



For Immediate Release

***DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES
THIRD QUARTER FINANCIAL RESULTS FOR 2016***

HIGHLIGHTS

THIRD QUARTER 2016

- Net Loss of \$1.9 million, including restructuring expenses of \$1.8 million, compared to Net Loss of \$1.8 million, including restructuring expenses of \$5.8 million in the prior comparative period
- Adjusted Net Loss of \$0.5 million, a decrease of \$3.0 million compared to the prior comparative period (See Table 3 and “Non-GAAP Measures” below)
- Adjusted EBITDA of \$1.9 million, a decrease of 71.9% year over year (See Table 2 and “Non-GAAP Measures” below)
- Revenues of \$65.8 million, a decrease of 11.2% year over year

YEAR TO DATE 2016

- Net Income of \$1.0 million, including restructuring expenses of \$2.5 million, compared to Net Loss of \$32.6 million, including a goodwill impairment charge of \$26.0 million and restructuring expenses of \$12.0 million in the prior comparative period
- Adjusted Net Income of \$2.8 million, an increase of \$0.5 million compared to the prior comparative period (See Table 3 and “Non-GAAP Measures” below)
- Adjusted EBITDA of \$12.1 million, a decrease of 5.3% year over year (See Table 2 and “Non-GAAP Measures” below)
- Revenues of \$210.2 million, a decrease of 6.0% year over year

Brampton, Ontario – November 2, 2016 – DATA Communications Management Corp. (TSX: DCM) (“DATA” or the “Company”) announced its consolidated financial results for the third quarter and the nine months ended September 30, 2016.

“In the third quarter of 2016, the DATA team moved several important strategic projects forward. These included: managing the shutdown of our Edmonton, Alberta facility ahead of schedule and at significantly less expense to date than budgeted; the implementation of new computer networks for improving service levels, new data storage facilities and PC platforms; and the advancement of our internal ERP/MRP replacement project. These initiatives are essential for the future success of our business. Offsetting these successes were revenue headwinds, as we continue to compete in a difficult economic and competitive environment”, said Michael G. Sifton, President and Chief Executive Officer of DATA.

DATA is ahead of plan to exit its Edmonton, Alberta facility by the end of 2016. During the third quarter of 2016, DATA incurred restructuring expenses related to that initiative of \$0.7 million, and currently expects to incur another \$1.1 million of restructuring expenses in the fourth quarter of 2016. The total expected restructuring expenses related to that initiative of approximately \$1.8 million is significantly below DATA's original \$3.5 million estimate, and is primarily attributed to lower severance expenses than budgeted. DATA is downsizing significantly in Edmonton to a 10,000 square foot sales, customer experience and high-volume digital print production facility to strategically serve the local market.

Separately, DATA announced that Gregory J. Cochrane will be joining DATA's executive team as President in late November 2016. Mr. Cochrane brings a long and distinguished background in the communication and marketing services business. His primary focus will be to drive sales and business development strategies. Michael G. Sifton will relinquish the title of President but will continue in his role as CEO, primarily focused on financial and strategic initiatives. Effective today Mr. Cochrane will be stepping down from his role on DATA's board of directors (the "Board of Directors").

For the past several quarters, DATA has been focused on making its business more agile, focused, optimized and unified. DATA is now actively pursuing growth opportunities it sees in its markets which leverage its key competencies of managing complexity and providing superior execution for its clients' business and marketing communications needs.

