For Immediate Release

DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES THIRD QUARTER FINANCIAL RESULTS FOR 2017

HIGHLIGHTS

THIRD QUARTER 2017

- Revenues increased 6.6% year over year to $70.2 million compared with $65.8 million in the prior year
- Net Loss of $1.1 million, including restructuring expenses of $1.4 million, compared to Net Loss of $1.9 million, including restructuring expenses of $1.8 million in the prior comparative period
- Adjusted EBITDA of $3.3 million, compared to $2.0 million in the prior year (See Table 2 and “Non-IFRS Measures” below)

YEAR TO DATE

- Revenues increased 1.5% year over year to $213.4 million compared with $210.2 million in the prior year
- Net Loss of $3.7 million, including restructuring expenses of $5.0 million and acquisition costs of $1.0 million compared to Net Income of $1.0 million, including restructuring expenses of $2.5 million in the prior comparative period
- Adjusted EBITDA of $10.5 million, compared to $12.2 million in the prior year (See Table 2 and “Non-IFRS Measures” below)

RECENT EVENTS

- Completed the acquisition of BOLDER Graphics
- Increase in senior credit facilities
- Completed restructuring initiatives which are expected to generate more than $5.0 million in annual savings

Brampton, Ontario – November 13, 2017 – DATA Communications Management Corp. (TSX: DCM) (“DATA” or the "Company"), a leading provider of business communication solutions to companies across North America, announced its consolidated financial results for the three and nine months ended September 30, 2017.

“While we continue to experience secular declines in our traditional business communications markets, we believe we have taken positive actions to position your company for the coming year,” said Michael G. Sifton, Chief Executive Officer of DATA. “In our traditional business communications lines, we continue to optimize our operations to make your company more focused, agile and unified. We recently announced a number of initiatives to optimize our business for a strong 2018. To further strengthen our sales initiatives, we recently appointed Michael Coté as Senior Vice President, Chief Commercial Officer. Mr.Coté joined us in September as Senior Vice President, Corporate Development & Strategy. In this expanded role, Mr. Coté takes on additional responsibility leading our sales and marketing communications teams into 2018.”

Acquisition of BOLDER Graphics

On November 10, 2017, DATA acquired 100% of the outstanding common shares of BGI Holdings Inc. and 1416395 Alberta Limited, collectively “BOLDER Graphics”, a privately-held company that specializes in large-format digital printing, point of sale signage, corporate packaging, outdoor signage and vehicle graphics. It also specializes in loose-leaf bindery, stationery and other commercial print capabilities. The company has approximately 40 employees operating in a 59,000 square foot facility located in Calgary, Alberta. BOLDER Graphics generated approximately $7.0 million in revenues (unaudited) for the fiscal year ended January 1, 2017. BOLDER Graphics is the third acquisition completed by DATA in 2017. Collectively, the acquisitions of BOLDER Graphics, Eclipse and Thistle (which are both described below) have added more than $45.0 million of revenues in DATA's marketing communications business.

Increase in senior credit facilities

On November 3, 2017, and in connection with the BOLDER Graphics acquisition, DATA established a $5.0 million secured, non-revolving senior credit facility with Integrated Private Debt Fund V LP ("IAM V"), a loan managed by Integrated Asset Management Corp. ("IAM"). This facility bears interest at a fixed rate of 6.95% per annum, calculated and payable monthly, and shall be repaid in sixty six equal monthly payments of $91.0 thousand beginning on December 15, 2017 and through to May 15, 2023.

The IAM V credit facility was used to fund the up-front cash component of the BOLDER Graphics acquisition of $2.0 million, repay the remaining outstanding balance of DATA's bank term facility of $2.6 million, and the balance was used for general working capital purposes. The refinancing of the bank term facility to 2023 will contribute to improved cash flows for DATA.

Covenant amendments

On September 29, 2017 and October 20, 2017, the fixed charge coverage ratio applicable to DATA's senior credit facilities with a Canadian chartered bank was amended. In addition, on September 29, 2017, the covenants applicable to DATA's senior term loan facilities with IAM were amended to adjust the calculation and ratio applicable to the Senior Funded Debt to EBITDA covenant and amend the calculation of the debt service coverage ratio. These changes were made to provide greater flexibility to DATA as it continues to transform its business and position itself for growth in 2018.

Restructuring

a) Integration of Multiple Pakfold operations

On October 11, 2017, DATA announced its plan to integrate the Multiple Pakfold operations, a division of DATA, into its Brampton, Ontario facility. As a result, DATA will exit Multiple Pakfold’s facility in Mississauga, Ontario before the end of 2017 and relocate the division’s staff and production capabilities into DATA’s Brampton, Ontario facility.

