For Immediate Release

DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES SECOND QUARTER 2023 FINANCIAL RESULTS

Brampton, Ontario – August 10, 2023 – DATA Communications Management Corp. (TSX: DCM; OTCQX: DCMDF) ("DCM" or the "Company"), a leading provider of marketing and business communication solutions to companies across North America, is pleased to report continued momentum in the second quarter of 2023 with revenue up +74.7%, and gross profit up +56.7%, compared to the second quarter of 2022, respectively. Year over year growth is primarily driven by the acquisition of Moore Canada Corporation ("MCC"). The combined business achieved growth from expansion revenue with existing clients, new client wins, and continuing progress passing raw material increases on to our customers.

SECOND QUARTER 2023 HIGHLIGHTS - BUILDING A BIGGER BUSINESS

- Revenue for the second quarter of 2023 was up +74.7%, or +$50.9 million, vs. Q2 year ago (YA), for total revenues of $119.0 million. This revenue growth is primarily driven by additional revenues from the acquisition of MCC;
- Gross profit accelerated +56.7%, or +$11.6 million for a total of $32.0 million; Gross profit margin was 26.9% for the second quarter of 2023 vs. 30.0% YA. As expected, the lower average gross margins of MCC contributed to a lower overall gross margin. Planned initiatives to drive synergies and optimize our operational footprint are already in action, and are expected to improve consolidated gross margins;
- Adjusted EBITDA[1] increased +48.6% compared to last year, and was $13.8 million or 11.6% of revenue vs. $9.3 million or 13.7% of revenues YA. Adjusted EBITDA as a percentage of revenues declined due to the lower average gross margins of MCC;
- One-time adjustments recorded of $3.8 million in costs related to the acquisition and integration of MCC and restructuring costs of $2.7 million for the quarter;
- Total net debt at the end of the second quarter of 2023 was $93.6 million (total debt less cash on hand), down more than 30% since closing the MCC acquisition. During the second quarter of 2023, DCM financed 100% of the MCC with debt, and subsequently made repayments totaling $60.4 million, of which $24.5 million related to the Bank Credit Facility, $23.1 million to the Real Estate Bridge Loan, $6.1 million to repaying in full the FPD IV and FPD V term loans, and the remaining balance was applied towards regular principal repayments on term loans.

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[1] **Note**: EBITDA, Adjusted EBITDA, Adjusted EBITDA as a percentage of revenues, Adjusted net income (loss) and Adjusted net income (loss) as a percentage of revenues are not earnings measures recognized by International Financial Reporting Standards (IFRS), do not have any standardized meanings prescribed by IFRS and might not be comparable to similar financial measures disclosed by other issuers. EBITDA, Adjusted EBITDA, Adjusted EBITDA as a percentage of revenues, Adjusted net income (loss) and Adjusted net income (loss) as a percentage of revenues should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DCM's performance. For a description of the composition of EBITDA, Adjusted EBITDA, Adjusted EBITDA as a percentage of revenues, Adjusted net income (loss) and Adjusted net income (loss) as a percentage of revenues, why we believe such measures are useful to investors and how we use those measures in our business, together with a quantitative reconciliation of net income (loss) to EBITDA, Adjusted EBITDA and Adjusted net income (loss), respectively, see the information under the heading "Non-IFRS Measures" and the information set forth on Table 2 and Table 3.