At November 2, 2016, September 30, 2016 and December 31, 2015, DATA had 11,975,053, 11,975,053 and 9,987,528 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 September 30, 2016 and 2015	July 1 to Sept. 30, 2016	July 1 to Sept. 30, 2015	Jan. 1 to Sept. 30, 2016	Jan. 1 to Sept. 30, 2015
<i>(in thousands of Canadian dollars, except per share amounts, unaudited)</i>	\$	\$	\$	\$
Revenues	65,842	74,116	210,172	223,565
Cost of revenues	51,537	55,730	160,345	172,268
Gross profit	14,305	18,386	49,827	51,297
Selling, general and administrative expenses	13,944	13,439	42,540	43,581
Restructuring expenses	1,787	5,756	2,479	12,015
Impairment of goodwill	—	—	—	26,000
(Loss) income before finance costs and income taxes	(1,426)	(809)	4,808	(30,299)
Finance costs				
Interest expense	838	1,481	2,575	4,229
Interest income	(4)	(3)	(8)	(10)
Amortization of transaction costs	111	135	467	305
	945	1,613	3,034	4,524
(Loss) income before income taxes	(2,371)	(2,422)	1,774	(34,823)
Income tax expense (recovery)				
Current	46	167	1,378	250
Deferred	(552)	(826)	(612)	(2,496)
	(506)	(659)	766	(2,246)
Net (loss) income for the period	(1,865)	(1,763)	1,008	(32,577)
Net (loss) income attributable to common shareholders	(1,865)	(1,763)	1,008	(32,577)
Basic (loss) earnings per share	(0.16)	(7.51)	0.09	(138.68)
Diluted (loss) earnings per share	(0.15)	(7.51)	0.09	(138.68)
Weighted average number of common shares outstanding - basic	11,964,978	234,906	10,840,273	234,906
Weighted average number of common shares outstanding - diluted	12,534,940	234,906	11,025,630	234,906

As at September 30, 2016 and December 31, 2015

	As at Sept. 30, 2016	As at Dec. 31, 2015
<i>(in thousands of Canadian dollars, unaudited)</i>	\$	\$
Current assets	71,565	80,125
Current liabilities	55,905	90,298
Total assets	122,705	134,067
Total non-current liabilities	45,558	24,750
Shareholders' equity	21,242	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 September 30, 2016 and 2015	July 1 to Sept. 30, 2016	July 1 to Sept. 30, 2015	Jan. 1 to Sept. 30, 2016	Jan. 1 to Sept. 30, 2015
<i>(in thousands of Canadian dollars, unaudited)</i>	\$	\$	\$	\$
Net (loss) income for the period	(1,865)	(1,763)	1,008	(32,577)
Interest expense	838	1,481	2,575	4,229
Interest income	(4)	(3)	(8)	(10)
Amortization of transaction costs	111	135	467	305
Current income tax expense	46	167	1,378	250
Deferred income tax recovery	(552)	(826)	(612)	(2,496)
Depreciation of property, plant and equipment	988	1,198	3,237	3,572
Amortization of intangible assets	517	487	1,532	1,445
EBITDA	79	876	9,577	(25,282)
Restructuring expenses	1,787	5,756	2,479	12,015
Impairment of goodwill	—	—	—	26,000
Adjusted EBITDA	1,866	6,632	12,056	12,733

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 September 30, 2016 and 2015	July 1 to Sept. 30, 2016	July 1 to Sept. 30, 2015	Jan. 1 to Sept. 30, 2016	Jan. 1 to Sept. 30, 2015
<i>(in thousands of Canadian dollars, except share and per share amounts, unaudited)</i>	\$	\$	\$	\$
Net (loss) income for the period	(1,865)	(1,763)	1,008	(32,577)
Restructuring expenses	1,787	5,756	2,479	12,015
Impairment of goodwill	—	—	—	26,000
Tax effect of the above adjustments	(468)	(1,490)	(649)	(3,111)
Adjusted net (loss) income	(546)	2,503	2,838	2,327
Adjusted net income (loss) per share, basic	(0.05)	10.66	0.26	9.91
Adjusted net income (loss) per share, diluted	(0.04)	10.66	0.26	9.91
Pro forma Adjusted net income (loss) per share, basic ⁽¹⁾	(0.05)	0.21	0.24	0.19
Pro forma Adjusted net income (loss) per share, diluted ⁽¹⁾	(0.04)	0.20	0.23	0.19
Weighted average number of common shares outstanding - basic	11,964,978	234,906	10,840,273	234,906
Weighted average number of common shares outstanding - diluted	12,534,940	234,906	11,025,630	234,906
Number of common shares outstanding	11,975,053	234,906	11,975,053	234,906