Multiple Pakfold will continue to serve its trade printing clients as a distinct market segment. DATA expects to benefit from improved efficiencies in balancing work and staffing across its short-run and long-run forms and labels business, allowing it to absorb incremental capacity into its largest production facility in the country. In excess of $0.8 million in annualized savings is expected from this transition, primarily related to rent and facilities savings. DATA expects to incur approximately $0.8 million in restructuring expenses relating to the Multiple Pakfold move, primarily consisting of early lease exit charges and relocation of equipment in the fourth quarter of 2017. It is expected that substantially all of Multiple Pakfold’s employees will relocate to DATA’s Brampton facility.

b) Closure of Granby warehousing operations

On October 18, 2017, DATA announced its plan to close its Granby, Québec warehousing operations and relocate into its Drummondville, Québec facility before the end of 2017.

Approximately $0.7 million in annualized savings is expected from this transition, primarily related to rent and facilities savings. DATA expects to incur approximately $2.4 million in restructuring expenses relating to early lease exit charges in the fourth quarter of 2017 related to this move. It is expected that substantially all of the Granby warehousing staff will relocate to DATA's Drummondville facility and the administrative staff will relocate to DATA's Brossard, Québec facility.

c) Reduction of labour force

In connection with DATA's ongoing cost savings initiatives, on October 18, 2017, DATA announced the restructuring of approximately 30 individuals across its indirect labour, selling, general and administrative functions. During the three months ended September 30, 2017, DATA incurred restructuring charges of $1.4 million and it is expected that total restructuring costs of approximately $1.6 million in connection with these changes will be incurred in the fourth quarter of 2017. These employee reductions are expected to result in total annualized savings of approximately $3.5 million, comprised of indirect labour savings of approximately $1.1 million and SG&A savings of approximately $2.4 million.

Post-integration of Eclipse and Thistle acquisitions

As previously reported, DATA completed the acquisition of Eclipse Colour and Imaging Corp. ("Eclipse") and Thistle Printing Limited ("Thistle") in the first quarter of 2017. Eclipse generated revenue and net income for the three months ended September 30, 2017 of $6.5 million and $0.7 million (nine months ended September 30, 2017 of $15.9 million and $1.9 million), respectively, and Thistle generated revenue and net income for the three months ended September 30, 2017 of $4.4 million and $0.2 million (nine months ended September 30, 2017 of $10.4 million and $0.6 million), respectively.

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 September 30, 2017 and 2016 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**July 1 to Sept. 30, 2017** $	**July 1 to Sept. 30, 2016** $	**Jan. 1 to Sept. 30, 2017** $	**Jan. 1 to Sept. 30, 2016** $
Revenues	70,212	65,842	213,404	210,172
Cost of revenues	53,539	51,537	162,367	160,345
Gross profit	16,673	14,305	51,037	49,827
Selling, general and administrative expenses	15,369	13,944	46,108	42,540
Restructuring expenses	1,383	1,787	5,004	2,479
Acquisition costs	18	—	987	—
(Loss) income before finance costs and income taxes	(97)	(1,426)	(1,062)	4,808
Finance costs (income)				
Interest expense	1,135	838	3,266	2,575
Interest income	—	(4)	—	(8)
Amortization of transaction costs	141	111	377	467
	1,276	945	3,643	3,034
(Loss) income before income taxes	(1,373)	(2,371)	(4,705)	1,774
Income tax (recovery) expense				
Current	165	46	504	1,378
Deferred	(470)	(552)	(1,463)	(612)
	(305)	(506)	(959)	766
Net (loss) income for the period	(1,068)	(1,865)	(3,746)	1,008
Basic (loss) earnings per share	(0.06)	(0.16)	(0.25)	0.09
Diluted (loss) earnings per share	(0.06)	(0.16)	(0.25)	0.09
Weighted average number of common shares outstanding, basic	19,325,409	11,964,978	15,184,358	10,840,273
Weighted average number of common shares outstanding, diluted	19,325,409	11,964,978	15,184,358	11,025,630

As at September 30, 2017 and December 31, 2016 *(in thousands of Canadian dollars, unaudited)*	**As at Sept. 30, 2017** $	**As at Dec. 31, 2016** $
Current assets	76,445	68,620
Current liabilities	63,272	58,473
Total assets	122,553	90,910
Total non-current liabilities	62,012	42,372
Shareholders' deficit	(2,731)	(9,935)