SECOND QUARTER 2023 OPERATIONAL HIGHLIGHTS – BUILDING A BETTER BUSINESS

- On April 24, 2023, DCM closed the acquisition of MCC for a total cash purchase price of $130.8 million. During the quarter, the total post-closing working capital adjustments to the purchase price were $4.9 million for a total cash purchase price of $135.8 million. MCC is now a wholly-owned subsidiary of DCM. The acquisition was funded through a revolving, floating rate credit facility from a Canadian chartered bank, which includes up to $90 million of revolving credit capacity; a $30 million floating rate term loan facility from the bank; and a new $50 million fixed rate credit facility from Fiera Private Debt.
- DCM commenced planned initiatives to drive organizational synergies. Restructuring expenses of $2.7 million were recorded in connection with a reduction in the size of our combined team by approximately 30 associates. On an annualized basis, we expect savings of approximately $4.2 million from this initiative.
- On May 25, 2023, DCM completed a private placement ("Offering") of common shares of the Company (“Common Shares”), and issued 8,707,200 Common Shares at a price per share of $3.00 for gross proceeds of $26.1 million (or $24.2 million after closing costs). In connection with the Offering, the Company issued to the Agents broker warrants enabling them to acquire up to 261,216 Common Shares at a price of $3.1627 per share.
- On June 8, 2023, DCM entered into a sale and leaseback of its Oshawa, Ontario warehouse facility, acquired as part of the Company's acquisition of MCC. The sale generated $24.1 million in gross proceeds ($23.1 million in net proceeds). As DCM intends to use the Oshawa facility, the Company entered into a ten-year lease agreement with options to extend the lease term for a total additional term of up to ten years. The lease term also includes a capital improvement allowance of $1.5 million.

MANAGEMENT COMMENTARY

“We’d like to remind shareholders that we closed the MCC acquisition on April 24, 2023, and the results we are reporting include the combined results of our DCM business and MCC’s operations for one week in April, plus the months of May and June, so not quite a full quarter,” said Richard Kellam, CEO and President of DCM.

“Gross profit as a percentage of revenue for the second quarter of 2023 exceeded our expectations. The opportunity to enhance MCC profit margins was one of the key aspects of our acquisition deal logic and we have a clear plan in place to return our combined gross profit margins to pre-acquisition levels.”

“Another key element in our deal logic was MCC’s relatively lower SG&A expenses as a percentage of revenues, and we expect this will contribute to our objectives of zero and even negative overhead growth going forward.”

“We are making great progress on our integration strategy led by our combined Commercial team, whose collaborative efforts are delivering strong results including contract renewals, new business wins, and a growing pipeline. We are very optimistic we will deliver on our revenue plan and of exceeding our targeted 5% annual revenue growth rate.”

“We remain on track to achieve our targeted total annualized post-merger synergies in the range of $25 - $30 million over the next 18 - 24 months and have already announced $4.2 million of this target has been achieved to date. We are moving forward with plans to optimize our operational footprint and announced our decision during the quarter to close our plants in Edmonton, Alberta and Fergus, Ontario and to transfer production to other facilities in our network.”

“In the procurement area, our team is well on track to deliver anticipated savings by harmonizing our purchasing activities and leveraging our expanded scale to secure more favorable pricing for raw materials. We’ll report back on anticipated savings from these initiatives in the coming quarters.”

SECOND QUARTER 2023 EARNINGS CALL

The Company will host a conference call and webcast on Friday, August 11, 2023, at 9.00 a.m. Eastern time. Mr. Kellam, and James Lorimer, CFO, will present the second quarter 2023 results followed by a live Q&A period.

Instructions on how to access both the webcast and telephone call are available below. For those unable to join live, a replay of the webcast will be available on the DCM Investor Relations page.

DCM will be using Microsoft Teams to broadcast our earnings call, which will be accessible via the options below:

Click here to join the meeting

Meeting ID: 294 185 849 646
Passcode: fLoJbK

Or call in (audio only)
+1 647-749-9154,,643054499# Canada, Toronto
Phone Conference ID: 643 054 499#

The Company's full results will be posted on its Investor Relations page and on www.sedar.com. A video message from Mr. Kellam will also be posted on the Company's website.

