3 million for the quarter ended June 30, 2015. DATA reported income before income taxes of \$4.1 million, a current income tax expense of \$1.3 million and a deferred income tax recovery of \$0.1 million for the six months ended June 30, 2016 compared to a loss before income taxes of \$32.4 million, a current income tax expense of \$0.1 million and a deferred income tax recovery of \$1.7 million for the six months ended June 30, 2015. The current income tax expense was due to the taxes payable on DATA's estimated taxable income for the three and six month periods ended June 30, 2016, respectively. The current tax expense for the three and six month periods ended June 30, 2016 includes a recovery of taxes paid in a prior period offset by a reclassification from deferred taxes. The deferred income tax recoveries were due to changes in estimates of future reversals of temporary differences and new temporary differences that arose during the three and six month periods ended June 30, 2016 and 2015, respectively.

Net Income (Loss)

Net income for the three and six months ended June 30, 2016 was \$1.0 million and \$2.9 million, respectively, compared to net loss of \$29.7 million and \$30.8 million, respectively, for the same periods in 2015. The increase in comparable profitability for the three and six month periods ended June 30, 2016 was substantially due to higher gross profit as a result of lower direct and indirect costs, cost savings realized as a result of the restructuring initiatives in 2015 that led to a decline in SG&A expenses and lower interest expense during the three and six month periods ended June 30, 2016, respectively. In addition, the increase in comparable profitability was due to lower restructuring expenses during the three and six month periods ended June 30, 2016

and a goodwill impairment charge during the three and six month periods ended June 30, 2015, respectively. The increase in comparable profitability was partially offset by larger current income tax expenses and smaller deferred income tax recoveries, respectively, during the three and six month periods ended June 30, 2016.

Adjusted Net Income (Loss)

Adjusted net income for the three and six months ended June 30, 2016 was \$1.3 million and \$3.4 million, respectively, compared to Adjusted net loss of \$0.6 million and \$0.2 million, respectively, for the same periods in 2015. The increase in comparable profitability for the three and six month periods ended June 30, 2016 was attributable to higher gross profit as a result of lower direct and indirect labour costs and SG&A expenses attributable to cost savings realized as a result of the restructuring initiatives in 2015 and lower interest expense in 2016, respectively.

INVESTING ACTIVITIES

Capital expenditures for the three and six months ended June 30, 2016 were \$0.2 million and \$0.8 million, respectively. These capital expenditures, which were financed by cash flow from operations, were related primarily to maintenance capital expenditures.

FINANCING ACTIVITIES

On May 31, 2016, a portion of a non-brokered private placement was completed and DATA issued a total of 167,856,012 common shares at a price of \$0.014 per common share. During the three months ended June 30, 2016, DATA received gross proceeds of \$2.4 million, less issue expenses of \$0.1 million for net proceeds of \$2.3 million.

During the three months ended June 30, 2016, DATA repaid \$9.6 million of principal amounts outstanding under its new credit facilities. During the six months ended June 30, 2016, DATA received \$43.9 million in cash from advances under its new credit facilities and repaid \$43.3 million and \$10.2 million of the principal amounts outstanding under its old and new credit facilities, respectively. During the six months ended June 30, 2016, DATA incurred \$1.3 million of transaction costs related to the establishment of its new credit facilities.

About DATA Communications Management Corp.

At DATA, we are experts at planning and driving business communications. We help marketers and agencies unify and execute communications campaigns across multiple channels, and we help operations teams streamline and automate document and communications management processes. Our core capabilities include direct marketing, commercial print services, labels and automated identification solutions, event tickets and gift cards, logistics and fulfilment, content and workflow management, data management and analytics, and regulatory communications. We serve clients in key vertical markets such as financial services, healthcare, lottery and gaming, retail, not-for-profit, and energy. We are strategically located across Canada to support clients on a national basis, and serve the U.S. market through our facilities in Chicago, Illinois.

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.