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 September 30, 2017 and 2016 *(in thousands of Canadian dollars, unaudited)*	**July 1 to Sept. 30, 2017** $	**July 1 to Sept. 30, 2016** $	**Jan. 1 to Sept. 30, 2017** $	**Jan. 1 to Sept. 30, 2016** $
Net (loss) income for the period	(1,068)	(1,865)	(3,746)	1,008
Interest expense	1,135	838	3,266	2,575
Interest income	—	(4)	—	(8)
Amortization of transaction costs	141	111	377	467
Current income tax expense	165	46	504	1,378
Deferred income tax recovery	(470)	(552)	(1,463)	(612)
Depreciation of property, plant and equipment	1,084	988	3,027	3,237
Amortization of intangible assets	906	517	2,505	1,532
EBITDA	1,893	79	4,470	9,577
Restructuring expenses	1,383	1,787	5,004	2,479
One-time business reorganization costs	—	108	—	108
Acquisition costs	18	—	987	—
Adjusted EBITDA	3,294	1,974	10,461	12,164

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 (Loss) Income Reconciliation

For the periods ended September 30, 2017 and 2016 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**July 1 to Sept. 30, 2017** $	**July 1 to Sept. 30, 2016** $	**Jan. 1 to Sept. 30, 2017** $	**Jan. 1 to Sept. 30, 2016** $
Net (loss) income for the period	(1,068)	(1,865)	(3,746)	1,008
Restructuring expenses	1,383	1,787	5,004	2,479
One-time business reorganization costs	—	108	—	108
Acquisition costs	18	—	987	—
Tax effect of the above adjustments	(361)	(495)	(1,306)	(676)
Adjusted net (loss) income	(28)	(465)	939	2,919
Adjusted net (loss) income per share, basic	—	(0.04)	0.06	0.27
Adjusted net (loss) income per share, diluted	—	(0.04)	0.06	0.26
Weighted average number of common shares outstanding, basic	19,325,409	11,964,978	15,184,358	10,840,273
Weighted average number of common shares outstanding, diluted	19,325,409	11,964,978	15,380,159	11,025,630
Number of common shares outstanding, basic	19,334,735	11,975,053	19,334,735	11,975,053
Number of common shares outstanding, diluted	19,334,735	12,545,015	19,592,938	12,545,015

Revenues

For the quarter ended September 30, 2017, DATA recorded revenues of $70.2 million, an increase of 6.6% or $4.4 million compared with the same period in 2016. The increase in revenues for the quarter ended September 30, 2017 was due to the inclusion of the financial results for Eclipse and Thistle, in addition to greater than expected growth realized from these acquisitions. The increase in revenue was partially offset by lower revenues in DATA's core business due to (i) lower volumes and pricing pressures from certain customers that reduced their overall spend, particularly in the financial services sector, and (ii) non-recurring work and the timing of orders related to forms for certain government agencies and labels for a major retailer, respectively.

For the nine months ended September 30, 2017, DATA recorded revenues of $213.4 million, an increase of 1.5% or $3.2 million compared with the same period in 2016. The increase in revenues for the nine months ended September 30, 2017 was primarily due to the additions of revenues from the acquisitions of Eclipse and Thistle and new customers. This increase in revenue was partially offset by lower volumes and pricing pressures from certain customers that reduced their overall spend, particularly in the financial services sector, and was also due to non-recurring work and timing of orders related to the forms and labels business, from which DATA benefited last year, resulting in the overall increase in revenues compared to the first nine months of 2016.

Cost of Revenues and Gross Profit

For the quarter ended September 30, 2017, cost of revenues increased to $53.5 million from $51.5 million for the same period in 2016, proportionate to the increase in year over year revenue for the same period. Gross profit for the quarter ended September 30, 2017 was $16.7 million, which represented an increase of $2.4 million or 16.6% from $14.3 million for the same period in 2016. Gross profit as a percentage of revenues increased to 23.7% for the quarter ended September 30, 2017 compared to 21.7% for the same period in 2016. For the nine months ended September 30, 2017, cost of revenues increased to $162.4 million from $160.3 million for the same period in 2016. Gross profit for the nine months ended September 30, 2017 was $51.0 million, which represented an increase of $1.2 million or 2.4% from $49.8 million for the same period in 2016. Gross profit as a percentage of revenues increased marginally to 23.9% for the nine months ended September 30, 2017 compared to 23.7% for the same period in 2016. The increase in gross profit as a percentage of revenues for the three and nine months ended September 30, 2017 was due to higher gross margins attributed to Eclipse and Thistle, cost reductions realized from prior cost savings initiatives implemented in 2016 and additional process improvement savings implemented in January 2017. The increase in gross profit as a percentage of revenues was partially offset by changes in product mix, and compressed margins on recently negotiated large contracts with certain existing customers.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses for the quarter ended September 30, 2017 increased $1.4 million or 10.2% to $15.4 million compared to $13.9 million in the same period in 2016. As a percentage of revenues, these costs were 21.9% of revenues for the quarter ended September 30, 2017 compared to 21.2% of revenues for the same period in 2016. The increase in SG&A expenses for the quarter ended September 30, 2017 was primarily attributable to the acquisitions of Eclipse and Thistle and was partially offset by cost savings initiatives implemented in early 2017.