Note:

(1) Pro forma Adjusted net income (loss) per share, basic, a non-GAAP measure, assumes Adjusted net income (loss) per share, basic were calculated on the basis of the total number of common shares outstanding of 11,975,053 at September 30, 2016,

rather than the weighted average number of common shares outstanding at the respective period ends, given the significant changes in the number of common shares of DATA outstanding during comparable periods. Pro forma Adjusted net income (loss) per share, diluted, assumes Adjusted net income (loss) per share, diluted were calculated on the basis of the total diluted number of common shares outstanding of 12,545,015 at September 30, 2016, rather than the weighted average diluted number of common shares outstanding at the respective period ends, given the significant changes in the number of common shares of DATA outstanding during comparable periods.

Revenues

For the quarter ended September 30, 2016, DATA recorded revenues of \$65.8 million, a decrease of \$8.3 million or 11.2% compared with the same period in 2015. The decrease in revenues was due to non-recurring projects from last year, general volume declines from customers for print-related products and services, the threatened Canada Post labour interruption, which reduced demand for work destined directly or indirectly for the mail stream, and economic softness in Western Canada and was partially offset by growth in revenues from new customer orders. For the nine months ended September 30, 2016, DATA recorded revenues of \$210.2 million, a decrease of \$13.4 million or 6.0% compared with the same period in 2015. The decrease in revenues for the nine months ended September 30, 2016 was primarily due to non-recurring projects and a greater decline in volume 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 September 30, 2016, cost of revenues decreased to \$51.5 million from \$55.7 million for the same period in 2015. Gross profit for the quarter ended September 30, 2016 was \$14.3 million, which represented a decrease of \$4.1 million or 22.2% from \$18.4 million for the same period in 2015. Gross profit as a percentage of revenues decreased to 21.7% for the quarter ended September 30, 2016 compared to 24.8% for the same period in 2015. For the nine months ended September 30, 2016, cost of revenues decreased to \$160.3 million from \$172.3 million for the same period in 2015. Gross profit for the nine months ended September 30, 2016 was \$49.8 million, which represented a decrease of \$1.5 million or 2.9% from \$51.3 million for the same period in 2015. Gross profit as a percentage of revenues increased to 23.7% for the nine months ended September 30, 2016 compared to 22.9% for the same period in 2015. The decrease in gross profit as a percentage of revenues for the quarter ended September 30, 2016 was due to the decrease in revenues, product mix, which was skewed towards certain higher paper content and lower margin business and compressed margins on recently negotiated large repeat contracted customers and was partially offset by 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. The increase in gross profit as a percentage of revenues for the nine months ended September 30, 2016 was due to the cost reductions realized from prior cost savings initiatives implemented in 2015 and was partially offset by the decrease in revenues, product mix and compressed margins on recently negotiated large repeat contracted customers.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the quarter ended September 30, 2016 increased \$0.5 million or 3.8% to \$13.9 million compared to \$13.4 million in the same period in 2015. As a percentage of revenues, these costs were 21.2% of revenues for the quarter ended September 30, 2016 compared to 18.1% of revenues for the same period in 2015. SG&A expenses for the nine months ended September 30, 2016 decreased \$1.0 million or 2.4% to \$42.5 million compared to \$43.6 million for the same period of 2015. As a percentage of revenues, these costs were 20.2% and 19.5% of revenues for the nine month periods ended September 30, 2016 and 2015, respectively. The increase in SG&A expenses for the quarter ended September 30, 2016 was primarily attributable to higher third quarter SG&A expenses related to share-based compensation expense, increased marketing expenses and additional corporate costs related to the change in DATA's legal name on July 4, 2016 (the "Name Change"). The decrease in SG&A expenses for the nine months ended September 30, 2016 was primarily attributable to cost savings initiatives implemented in 2015, including headcount reductions across sales, general and administration functions, and

was partially offset by higher SG&A expenses related to share-based compensation expense, increased marketing expenses and additional corporate costs related to changes in the Board of Directors in the second quarter of 2016, the Name Change and the Share Consolidation.

