For Immediate Release

DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES SECOND QUARTER FINANCIAL RESULTS FOR 2021

Brampton, Ontario – August 10, 2021 – DATA Communications Management Corp. (TSX: DCM) ("DCM" or the "Company"), a leading provider of marketing and business communication solutions to companies across North America, announces its consolidated financial results for the three and six months ended June 30, 2021.

SECOND QUARTER HIGHLIGHTS

- Cash flow from operations year to date of $16.4 million, up 7% compared to $15.3 million in the prior year. Continued strong cash flow from operations allowed DCM to reduce its' debt by 19% to $39.1 million as of June 30, 2021 from $48.2 million as of December 31, 2020.
- SG&A expenses in the quarter were $14.9 million, down 3% from $15.4 million in the second quarter of 2020, despite a charge of approximately $2.0 million for mark-to market adjustments related to long-term incentive plan compensation in the current period. If the one-time charge for deferred compensation is excluded, the SG&A was down $2.6 million or 16% versus both last year and the prior quarter.
- Total headcount now of approximately 950 associates, a reduction of more than 130 since the end of 2020. A continued focus on building a better business resulting in average revenue per head of approximately $260,000 vs. $213,000 in 2015, a full 22% productivity improvement.
- Cost reductions and other operational effectiveness efforts, including closure of our Edmonton, Alberta facility (completed) and our Mississauga, Ontario facility (in progress), position the Company well for expected economic recovery in the second half of 2021.
- With consumer movements in the economy still restricted outside of essential retail, revenues were 13.7% lower in Q2 2021 compared to Q2 2020, at $55.2 million, compared to $63.9 million in the second quarter of 2020. However, product shipments were at similar levels to Q2 2020, and exceeded production revenues in Q2 2021, leading to reduced finished goods inventories. Revenue in Q2 2020 was only starting to feel the effects of COVID-19 and had also been positively impacted from non-core sales of COVID-19 related PPE products.
- Gross margin was 28.7% of revenue, and gross profit was $15.8 million, down from 30.7% and $19.6 million, respectively, from the second quarter of 2020. Product mix continued to be strong, however revenue headwinds and shortfalls in production revenue vs. shipments, impacted gross margin.
- Net income was $0.2 million compared with a net income of $4.2 million in the second quarter of 2020.
- Adjusted EBITDA was $7.3 million or 13.2% of revenue, compared to $13.5 million or 21.1% of revenue in the second quarter of 2020. However, $2.0 million of the gap is explained by the higher mark-to-market compensation expenses and $2.1 million is explained by lower government grant income compared to last year.
- Basic and diluted EPS of $0.00 compared with $0.10; basic and diluted adjusted EPS of $0.02 compared with $0.11.

MANAGEMENT COMMENTARY

"In my first full quarter with DCM, our leadership team was focused on establishing plans to accelerate our transition from a "print first" to a "digital first" company. While consumer movements during the second quarter were slow to return to normal, we continued to stay focused on building a better business. As we look out through the second half of the year, as long as the economy continues to open with the current pace, and consumer movements follow, we are extremely optimistic of building a bigger business. Our pipeline of new opportunities and RFPs that we capture in our forecast and CRM system is currently up over 25% compared to the same time last year," said Richard Kellam, President and CEO of DCM.

The Company continued to accelerate the pace of digital development in the second quarter, including to enhance its current offering of tech-enabled services and marketing workflow capabilities. This includes continued development of the DCM | Flex platform, plus development of its enterprise-level digital asset management solution.

"While we are still early in our evolution to a "digital first" organization, our commercial team has already built a strong client penetration pipeline with more than $20 million of tech-enabled marketing workflow opportunities. I am personally pleased with our accelerated pace to digital," Mr. Kellam continued.

SECOND QUARTER EARNINGS CALL

The Company will host a conference call and webcast to review Q2 2021 results on Wednesday, August 11, 2021 at 9.00 a.m. Eastern time. DCM will be using Microsoft Teams to broadcast the call, which will be accessible via the options below:

Join on your computer or mobile app
Click here to join the meeting

Or call in (audio only)
+1 647-749-9154, 526 995 97# Canada, Toronto
Phone Conference ID: 526 995 97#
Find a local number |

Website URL
https://bit.ly/3xt8Euw

A replay of the call will also be available on the Company's website following the call.