SG&A expenses for the nine months ended September 30, 2017 increased $3.6 million or 8.4% to $46.1 million compared to $42.5 million for the same period of 2016. As a percentage of revenues, these costs were 21.6% and 20.2% of revenues for the nine month periods ended September 30, 2017 and 2016, respectively. The increase in SG&A expenses for the nine months ended September 30, 2017 was primarily attributable to the acquisitions of Eclipse and Thistle and was partially offset by cost savings initiatives implemented in early 2017.

Restructuring Expenses

For the quarter ended September 30, 2017, DATA incurred restructuring expenses of $1.4 million compared to $1.8 million in the same period in 2016. The restructuring expenses of $1.4 million during the quarter ended September 30, 2017 primarily related to headcount reductions across the operational, sales and information technology functions of the business. For the quarter ended September 30, 2016, DATA incurred restructuring expenses of $1.8 million primarily related to headcount reductions.

For the nine months ended September 30, 2017, DATA incurred total restructuring expenses of $5.0 million compared to $2.5 million in the same period in 2016. $5.0 million of restructuring costs in the first nine months of 2017 were related to headcount reductions in DATA's indirect labour force across its operations, designed to streamline DATA's order-to-production process and across all area of DATA's operations including sales, general and administrative functions. 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 DATA also incurred a lease exit charge associated with the closure of its manufacturing and warehouse facility in Regina, Saskatchewan of $0.3 million. For the nine months ended September 30, 2016, DATA incurred restructuring expenses related to headcount reductions of $2.5 million.

Adjusted EBITDA

For the quarter ended September 30, 2017, Adjusted EBITDA was $3.3 million, or 4.7% of revenues, after adjusting EBITDA for the $1.4 million in restructuring charges. Adjusted EBITDA for the three months ended September 30, 2017 increased $1.3 million or 66.9% from the same period in the prior year which was 3.0% of revenues in 2016. The increase in Adjusted EBITDA for the three months ended September 30, 2017 was due to higher gross profit as a result of higher revenues and was partially offset by higher SG&A expenses.

For the nine months ended September 30, 2017, Adjusted EBITDA was $10.5 million, or 4.9% of revenues, after adjusting EBITDA for the $5.0 million in restructuring charges and adding back $1.0 million related to business acquisition costs. Adjusted EBITDA for the nine months ended September 30, 2017 decreased $1.7 million or 14.0% from the same period in the prior year which was 5.8% of revenues in 2016. The decrease in Adjusted EBITDA for 2017 was attributable to higher SG&A expenses and was partially offset by higher gross profit as a result of higher revenues compared to the prior comparable period.

Interest Expense

Interest expense, including interest on debt outstanding under DATA’s credit facilities, on outstanding 6.00% Convertible Debentures, on certain unfavourable lease obligations related to closed facilities, and on DATA’s employee benefit plans, was $1.1 million for the three months ended September 30, 2017 compared to $0.8 million for the same period in 2016, and was $3.3 million for the nine months ended September 30, 2017 compared to $2.6 million for the same period in 2016. Interest expense for the nine months ended September 30, 2017 was higher than the same periods in the prior year primarily due to the increase in the debt outstanding under DATA's credit facilities in order to fund a portion of the upfront cash components of the purchase prices, settle certain debt assumed and pay for related acquisition costs associated with the Eclipse and Thistle acquisitions in February 2017 and was favourably impacted by the repayment of DATA's 6.00% Convertible Debentures in June 2017.

Income Taxes

DATA reported a loss before income taxes of $1.4 million and a net income tax recovery of $0.3 million for the quarter ended September 30, 2017 compared to a loss before income taxes of $2.4 million and a net income tax recovery of $0.5 million for the quarter ended September 30, 2016. DATA reported a loss before income taxes of $4.7 million and a net income tax recovery of $1.0 million for the nine months ended September 30, 2017 compared to income before income taxes of $1.8 million and a net income tax expense of $0.8 million for the nine months ended September 30, 2016. The current income tax expense was due to the taxes payable on DATA's estimated taxable income for the three and nine month periods ended September 30, 2017 and 2016, respectively. The deferred income tax recoveries primarily related to changes in estimates of future reversals of temporary differences and new temporary differences that arose during the three and nine month periods ended September 30, 2017 and 2016, respectively.

Net (Loss) Income

Net loss for the quarter ended September 30, 2017 was $1.1 million compared to net loss of $1.9 million for the same period in 2016. The increase in comparable profitability for the quarter ended September 30, 2017 was substantially due to higher gross profit as a result of higher revenues and lower restructuring expenses, and was partially offset by higher SG&A expenses and interest expense during the three months ended September 30, 2017.