Restructuring Expenses

For the three and nine month periods ended September 30, 2016, DATA incurred total restructuring expenses of \$1.8 million and \$2.5 million, respectively, primarily related to headcount reductions and a charge to onerous contracts in both periods. The charge to onerous contracts of \$0.4 million related to a lease exit charge for a closed facility in Richmond Hill, Ontario. For the three months ended September 30, 2015, DATA incurred restructuring expenses of \$5.8 million due to changes in senior management, headcount reductions across DATA's operations and a charge to onerous contracts. The charge to onerous contracts of \$0.7 million during the three months ended September 30, 2015 related to a lease exit charge for a closed warehouse facility in Brampton, Ontario. For the nine months ended September 30, 2015, DATA incurred restructuring expenses of \$12.0 million comprised of (i) \$10.6 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 \$1.4 million for lease exit charges for closed facilities in Calgary, Alberta and in Brampton Ontario.

Adjusted EBITDA

For the quarter ended September 30, 2016, Adjusted EBITDA was \$1.9 million, or 2.8% of revenues. Adjusted EBITDA for the quarter ended September 30, 2016 decreased \$4.8 million or 71.9% from the same period in the prior year and Adjusted EBITDA margin for the quarter, as a percentage of revenues, decreased from 8.9% of revenues in 2015 to 2.8% of revenues in 2016. For the nine months ended September 30, 2016, Adjusted EBITDA was \$12.1 million, or 5.7% of revenues. Adjusted EBITDA for the nine months ended September 30, 2016 decreased \$0.7 million or 5.3% from the same period in the prior year and Adjusted EBITDA margin for the period, as a percentage of revenues, remained largely unchanged from the prior year at 5.7% of revenues in 2016. The decrease in Adjusted EBITDA for the three and nine month periods ended September 30, 2016 was attributable to lower levels of revenues and gross profit compared to the prior comparable periods and higher SG&A expenses in the quarter ended September 30, 2016.

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 \$0.8 million for the quarter ended September 30, 2016 compared to \$1.5 million for the same period in 2015, and was \$2.6 million for the nine months ended September 30, 2016 compared to \$4.2 million for the same period in 2015. Interest expense for the three and nine month periods ended September 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 a loss before income taxes of \$2.4 million and a deferred income tax recovery of \$0.6 million for the quarter ended September 30, 2016 compared to a loss before income taxes of \$2.4 million, a current income tax expense of \$0.2 million and a deferred income tax recovery of \$0.8 million for the quarter ended September 30, 2015. DATA reported income before income taxes of \$1.8 million, a current income tax expense of \$1.4 million and a deferred income tax recovery of \$0.6 million for the nine months ended September 30, 2016 compared to a loss before income taxes of \$34.8 million, a current income tax expense of \$0.3 million and a deferred income tax recovery of \$2.5 million for the nine months ended September 30, 2015. 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, 2016, respectively. In addition, the current tax expense for the nine months ended September 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 nine month periods ended September 30, 2016 and 2015, respectively.

Net (Loss) Income

Net loss for the three months ended September 30, 2016 was \$1.9 million compared to net loss of \$1.8 million for the same period in 2015. Net income for the nine months ended September 30, 2016 was \$1.0 million compared to a net loss \$32.6 million for the same period in 2015. The decrease in comparable profitability for the three months ended September 30, 2016 was substantially due to lower restructuring and interest expenses and was partially offset by lower gross profit during the three months ended September 30, 2016. The increase in comparable profitability for the nine months ended September 30, 2016 was substantially due to lower restructuring and interest expenses and was partially offset by lower gross profit during the nine months ended September 30, 2016 and a goodwill impairment charge during the nine months ended September 30, 2015. The increase in comparable profitability for the nine months ended September 30, 2016 was partially offset by a larger current income tax expense and a smaller deferred income tax recovery during the nine months ended September 30, 2016.