For further information, contact:

Mr. Michael G. Sifton
President and 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

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 DATA, 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 DATA’s current views regarding future events and operating performance, are based on information currently available to DATA, 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 DATA 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 DATA 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 DATA’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 DATA which are related to reduced demand for its printed products will adversely affect DATA’s financial results; the risk that DATA may not be successful in reducing the size of its legacy print business, reducing costs, reducing its long-term debt, repaying or refinancing its outstanding 6.00% convertible unsecured subordinated debentures, and growing its digital communications business; the risk that DATA may not be successful in managing its organic growth; DATA’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 DATA and are well-established suppliers; DATA’s ability to grow its sales or even maintain historical levels of its sales of printed business documents; the impact of economic conditions on DATA’s businesses; risks associated with acquisitions by DATA; increases in the costs of paper and other raw materials used by DATA; and DATA’s ability to maintain relationships with its customers. Additional factors are discussed elsewhere in this press release and under the headings “Risk Factors” and “Risks and Uncertainties” in DATA’s management’s discussion and analysis and in DATA’s other publicly available disclosure documents, as filed by DATA 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, DATA does not intend and does not assume any obligation to update these forward-looking statements.

NON-GAAP MEASURES

This press release includes certain non-GAAP 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 and Adjusted net income (loss) means net income (loss) adjusted for the impact of certain non-cash items and certain items of note on an after-tax basis. Adjusted EBITDA for the three and six month periods ended June 30, 2016 means EBITDA adjusted for restructuring expenses. Adjusted EBITDA for the three and six month periods ended June 30, 2015 means EBITDA adjusted June 30, 2015

for restructuring expenses and goodwill impairment charges. Adjusted net income (loss) for the three and six month periods ended June 30, 2016 means net income (loss) adjusted for restructuring expenses and the tax effects of those items. Adjusted net income (loss) for the three and six month periods ended June 30, 2015 means net income (loss) adjusted for restructuring expenses, goodwill impairment charges and the tax effects of those items. Adjusted net income (loss) per share, basic is calculated by dividing Adjusted net income for the period by the weighted average number of common shares (basic and diluted) outstanding during the period. Pro forma Adjusted net income (loss) per share for the three and six month periods ended June 30, 2015 assumes Adjusted net income (loss) per share was calculated on the basis of the total number of common shares outstanding at December 31, 2015, rather than the weighted average number of common shares outstanding at the period end, given the significant dilution that occurred on December 23, 2015 due to the issuance of 975,262,140 common shares of DATA in connection with the redemption of a portion of DATA's then outstanding 6.00% Convertible Debentures. DATA believes that, in addition to net income (loss), Adjusted net income (loss), Adjusted net income (loss) per share, Pro forma Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of DATA. Adjusted net income (loss), Adjusted net income (loss) per share, Pro forma 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, Pro forma 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, Pro forma 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 DATA'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 and Pro forma Adjusted net income (loss) per share, see Table 3 above.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in thousands of Canadian dollars, unaudited)</i>	June 30, 2016	December 31, 2015
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,003	871
Trade receivables	30,472	38,051
Inventories	37,745	37,053
Prepaid expenses and other current assets	4,268	4,150
	73,488	80,125
Non-current assets		
Deferred income tax assets	2,635	2,070
Restricted cash	425	—
Property, plant and equipment	12,661	14,422
Pension asset	—	770
Intangible assets	4,750	5,614
Goodwill	31,066	31,066
	125,025	134,067
Liabilities		
Current liabilities		
Current portion of Credit facilities	5,770	43,095
Current portion of Convertible debentures	10,998	—
Trade payables	28,042	29,766
Provisions	3,086	5,723
Income taxes payable	1,965	903
Deferred revenue	10,840	10,811
	60,701	90,298
Non-current liabilities		
Provisions	751	1,483
Credit facilities	26,782	—
Convertible debentures	—	10,912
Deferred income tax liabilities	19	76
Other non-current liabilities	1,931	1,362
Pension obligations	9,106	8,354
Other post-employment benefit plans	2,689	2,563
	101,979	115,048
Equity		
Shareholders' equity		
Shares	237,062	234,782
Conversion options	128	128
Contributed surplus	961	385
Accumulated other comprehensive income	189	306
Deficit	(215,294)	(216,582)
	23,046	19,019
	125,025	134,067