Net loss for the nine months ended September 30, 2017 was $3.7 million compared to a net income $1.0 million for the same period in 2016. The decrease in comparable profitability for the nine months ended September 30, 2017 was primarily due to higher SG&A expenses and interest expense, a larger restructuring charge and business acquisition costs during the nine months ended September 30, 2017.

Adjusted Net (Loss) Income

Adjusted net loss for the quarter ended September 30, 2017 was $28.0 thousand compared to Adjusted net loss of $0.5 million for the same period in 2016. Adjusted net income for the nine months ended September 30, 2017 was $0.9 million compared to Adjusted net income of $2.9 million for the same period in 2016. The decrease in comparable profitability the nine months ended September 30, 2017 was attributable primarily due to higher SG&A expenses and higher interest expense in 2017.

CASH FLOW FROM OPERATIONS

During the three months ended September 30, 2017, cash flows used for operating activities were $0.8 million compared to cash flows used for operating activities of $5.9 million during the same period in 2016. $3.7 million of current year cash flows resulted from operations, after adjusting for non-cash items, compared with $1.1 million in 2016. Current period cash flows from operations were positively impacted by the acquisitions of Eclipse and Thistle, however, this was offset by a $1.4 million increase in SG&A expenses over the prior year comparative period, in addition to lower revenues from DATA's core business. Changes in working capital during the three months ended September 30, 2017 used $2.3 million in cash compared with $5.1 million primarily due to decreases in accounts payable related to the timing of payments to suppliers for purchases and deferred revenue, respectively, and due to an increase in accounts receivable, which was partially offset by a decrease in inventory on hand. In addition, $1.7 million of cash was used to make payments primarily related to severances and lease termination costs, compared with $1.4 million of payments in 2016. Contributions made to the Company's pension plans were $0.4 million, which was substantially unchanged from the prior year.

During the nine months ended September 30, 2017, cash flows generated by operating activities were $1.5 million compared to cash flows generated by operating activities of $4.3 million during the same period in 2016. $8.4 million of current year cash flows resulted from operations, after adjusting for non-cash items, compared with $11.4 million in 2016. Current period cash flows from operations were positively impacted by the acquisitions of Eclipse and Thistle, however, this was offset by a $3.6 million increase in SG&A expense over the prior year comparative period, in addition to lower revenues from DATA's core business. Changes in working capital during the nine months ended September 30, 2017 used $0.5 million compared with $0.1 million in the prior year primarily due to increases in accounts receivable, prepaid expenses and other assets and accounts payable due to the timing of payments to suppliers for purchases which was partially offset by decreases in inventory on hand and deferred revenues, respectively. In addition, $5.1 million of cash was used to make payments primarily related to severances and lease termination costs, compared with $5.5 million of payments in 2016. Contributions made to the Company's pension plans were $1.3 million, which was substantially unchanged from the prior year.

INVESTING ACTIVITIES

During the three months ended September 30, 2017, $1.7 million in cash flows were used for investing activities compared with $0.4 million during the same period in 2016. In 2017, $0.5 million of cash was used to invest in digital press equipment, the relocation of certain sales offices and certain office equipment. In 2017, $1.1 million of cash was used primarily related to investments in DATA's ERP project.

During the nine months ended September 30, 2017, $8.9 million in cash flows were used for investing activities compared with $1.3 million during the same period in 2016. In 2017, $1.5 million of cash was used to invest in label equipment with digital capabilities, digital press equipment,the relocation of certain sales offices and certain office equipment. In 2017, $2.2 million of cash was used related primarily related to investments in DATA's ERP project. In 2017, $5.2 million of cash was used to acquire the businesses of Eclipse and Thistle and to settle the post-closing adjustment for Eclipse.

FINANCING ACTIVITIES

During the three months ended September 30, 2017, cash flow generated by financing activities was $1.7 million compared to cash flow generated by financing activities of $4.5 million during the same period in 2016. DATA used net cash received from the issuance of common shares and warrants of $0.1 million and cash from advances under its credit facilities totaling $4.145 million and to repay $1.8 million in outstanding principal amounts under its credit facilities. DATA also paid a total of $0.5 million related to the promissory note issued in connection with the acquisition of Thistle.

During the nine months ended September 30, 2017, cash flow generated by financing activities was $4.1 million compared to cash flow used for financing activities of $4.6 million during the same period in 2016. DATA used net cash received from the issuance of common shares and warrants of $8.1 million and cash from advances under its credit facilities totaling $21.2 million to repay a total of $2.4 million to settle the outstanding balance on certain equipment leases that were assumed upon the acquisition of Eclipse, $9.4 million in outstanding principal amounts under its credit facilities, to settle certain debt assumed upon the acquisition of Eclipse and Thistle on February 22, 2017, and to repay the 6.00% Convertible Debentures outstanding principal amount totalling $11.2 million. DATA also paid a total of $1.0 million related to the promissory note issued in connection with the acquisition of Thistle. Lastly, DATA also incurred $0.6 million of transaction costs related to the amendments to its senior credit facilities and costs to establish DATA's additional credit facility during the nine months ended September 30, 2017.