For the periods ended June 30, 2021 and 2020 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**April 1 to June 30, 2021**	April 1 to June 30, 2020	**January 1 to June 30, 2021**	January 1 to June 30, 2020
Revenues	**$ 55,207**	$ 63,936	**$ 117,568**	$ 141,351
Gross profit	**15,842**	19,630	**34,635**	41,271
Gross profit, as a percentage of revenues	**28.7 %**	30.7 %	**29.5 %**	29.2 %
Selling, general and administrative expenses	**14,924**	15,441	**30,429**	32,626
As a percentage of revenues	**27.0 %**	24.2 %	**25.9 %**	23.1 %
Adjusted EBITDA	**7,292**	13,459	**16,579**	23,938
As a percentage of revenues	**13.2 %**	21.1 %	**14.1 %**	16.9 %
Net income for the period	**187**	4,232	**1,499**	6,442
Adjusted net income	**870**	4,686	**3,637**	7,450
As a percentage of revenues	**1.6 %**	7.3 %	**3.1 %**	5.3 %
Basic and diluted earnings per share	**$ 0.00**	$ 0.10	**$ 0.03**	$ 0.15
Adjusted net income per share, basic and diluted	**$ 0.02**	$ 0.11	**$ 0.08**	$ 0.17
Weighted average number of common shares outstanding, basic	**43,926,019**	43,047,030	**43,926,019**	43,047,030
Weighted average number of common shares outstanding, diluted	**46,174,209**	43,047,030	**45,750,869**	43,047,030

About DATA Communications Management Corp.

DCM is a communication solutions partner that adds value for large enterprises by creating more meaningful connections with their customers. Our technology-enabled content and workflow management capabilities solve the complex branding, communications, logistics and regulatory requirements of Canada's leading enterprises. We pair customer insights and thought leadership with cutting-edge products, modular enabling technology, and services to power our clients' go-to-market strategies. We help our clients manage how their brands come to life, determine which channels are right for them, manage multimedia campaigns, deploy location-specific and 1:1 marketing, execute custom loyalty programs, and fulfill their commercial printing needs all in one place.

Our extensive experience has positioned us as experts at providing communication solutions across many verticals, including the financial, retail, healthcare, cannabis, energy, and public sectors. Thanks to our locations throughout Canada and in the United States, we meet our clients' varying needs with scale, speed, and efficiency – no matter how large or complex the ask - delivered through our technology-enabled service model.

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 DCM, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this press release, words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect DCM’s current views regarding future events and operating performance, are based on information currently available to DCM, and speak only as of the date of this press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance, objectives or achievements of DCM to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that DCM made or took into account in the preparation of these forward-looking statements include: risks relating to the continuing impact of the COVID-19 pandemic, the impact of which could be material on DCM’s business, liquidity and results of operations; DCM’s ability to continue as a going concern is dependent upon its ability to comply with its financial covenants for at least the next twelve months which is contingent on management’s ability to meet forecast revenue, profitability and cash collection targets; risks relating to DCM’s ability to access sufficient capital, including, without limitation, under its existing revolving credit facility, on favourable terms to fund its liquidity and business plans from internal and external sources; the risk that DCM will not be successful in negotiating amendments to the terms of its existing credit facilities including, without limitation, the financial covenants of DCM under these facilities; the limited growth in the traditional printing industry and the potential for further declines in sales of DCM’s printed business documents relative to historical sales levels for those products; the risk that changes in the mix of products and services sold by DCM will adversely affect DCM’s financial results; the risk that DCM may not be successful in reducing the size of its legacy print business, realizing the benefits expected from restructuring and business reorganization initiatives, reducing costs, reducing and repaying its long term debt, and growing its digital and marketing communications businesses; the risk that DCM may not be successful in managing its organic growth; DCM’s ability to invest in, develop and successfully market new digital and other products and services; competition from competitors supplying similar products and services, some of whom have greater economic resources than DCM and are well-established suppliers; DCM’s ability to grow its sales or even maintain historical levels of its sales of printed business documents; the impact of economic conditions on DCM’s businesses; risks associated with acquisitions and/or investments in joint ventures by DCM; the failure to realize the expected benefits from the acquisitions it has made and risks associated with the integration and growth of such businesses; increases in the costs of paper and other raw materials used by DCM; and DCM’s ability to maintain relationships with its customers and suppliers. Additional factors are discussed elsewhere in this press release and under the headings "Liquidity and capital resources" and “Risks and Uncertainties” in DCM’s management’s discussion and analysis and in DCM’s other publicly available disclosure documents, as filed by DCM on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, DCM does not intend and does not assume any obligation to update these forward-looking statements.