Adjusted Net (Loss) Income

Adjusted net loss for the three months ended September 30, 2016 was \$0.5 million compared to Adjusted net income of \$2.5 million for the same period in 2015. Adjusted net income for the nine months ended September 30, 2016 was \$2.8 million compared to Adjusted net income of \$2.3 million for the same period in 2015. The decrease in comparable profitability for the three months ended September 30, 2016 was attributable to lower revenues, gross profit and higher SG&A expenses which was partially offset by lower interest expense in 2016. The increase in comparable profitability for the nine months ended September 30, 2016 was attributable to lower SG&A and interest expenses and was partially offset by lower revenues and gross profit in 2016.

WORKING CAPITAL

Working capital in the third quarter of 2016 was negatively impacted by:

- Differences in the timing of receivables and payables, which resulted in a higher relative reduction in trade payables;
- Declines in deferred revenue resulting from lower activity from certain large customers who pay in advance for production to be held in inventory, and
- Lower volumes from some of DATA's larger customers resulting in lagging inventory turns, together with inventory management associated with the Edmonton move.

INVESTING ACTIVITIES

Capital expenditures for the three and nine months ended September 30, 2016 were \$0.5 million and \$1.3 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, DATA completed a portion of a non-brokered private placement and issued a total of 1,678,567 common shares at a price of \$1.40 per common share. On July 4, 2016, following receipt of disinterested shareholder approval at the annual and special meeting of DATA's shareholders held on June 30, 2016, DATA completed the remaining portion of the private placement

and issued an additional 308,958 common shares at a price of \$1.40 per common share. During the three months ended September 30, 2016, DATA received gross proceeds of \$0.4 million, less issue expenses of \$0.1 million for net proceeds of \$0.4 million from the remaining portion of the private placement. During the nine months ended September 30, 2016, DATA received gross proceeds of \$2.8 million, less issue expenses of \$0.1 million for net proceeds of \$2.7 million in aggregate from both portions of the private placement.

During the three months ended September 30, 2016, DATA repaid \$1.4 million of principal amounts outstanding under its credit facilities and obtained \$5.6 million in advances under its credit facilities. During the nine months ended September 30, 2016, DATA obtained \$49.5 million in cash from advances under its credit facilities and repaid \$43.3 million and \$11.6 million of the principal amounts outstanding under its prior and existing credit facilities, respectively. During the nine months ended September 30, 2016, DATA incurred \$1.3 million of transaction costs related to the establishment of 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.

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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 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 nine month periods ended September 30, 2016 and the three months ended September 30, 2015 each means EBITDA adjusted for restructuring expenses. Adjusted EBITDA for the nine months ended September 30, 2015 means EBITDA adjusted September 30, 2015 for restructuring expenses and goodwill impairment charges. Adjusted net income (loss) for the three and nine month periods ended September 30, 2016 and the three months ended September 30, 2015 each means net income (loss) adjusted for restructuring expenses and the tax effects of those items. Adjusted net income (loss) for the nine months ended September 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 and diluted) 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, basic and diluted each assumes Adjusted net income (loss) per share was calculated on the basis of the total number of common shares outstanding at September 30, 2016, rather than the weighted average or the weighted average diluted number of common shares outstanding at the respective period ends, given the significant changes in the number of common shares of DATA outstanding during those periods. 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>	September 30, 2016	December 31, 2015
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	—	871
Trade receivables	29,366	38,051
Inventories	37,344	37,053
Prepaid expenses and other current assets	4,855	4,150
	71,565	80,125
Non-current assets		
Deferred income tax assets	3,340	2,070
Restricted cash	425	—
Property, plant and equipment	12,076	14,422
Pension asset	—	770
Intangible assets	4,233	5,614
Goodwill	31,066	31,066
	122,705	134,067
Liabilities		
Current liabilities		
Bank overdraft	829	—
Current portion of Credit facilities	5,827	43,095
Current portion of Convertible debentures	11,040	—
Trade payables	24,565	29,766
Provisions	3,446	5,723
Income taxes payable	1,941	903
Deferred revenue	8,257	10,811
	55,905	90,298
Non-current liabilities		
Provisions	773	1,483
Credit facilities	30,994	—
Convertible debentures	—	10,912
Deferred income tax liabilities	4	76
Other non-current liabilities	1,616	1,362
Pension obligations	9,418	8,354
Other post-employment benefit plans	2,753	2,563
	101,463	115,048
Equity		
Shareholders' equity		
Shares	237,432	234,782
Conversion options	128	128
Contributed surplus	1,103	385
Accumulated other comprehensive income	215	306
Deficit	(217,636)	(216,582)
	21,242	19,019
	122,705	134,067