OUTLOOK

In the third quarter of 2017, DATA continued to realize the benefits from the incremental revenue and higher relative margins which the acquisitions of Eclipse and Thistle have contributed. DATA also began to realize some of the benefits from its recent initiatives to reduce indirect labour, and SG&A, as demonstrated in higher year over year gross margins and adjusted EBITDA margins. In the fourth quarter of 2017, DATA expects to realize a full-quarter of these savings initiatives.

In the first quarter of 2018, DATA expects to realize significant additional savings - and operational synergies - from the relocations of Multiple Pakfold to its Brampton, Ontario facility and its Granby, Québec warehouse to its Drummondville, Québec facility, both of which are well on track to be completed before the end of the fourth quarter of 2017. DATA's corporate engineering team is leading both initiatives, and is focused on minimizing any disruption to production in the fourth quarter, particularly as DATA moves the Multiple Pakfold work into Brampton, Ontario. DATA will continue to be vigilant about seeking operational efficiencies through 2018.

On the sales front, the onboarding of DATA's recently announced new financial services client is accelerating, and DATA expects to start realizing the benefits from this customer in the fourth quarter of 2017. As this onboarding continues, DATA expects that this business will significantly help offset some of the declines it has been experiencing in its core business, particularly in the financial services sector. This client represents one of the largest single RFP's DATA has been awarded in its history and DATA believes it has room to grow.

DATA remains excited about its pipeline of new business, and there is a renewed enthusiasm in its sales force in conjunction with some of DATA's recent wins. DATA is looking forward to a strong 2018 and is confident that it has put the right structure and people in place to make 2018 a successful turning point for the Company.

DATA is also seeing positive trends from some of its sales initiatives, particularly by focusing on the significant high value-added service that DATA brings to its customers. These sales efforts have contributed to DATA's improved margins in the third quarter of 2017, and, in 2018, are expected to result in incremental cross-selling of its offerings, and improved product and solutions-based margins, to help offset some of the margin pressures DATA has highlighted in the past few quarters. DATA is also optimistic that the recent acquisition of BOLDER Graphics will contribute positively to its Western Canadian business, and its presence in the large format market.

However, given a softer third quarter of 2017 than previously anticipated, DATA is revising its financial guidance for fiscal 2017 to a range of between $15.5 million and $16.5 million of full year non-IFRS adjusted EBITDA. As part of establishing the above guidance, the Company made the following assumptions:

- Economic conditions in North America will not deteriorate
- Print revenues in DATA's core business communications market will continue to decline consistent with trends experienced by the industry
- The Company will be able to translate its pipeline of sales into new customer acquisitions and higher wallet share from its existing customer base
- The structural and leadership changes to the sales team, and the several strategic initiatives implemented to date to further enhance sales, will result in improved customer profitability and higher revenues
- The acquisitions of Eclipse, Thistle and BOLDER Graphics will generate additional revenue from cross-selling opportunities gained and will also improve profitability through synergies in cost savings
- Further operational efficiencies and cost savings will result from additional cost management and/or restructuring initiatives completed to date

DATA cautions that the assumptions used to prepare the guidance provided above, although currently reasonable, may prove to be incorrect or inaccurate. Accordingly, actual results may differ materially from expectations as set forth above. The guidance provided above should be read in conjunction with, as is qualified by, the section Forward-looking Statements contained in this press release.

About DATA Communications Management Corp.

DATA is a leading provider of business communication solutions, bringing value and collaboration to marketing and operation teams in companies across North America. 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 asset tracking, 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, retail, healthcare, lottery and gaming, 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.