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 EBITDA means EBITDA adjusted for restructuring expenses, other income, and one-time business reorganization costs. Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, other income, one-time business reorganization costs and the tax effects of those items. Adjusted net income (loss) per share (basic and diluted) is calculated by dividing Adjusted net income (loss) for the period by the weighted average number of common shares of DCM (basic and diluted) outstanding during the period. In addition to net income (loss), DCM uses non-IFRS measures including Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA to provide investors with supplemental measures of DCM's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. DCM also believes that securities analysts, investors, rating agencies and other interested parties frequently use non-IFRS measures in the evaluation of issuers. DCM's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess its ability to meet future debt service, capital expenditure and working capital requirements. Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DCM's performance. For a reconciliation of net income (loss) to EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA, see Table 3 in the most recent Management's Discussion & Analysis filed on www.sedar.com. For a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 4 in the most recent Management's Discussion & Analysis filed on www.sedar.com.

Condensed interim consolidated statements of financial position

(in thousands of Canadian dollars, unaudited)

	June 30, 2021	December 31, 2020
	$	**$**
Assets		
Current assets		
Cash and cash equivalents	**163**	578
Trade receivables	**55,257**	65,290
Inventories	**9,054**	8,514
Prepaid expenses and other current assets	**1,419**	1,521
Income taxes receivable	**870**	—
	66,763	75,903
Non-current assets		
Other non-current assets	**561**	581
Deferred income tax assets	**3,588**	3,163
Restricted cash	**515**	515
Property, plant and equipment	**8,558**	9,783
Right-of-use assets	**37,012**	42,341
Pension assets	**1,284**	203
Intangible assets	**13,439**	14,459
Goodwill	**16,973**	16,973
	148,693	163,921
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	**34,906**	39,999
Current portion of credit facilities	**6,385**	6,172
Current portion of promissory notes	**—**	1,154
Current portion of lease liabilities	**7,178**	8,032
Provisions	**2,627**	1,186
Income taxes payable	**3,154**	1,608
Deferred revenue	**2,334**	2,798
	56,584	60,949
Non-current liabilities		
Provisions	**—**	90
Credit facilities	**32,199**	39,567
Promissory notes	**—**	975
Lease liabilities	**35,637**	40,321
Deferred income tax liabilities	**101**	282
Pension obligations	**7,647**	8,271
Other post-employment benefit plans	**3,577**	3,507
	135,745	153,962
Equity		
Shareholders' equity / (Deficit)		
Shares	**256,321**	256,260
Warrants	**879**	850
Contributed surplus	**2,706**	2,354
Translation reserve	**141**	192
Deficit	**(247,099)**	(249,697)
	12,948	9,959
	148,693	163,921

Condensed interim consolidated statements of operations

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the three months ended June 30, 2021**	For the three months ended June 30, 2020
	$	**$**
Revenues	**55,207**	63,936
Cost of revenues	**39,365**	44,306
Gross profit	**15,842**	19,630
Expenses		
Selling, commissions and expenses	**6,137**	6,841
General and administration expenses	**8,787**	8,600
Restructuring expenses	**918**	265
	15,842	15,706
Income before finance costs, other income and income taxes	**—**	3,924
Finance costs		
Interest expense on long term debt and pensions, net	**1,088**	1,097
Interest expense on lease liabilities	**628**	814
Debt modification losses	**—**	629
Amortization of transaction costs	**176**	151
	1,892	2,691
Other income		
Government grant income	**2,411**	4,547
Income before income taxes	**519**	5,780
Income tax expense		
Current	**1,126**	590
Deferred	**(794)**	958
	332	1,548
Net Income for the period	**187**	4,232
Other comprehensive income:		
Items that may be reclassified subsequently to net income		
Foreign currency translation	**(28)**	(64)
	(28)	(64)
Items that will not be reclassified to net income		
Re-measurements of pension and other post-employment benefit obligations	**205**	(4,419)
Taxes related to pension and other post-employment benefit adjustment above	**(44)**	1,116
	161	(3,303)
Other comprehensive income (loss) for the period, net of tax	**133**	(3,367)
Comprehensive income for the period	**320**	865
Basic earnings per share	**—**	0.10
Diluted earnings per share	**—**	0.10