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

	For the three months ended June 30, 2016	For the three months ended June 30, 2015
	\$	\$
Revenues	69,716	73,447
Cost of revenues	52,567	57,821
Gross profit	17,149	15,626
Expenses		
Selling, commissions and expenses	7,664	8,686
General and administration expenses excluding amortization of intangible assets	6,084	5,563
Restructuring expenses	368	4,205
Impairment of goodwill	—	26,000
Amortization of intangible assets	510	479
	14,626	44,933
Income (loss) before finance costs and income taxes	2,523	(29,307)
Finance costs		
Interest expense	869	1,464
Interest income	(1)	(3)
Amortization of transaction costs	109	134
	977	1,595
Income (loss) before income taxes	1,546	(30,902)
Income tax expense (recovery)		
Current	1,156	76
Deferred	(601)	(1,295)
	555	(1,219)
Net income (loss) for the period	991	(29,683)
Basic earnings (loss) per share	0.00	(1.26)
Diluted earnings (loss) per share	0.00	(1.26)

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

	For the six months ended June 30, 2016 \$	For the six months ended June 30, 2015 \$
Revenues	144,330	149,449
Cost of revenues	108,808	116,538
Gross profit	35,522	32,911
Expenses		
Selling, commissions and expenses	16,179	17,798
General and administration expenses excluding amortization of intangible assets	11,402	11,386
Restructuring expenses	692	6,259
Impairment of goodwill	—	26,000
Amortization of intangible assets	1,015	958
	29,288	62,401
Income (loss) before finance costs and income taxes	6,234	(29,490)
Finance costs		
Interest expense	1,737	2,748
Interest income	(4)	(7)
Amortization of transaction costs	356	170
	2,089	2,911
Income (loss) before income taxes	4,145	(32,401)
Income tax expense (recovery)		
Current	1,332	83
Deferred	(60)	(1,670)
	1,272	(1,587)
Net income (loss) for the period	2,873	(30,814)
Basic earnings (loss) per share	0.00	(1.31)
Diluted earnings (loss) per share	0.00	(1.31)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars, unaudited)

	For the three months ended June 30, 2016	For the three months ended June 30, 2015
	\$	\$
Net income (loss) for the period	991	(29,683)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net income (loss)		
Foreign currency translation	(8)	(13)
	(8)	(13)
Items that will not be reclassified to net income (loss)		
Re-measurements of post-employment benefit obligations	(1,096)	986
Taxes related to post-employment adjustment above	286	(258)
	(810)	728
Other comprehensive (loss) income for the period, net of tax	(818)	715
Comprehensive income (loss) for the period	173	(28,968)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars, unaudited)

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
	\$	\$
Net income (loss) for the period	2,873	(30,814)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net income (loss)		
Foreign currency translation	(117)	73
	(117)	73
Items that will not be reclassified to net income (loss)		
Re-measurements of post-employment benefit obligations	(2,145)	1,151
Taxes related to post-employment adjustment above	560	(300)
	(1,585)	851
Other comprehensive (loss) income for the period, net of tax	(1,702)	924
Comprehensive income (loss) for the period	1,171	(29,890)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(in thousands of Canadian dollars,
unaudited)