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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 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 will adversely affect DATA’s financial results; the risk that DATA 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 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; the failure to realize the expected benefits from acquisitions and risks associated with the integration of acquired businesses; 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-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 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 means EBITDA adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, gain on redemption of convertible debentures, and acquisition costs. Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, gain on redemption of convertible debentures, 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 (basic and diluted) outstanding during the period. In addition to net income (loss), DATA 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 DATA's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. DATA also believes that securities analysts, investors, rating agencies and other interested parties frequently use non-IFRS measures in the evaluation of issuers. DATA'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 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, see Table 3 above.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars, unaudited)	**September 30, 2017** **$**	**December 31, 2016** **$**
Assets		
Current assets		
Cash and cash equivalents	—	1,544
Trade receivables	35,820	29,157
Inventories	35,792	33,252
Prepaid expenses and other current assets	4,833	4,667
	76,445	68,620
Non-current assets		
Deferred income tax assets	5,212	3,839
Restricted cash	425	425
Property, plant and equipment	17,734	12,483
Pension assets	2,154	1,589
Intangible assets	13,201	3,954
Goodwill	7,382	—
	122,553	90,910
Liabilities		
Current liabilities		
Bank overdraft	1,843	—
Trade payables and accrued liabilities	32,040	27,304
Current portion of credit facilities	11,257	5,886
Convertible debentures	—	11,082
Current portion of promissory notes	3,692	—
Provisions	3,187	3,305
Income taxes payable	3,058	2,231
Deferred revenue	8,195	8,665
	63,272	58,473
Non-current liabilities		
Provisions	922	675
Credit facilities	43,062	29,156
Promissory notes	2,673	—
Deferred income tax liabilities	1,322	—
Other non-current liabilities	3,452	1,691
Pension obligations	7,912	8,340
Other post-employment benefit plans	2,669	2,510
	125,284	100,845
Equity		
Shareholders' deficit		
Shares	248,155	237,432
Warrants	287	—
Conversion options	—	128
Contributed surplus	1,302	1,164
Accumulated other comprehensive income	95	258
Deficit	(252,570)	(248,917)
	(2,731)	(9,935)
	122,553	90,910

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the three months ended September 30, 2017**	**For the three months ended September 30, 2016**
	$	**$**
Revenues	70,212	65,842
Cost of revenues	53,539	51,537
Gross profit	16,673	14,305
Expenses		
Selling, commissions and expenses	8,766	7,676
General and administration expenses	6,603	6,268
Restructuring expenses	1,383	1,787
Acquisition costs	18	—
	16,770	15,731
Loss before finance costs and income taxes	(97)	(1,426)
Finance costs (income)		
Interest expense	1,135	838
Interest income	—	(4)
Amortization of transaction costs	141	111
	1,276	945
Loss before income taxes	(1,373)	(2,371)
Income tax (recovery) expense		
Current	165	46
Deferred	(470)	(552)
	(305)	(506)
Net loss for the period	(1,068)	(1,865)
Basic loss per share	(0.06)	(0.16)
Diluted loss per share	(0.06)	(0.16)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the nine months ended September 30, 2017**	**For the nine months ended September 30, 2016**
	$	**$**
Revenues	213,404	210,172
Cost of revenues	162,367	160,345
Gross profit	51,037	49,827
Expenses		
Selling, commissions and expenses	25,974	23,855
General and administration expenses	20,134	18,685
Restructuring expenses	5,004	2,479
Acquisition costs	987	—
	52,099	45,019
(Loss) income before finance costs and income taxes	(1,062)	4,808
Finance costs (income)		
Interest expense	3,266	2,575
Interest income	—	(8)
Amortization of transaction costs	377	467
	3,643	3,034
(Loss) income before income taxes	(4,705)	1,774
Income tax (recovery) expense		
Current	504	1,378
Deferred	(1,463)	(612)
	(959)	766
Net (loss) income for the period	(3,746)	1,008
Basic (loss) earnings per share	(0.25)	0.09
Diluted (loss) earnings per share	(0.25)	0.09

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars, unaudited)	**For the three months ended September 30, 2017**	**For the three months ended September 30, 2016**
	$	**$**
Net loss for the period	(1,068)	(1,865)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net loss		
Foreign currency translation	(89)	26
	(89)	26
Items that will not be reclassified to net loss		
Re-measurements of post-employment benefit obligations	2,230	(646)
Taxes related to post-employment adjustment above	(581)	169
	1,649	(477)
Other comprehensive income (loss) for the period, net of tax	1,560	(451)
Comprehensive income (loss) for the period	492	(2,316)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands of Canadian dollars, unaudited)	**For the nine months ended September 30, 2017** **$**	**For the nine months ended September 30, 2016** **$**
Net (loss) income for the period	(3,746)	1,008
Other comprehensive loss:		
Items that may be reclassified subsequently to net (loss) income		
Foreign currency translation	(163)	(91)
	(163)	(91)
Items that will not be reclassified to net (loss) income		
Re-measurements of post-employment benefit obligations	127	(2,791)
Taxes related to post-employment adjustment above	(34)	729
	93	(2,062)
Other comprehensive loss for the period, net of tax	(70)	(2,153)
Comprehensive loss for the period	(3,816)	(1,145)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