Condensed interim consolidated statements of operations

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the six months ended June 30, 2021**	For the six months ended June 30, 2020
	$	$
Revenues	**117,568**	141,351
Cost of revenues	**82,933**	100,080
Gross profit	**34,635**	41,271
Expenses		
Selling, commissions and expenses	**12,803**	14,456
General and administration expenses	**17,626**	18,170
Restructuring expenses	**4,325**	1,008
	34,754	33,634
(Loss) income before finance costs, other income and income taxes	**(119)**	7,637
Finance costs		
Interest expense on long term debt and pensions, net	**1,806**	2,308
Interest expense on lease liabilities	**1,322**	1,704
Debt modification losses	**—**	625
Amortization of transaction costs	**321**	261
	3,449	4,898
Other income		
Government grant income	**4,319**	6,169
Other income	**1,452**	—
Income before income taxes	**2,203**	8,908
Income tax expense		
Current	**1,672**	590
Deferred	**(968)**	1,876
	704	2,466
Net income for the period	**1,499**	6,442
Other comprehensive income:		
Items that may be reclassified subsequently to net income		
Foreign currency translation	**(51)**	(42)
	(51)	(42)
Items that will not be reclassified to net income		
Re-measurements of pension and other post-employment benefit obligations	**1,461**	88
Taxes related to pension and other post-employment benefit adjustment above	**(362)**	(22)
	1,099	66
Other comprehensive income for the period, net of tax	**1,048**	24
Comprehensive income for the period	**2,547**	**6,466**
Basic earnings per share	**0.03**	0.15
Diluted earnings per share	**0.03**	0.15

Condensed interim consolidated statements of cash flows

(in thousands of Canadian dollars, unaudited)	**For the six months ended June 30, 2021**	For the six months ended June 30, 2020
	$	**$**
Cash provided by (used in)		
Operating activities		
Net income for the period	**1,499**	6,442
Items not affecting cash		
Depreciation of property, plant and equipment	**1,582**	1,869
Amortization of intangible assets	**2,065**	2,111
Depreciation of right-of-use-assets	**4,407**	4,796
Interest expense on lease liabilities	**1,322**	1,704
Share-based compensation expense	**352**	38
Pension expense	**239**	261
Provisions	**4,325**	1,008
Amortization of transaction costs and debt modification losses	**291**	886
Accretion of non-current liabilities and capitalized interest expense	**(35)**	372
Other post-employment benefit plans, net	**70**	69
Income tax expense	**704**	2,466
	16,821	22,022
Changes in working capital	**3,989**	(3,373)
Contributions made to pension plans, net	**(483)**	(518)
Provisions paid	**(2,974)**	(2,684)
Income taxes paid	**(996)**	(149)
	16,357	15,298
Investing activities		
Purchase of property, plant and equipment	**(357)**	(105)
Purchase of intangible assets	**(1,045)**	—
	(1,402)	(105)
Financing activities		
Exercise of warrants	**10**	—
Repayment of credit facilities	**(7,355)**	(8,167)
Repayment of other liabilities	**—**	(200)
Repayment of promissory notes	**(2,185)**	(535)
Transaction costs	**—**	(227)
Lease payments	**(5,868)**	(5,435)
	(15,398)	(14,564)
Change in Cash (Bank overdraft) during the period	**(443)**	629
Cash and cash equivalents (Bank overdraft) – beginning of period	**578**	(1,093)
Effects of foreign exchange on cash balances	**28**	(13)
Cash and cash equivalents (Bank overdraft) – end of period	**163**	(477)