CONSOLIDATED STATEMENTS OF LOSS

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

	For the three months ended September 30, 2016	For the three months ended September 30, 2015
	\$	\$
Revenues	65,842	74,116
Cost of revenues	51,537	55,730
Gross profit	14,305	18,386
Expenses		
Selling, commissions and expenses	7,676	7,549
General and administration expenses	6,268	5,890
Restructuring expenses	1,787	5,756
	15,731	19,195
Loss before finance costs and income taxes	(1,426)	(809)
Finance costs		
Interest expense	838	1,481
Interest income	(4)	(3)
Amortization of transaction costs	111	135
	945	1,613
Loss before income taxes	(2,371)	(2,422)
Income tax expense (recovery)		
Current	46	167
Deferred	(552)	(826)
	(506)	(659)
Net loss for the period	(1,865)	(1,763)
Basic loss per share	(0.16)	(7.51)
Diluted loss per share	(0.15)	(7.51)

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

	For the nine months ended September 30, 2016 \$	For the nine months ended September 30, 2015 \$
Revenues	210,172	223,565
Cost of revenues	160,345	172,268
Gross profit	49,827	51,297
Expenses		
Selling, commissions and expenses	23,855	25,347
General and administration expenses	18,685	18,234
Restructuring expenses	2,479	12,015
Impairment of goodwill	—	26,000
	45,019	81,596
Income (loss) before finance costs and income taxes	4,808	(30,299)
Finance costs		
Interest expense	2,575	4,229
Interest income	(8)	(10)
Amortization of transaction costs	467	305
	3,034	4,524
Income (loss) before income taxes	1,774	(34,823)
Income tax expense (recovery)		
Current	1,378	250
Deferred	(612)	(2,496)
	766	(2,246)
Net income (loss) for the period	1,008	(32,577)
Basic earnings (loss) per share	0.09	(138.68)
Diluted earnings (loss) per share	0.09	(138.68)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands of Canadian dollars, unaudited)

	For the three months ended September 30, 2016	For the three months ended September 30, 2015
	\$	\$
Net loss for the period	(1,865)	(1,763)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net loss		
Foreign currency translation	26	80
	26	80
Items that will not be reclassified to net loss		
Re-measurements of post-employment benefit obligations	(646)	(391)
Taxes related to post-employment adjustment above	169	102
	(477)	(289)
Other comprehensive loss for the period, net of tax	(451)	(209)
Comprehensive loss for the period	(2,316)	(1,972)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands of Canadian dollars, unaudited)

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
	\$	\$
Net income (loss) for the period	1,008	(32,577)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net income (loss)		
Foreign currency translation	(91)	153
	(91)	153
Items that will not be reclassified to net income (loss)		
Re-measurements of post-employment benefit obligations	(2,791)	760
Taxes related to post-employment adjustment above	729	(198)
	(2,062)	562
Other comprehensive (loss) income for the period, net of tax	(2,153)	715
Comprehensive loss for the period	(1,145)	(31,862)