	Attributable to Shareholders						
(in thousands of Canadian dollars, unaudited)	**Shares**	**Warrants**	**Conversion options**	**Contributed surplus**	**Accumulated other comprehensive income**	**Deficit**	**Total equity (deficit)**
	$	**$**	**$**		**$**	**$**	**$**
Balance as at December 31, 2015	234,782	—	128	385	306	(216,582)	19,019
Net income for the period	—	—	—	—	—	1,008	1,008
Other comprehensive loss for the period	—	—	—	—	(91)	(2,062)	(2,153)
Total comprehensive loss for the period	—	—	—	—	(91)	(1,054)	(1,145)
Issuance of common shares	2,650	—	—	—	—	—	2,650
Share-based compensation expense	—	—	—	718	—	—	718
Balance as at September 30, 2016	234,782	—	128	385	215	(217,636)	17,874
Balance as at December 31, 2016	237,432	—	128	1,164	258	(248,917)	(9,935)
Net loss for the period	—	—	—	—	—	(3,746)	(3,746)
Other comprehensive income (loss) for the period	—	—	—	—	(163)	93	(70)
Total comprehensive loss for the period	—	—	—	—	(163)	(3,653)	(3,816)
Cancellation of convertible debentures	—	—	(128)	128	—	—	—
Issuance of common shares and warrants, net	10,723	287	—	(15)	—	—	10,995
Share-based compensation expense	—	—	—	25	—	—	25
Balance as at September 30, 2017	248,155	287	—	1,302	95	(252,570)	(2,731)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)	**For the three months ended September 30, 2017**	**For the three months ended September 30, 2016**
	$	**$**
Cash provided by (used in)		
Operating activities		
Net loss for the period	(1,068)	(1,865)
Adjustments to net loss		
Depreciation of property, plant and equipment	1,084	988
Amortization of intangible assets	906	517
Share-based compensation expense	(34)	142
Pension expense	135	147
Loss on disposal of property, plant and equipment	134	49
Write-off of intangible assets	57	—
Provisions	1,383	1,787
Amortization of transaction costs	141	111
Accretion of convertible debentures and non-current liabilities	197	21
Other non-current liabilities	1,118	(277)
Other post-employment benefit plans, net	49	64
Income tax credits recognized	(125)	(124)
Income taxes recovery	(305)	(506)
	3,672	1,054
Changes in working capital	(2,315)	(5,113)
Contributions made to pension plans	(359)	(481)
Provisions paid	(1,745)	(1,405)
Income taxes (paid) received	(64)	57
	(811)	(5,888)
Investing activities		
Purchase of property, plant and equipment	(530)	(459)
Purchase of intangible assets	(1,131)	—
Proceeds on disposal of property, plant and equipment	—	10
	(1,661)	(449)
Financing activities		
Issuance of common shares and warrants, net	68	370
Proceeds from credit facilities	4,145	5,601
Repayment of credit facilities	(1,830)	(1,422)
Repayment of loans and other liabilities	(145)	(55)
Repayment of promissory notes	(496)	—
Finance and transaction costs	(17)	—
Finance lease payments	(16)	—
	1,709	4,494
Increase in (bank overdraft) / decrease in cash and cash equivalents during the period	(763)	(1,843)
(Bank overdraft) cash and cash equivalents – beginning of period	(989)	1,003
Effects of foreign exchange on cash balances	(91)	11
Bank overdraft – end of period	(1,843)	(829)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)	**For the nine months ended September 30, 2017 $**	**For the nine months ended September 30, 2016 $**
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	(3,746)	1,008
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	3,027	3,237
Amortization of intangible assets	2,505	1,532
Share-based compensation expense	25	718
Pension expense	405	442
Loss on disposal of property, plant and equipment	156	238
Write-off of intangible assets	57	—
Provisions	5,004	2,479
Amortization of transaction costs	377	467
Accretion of convertible debentures and non-current liabilities	514	64
Other non-current liabilities	1,000	394
Other post-employment benefit plans, net	159	190
Tax credits recognized	(125)	(124)
Income tax (recovery) expense	(959)	766
	8,399	11,411
Changes in working capital	(479)	(77)
Contributions made to pension plans	(1,271)	(1,399)
Provisions paid	(5,085)	(5,466)
Income taxes paid	(69)	(211)
	1,495	4,258
Investing activities		
Purchase of property, plant and equipment	(1,478)	(1,282)
Purchase of intangible assets	(2,210)	(151)
Proceeds on disposal of property, plant and equipment	22	134
Cash consideration for acquisition of businesses	(5,188)	—
	(8,854)	(1,299)
Financing activities		
Issuance of common shares and warrants, net	8,137	2,650
Proceeds from credit facilities	21,234	49,532
Repayment of credit facilities	(9,431)	(54,868)
Repayment of convertible debentures	(11,175)	—
Repayment of loans and other liabilities	(600)	(135)
Repayment of promissory notes	(1,010)	(425)
Finance and transaction costs	(622)	(1,341)
Finance lease payments	(2,416)	(18)
	4,117	(4,605)
(Decrease) in cash and cash equivalents during the period	(3,242)	(1,646)
Cash and cash equivalents – beginning of period	1,544	871
Effects of foreign exchange on cash balances	(145)	(54)
Bank overdraft – end of period	(1,843)	(829)