	Shares	Conversion options	Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity (deficit)
	\$	\$		\$	\$	\$
Balance as at December 31, 2014	215,336	513	—	92	(197,528)	18,413
Net loss for the period	—	—	—	—	(30,814)	(30,814)
Other comprehensive income for the period	—	—	—	73	851	924
Total comprehensive income (loss) for the period	—	—	—	73	(29,963)	(29,890)
Balance as at June 30, 2015	215,336	513	—	165	(227,491)	(11,477)
Balance as at December 31, 2015	234,782	128	385	306	(216,582)	19,019
Net income for the period	—	—	—	—	2,873	2,873
Other comprehensive loss for the period	—	—	—	(117)	(1,585)	(1,702)
Total comprehensive (loss) income for the period	—	—	—	(117)	1,288	1,171
Issuance of common shares	2,280	—	—	—	—	2,280
Share-based compensation expense	—	—	576	—	—	576
Balance as at June 30, 2016	237,062	128	961	189	(215,294)	23,046

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of Canadian dollars, unaudited)</i>	For the three months ended June 30, 2016	For the three months ended June 30, 2015
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	991	(29,683)
Adjustments to net income (loss)		
Depreciation of property, plant and equipment	1,134	1,224
Amortization of intangible assets	510	479
Share-based compensation expense	576	—
Pension expense	147	152
Loss (gain) on disposal of property, plant and equipment	7	(128)
Impairment of goodwill	—	26,000
Provisions	368	4,205
Amortization of transaction costs	109	134
Accretion of convertible debentures	21	79
Other non-current liabilities	267	21
Other post-employment benefit plans, net	62	69
Income tax expense (recovery)	555	(1,219)
	4,747	1,333
Changes in working capital	5,478	4,913
Contributions made to pension plans	(459)	(480)
Provisions paid	(1,622)	(2,874)
Income taxes paid	(263)	(67)
	7,881	2,825
Investing activities		
Purchase of property, plant and equipment	(171)	(903)
Purchase of intangible assets	(127)	—
Proceeds on disposal of property, plant and equipment	6	604
	(292)	(299)
Financing activities		
Proceeds from issuance of common shares, net	2,280	—
Repayment of credit facilities	(9,622)	(1,000)
Repayment of loan payable	(56)	—
Decrease in restricted cash	25	—
Finance and transaction costs	(15)	7
Finance lease payments	(7)	(9)
	(7,395)	(1,002)
Increase in cash and cash equivalents during the period	194	1,524
Cash and cash equivalents – beginning of period	815	1,993
Effects of foreign exchange on cash balances	(6)	(3)
Cash and cash equivalents – end of period	1,003	3,514

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of Canadian dollars, unaudited)</i>	For the six months ended June 30, 2016	For the six months ended June 30, 2015
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	2,873	(30,814)
Adjustments to net income (loss)		
Depreciation of property, plant and equipment	2,249	2,374
Amortization of intangible assets	1,015	958
Share-based compensation expense	576	—
Pension expense	295	304
Loss on disposal of property, plant and equipment	189	39
Impairment of goodwill	—	26,000
Provisions	692	6,259
Amortization of transaction costs	356	170
Accretion of convertible debentures	43	61
Other non-current liabilities	671	70
Other post-employment benefit plans, net	126	136
Income tax expense (recovery)	1,272	(1,587)
	10,357	3,970
Changes in working capital	5,036	8,576
Contributions made to pension plans	(918)	(939)
Provisions paid	(4,061)	(3,944)
Income taxes paid	(268)	(138)
	10,146	7,525
Investing activities		
Purchase of property, plant and equipment	(823)	(3,493)
Purchase of intangible assets	(151)	—
Proceeds on disposal of property, plant and equipment	124	632
	(850)	(2,861)
Financing activities		
Proceeds from issuance of common shares, net	2,280	—
Proceeds from credit facilities	43,931	—
Repayment of credit facilities	(53,446)	(2,000)
Repayment of loan payable	(80)	—
Increase in restricted cash	(425)	—
Finance and transaction costs	(1,341)	7
Finance lease payments	(18)	(18)
	(9,099)	(2,011)
Increase in cash and cash equivalents during the period	197	2,653
Cash and cash equivalents – beginning of period	871	812
Effects of foreign exchange on cash balances	(65)	49
Cash and cash equivalents – end of period	1,003	3,514