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	—	—	—	—	(32,577)	(32,577)
Other comprehensive income for the period	—	—	—	153	562	715
Total comprehensive income (loss) for the period	—	—	—	153	(32,015)	(31,862)
Balance as at September 30, 2015	215,336	513	—	245	(229,543)	(13,449)
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	237,432	128	1,103	215	(217,636)	21,242

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of Canadian dollars, unaudited)</i>	For the three months ended September 30, 2016	For the three months ended September 30, 2015
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(1,865)	(1,763)
Adjustments to net loss		
Depreciation of property, plant and equipment	988	1,198
Amortization of intangible assets	517	487
Share-based compensation expense	142	—
Pension expense	147	152
Loss (gain) on disposal of property, plant and equipment	49	(5)
Provisions	1,787	5,756
Amortization of transaction costs	111	135
Accretion of convertible debentures	21	76
Other non-current liabilities	(277)	368
Other post-employment benefit plans, net	64	77
Income tax credits recognized	(124)	(181)
Income taxes recovery	(506)	(659)
	1,054	5,641
Changes in working capital	(5,113)	(1,042)
Contributions made to pension plans	(481)	(458)
Provisions paid	(1,405)	(3,018)
Income taxes received (paid)	57	(10)
	(5,888)	1,113
Investing activities		
Purchase of property, plant and equipment	(459)	(526)
Purchase of intangible assets	—	(302)
Proceeds on disposal of property, plant and equipment	10	7
	(449)	(821)
Financing activities		
Proceeds from issuance of common shares, net	370	—
Proceeds from credit facilities	5,601	—
Repayment of credit facilities	(1,422)	(1,000)
Proceeds from loan payable	—	341
Repayment of loan payable	(55)	(13)
Finance and transaction costs	—	(20)
Finance lease payments	—	(9)
	4,494	(701)
Decrease in cash and cash equivalents during the period	(1,843)	(409)
Cash and cash equivalents – beginning of period	1,003	3,514
Effects of foreign exchange on cash balances	11	48
(Bank overdraft) cash and cash equivalents – end of period	(829)	3,153

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	1,008	(32,577)
Adjustments to net income (loss)		
Depreciation of property, plant and equipment	3,237	3,572
Amortization of intangible assets	1,532	1,445
Share-based compensation expense	718	—
Pension expense	442	456
Loss on disposal of property, plant and equipment	238	34
Impairment of goodwill	—	26,000
Provisions	2,479	12,015
Amortization of transaction costs	467	305
Accretion of convertible debentures	64	137
Other non-current liabilities	394	438
Other post-employment benefit plans, net	190	213
Tax credits recognized	(124)	(181)
Income tax expense (recovery)	766	(2,246)
	11,411	9,611
Changes in working capital	(77)	7,534
Contributions made to pension plans	(1,399)	(1,397)
Provisions paid	(5,466)	(6,962)
Income taxes paid	(211)	(148)
	4,258	8,638
Investing activities		
Purchase of property, plant and equipment	(1,282)	(4,019)
Purchase of intangible assets	(151)	(302)
Proceeds on disposal of property, plant and equipment	134	639
	(1,299)	(3,682)
Financing activities		
Proceeds from issuance of common shares, net	2,650	—
Proceeds from credit facilities	49,532	—
Repayment of credit facilities	(54,868)	(3,000)
Proceeds from loan payable	—	341
Repayment of loan payable	(135)	(13)
Increase in restricted cash	(425)	—
Finance and transaction costs	(1,341)	(13)
Finance lease payments	(18)	(27)
	(4,605)	(2,712)
(Decrease) increase in cash and cash equivalents during the period	(1,646)	2,244
Cash and cash equivalents – beginning of period	871	812
Effects of foreign exchange on cash balances	(54)	97
(Bank overdraft) cash and cash equivalents – end of period	(829)	3,153