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

For the periods ended June 30, 2023 and 2022 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**April 1 to June 30, 2023**	April 1 to June 30, 2022	**January 1 to June 30, 2023**	January 1 to June 30, 2022
Revenues	**$ 118,963**	$ 68,103	**$ 195,040**	$ 137,360
Gross profit	**32,037**	20,442	**55,810**	40,766
Gross profit, as a percentage of revenues	**26.9 %**	30.0 %	**28.6 %**	29.7 %
Selling, general and administrative expenses	**23,004**	13,957	**36,879**	27,147
As a percentage of revenues	**19.3 %**	20.5 %	**18.9 %**	19.8 %
Adjusted EBITDA	**13,823**	9,302	**26,588**	19,204
As a percentage of revenues	**11.6 %**	13.7 %	**13.6 %**	14.0 %
Net (loss) income for the period	**(2,879)**	3,757	**(5,311)**	7,470
Adjusted net income	**3,778**	3,625	**9,667**	7,678
As a percentage of revenues	**3.2 %**	5.3 %	**5.0 %**	5.6 %
Basic (loss) earnings per share	**$ (0.06)**	$ 0.09	**$ (0.11)**	$ 0.17
Diluted (loss) earnings per share	**$ (0.06)**	$ 0.08	**$ (0.11)**	$ 0.16
Adjusted net income per share, basic	**$ 0.08**	$ 0.08	**$ 0.21**	$ 0.17
Adjusted net income per share, diluted	**$ 0.08**	$ 0.08	**$ 0.21**	$ 0.17
Weighted average number of common shares outstanding, basic	**49,055,088**	44,062,831	**46,572,750**	44,062,831
Weighted average number of common shares outstanding, diluted	**49,055,088**	46,501,606	**46,572,750**	46,529,426

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.

EBITDA and Adjusted EBITDA reconciliation

For the periods ended June 30, 2023 and 2022 *(in thousands of Canadian dollars, unaudited)*	**April 1 to June 30, 2023**	April 1 to June 30, 2022	**January 1 to June 30, 2023**	January 1 to June 30, 2022
Net (loss) income for the period	**$ (2,879)**	$ 3,757	**$ (5,311)**	$ 7,470
Interest expense, net	**3,499**	1,343	**4,582**	2,598
Amortization of transaction costs and debt extinguishment gain, net	**107**	86	**179**	173
Current income tax expense	**690**	1,522	**2,337**	2,660
Deferred income tax (recovery) expense	**(1,293)**	(47)	**(2,901)**	440
Depreciation of property, plant and equipment	**1,365**	781	**2,056**	1,561
Amortization of intangible assets	**701**	403	**1,164**	811
Depreciation of the ROU Asset	**2,724**	1,633	**4,437**	3,213
EBITDA	**$ 4,914**	$ 9,478	**$ 6,543**	$ 18,926
Acquisition and integration costs	**3,837**	—	**9,955**	—
Restructuring expenses	**2,729**	—	**2,729**	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	**2,343**	(176)	**7,361**	278
Adjusted EBITDA	**$ 13,823**	$ 9,302	**$ 26,588**	$ 19,204

TABLE 3 The following table provides reconciliations of net (loss) income to Adjusted net income and a presentation of Adjusted net income per share for the periods noted.

Adjusted net income reconciliation

For the periods ended June 30, 2023 and 2022 *(in thousands of Canadian dollars, except share and per share amounts, unaudited)*	**April 1 to June 30, 2023**	April 1 to June 30, 2022	**January 1 to June 30, 2023**	January 1 to June 30, 2022
Net (loss) income for the period	**$ (2,879)**	$ 3,757	**$ (5,311)**	$ 7,470
Acquisition and integration costs	**3,837**	—	**9,955**	—
Restructuring expenses	**2,729**	—	**2,729**	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	**2,343**	(176)	**7,361**	278
Tax effect of the above adjustments	**(2,252)**	44	**(5,067)**	(70)
Adjusted net income	**$ 3,778**	$ 3,625	**$ 9,667**	$ 7,678
Adjusted net income per share, basic	**$ 0.08**	$ 0.08	**$ 0.21**	$ 0.17
Adjusted net income per share, diluted	**$ 0.08**	$ 0.08	**$ 0.21**	$ 0.17
Weighted average number of common shares outstanding, basic	**49,055,088**	44,062,831	**46,572,750**	44,062,831
Weighted average number of common shares outstanding, diluted	**49,055,088**	46,501,606	**46,572,750**	46,529,426

About DATA Communications Management Corp.

DCM is a marketing and business communications partner that helps companies simplify the complex ways they communicate and operate, so they can accomplish more with fewer steps and less effort. For over 60 years, DCM has been serving major brands in vertical markets including financial services, retail, healthcare, energy, other regulated industries, and the public sector. We integrate seamlessly into our clients' businesses thanks to our deep understanding of their needs, transformative tech-enabled solutions, and end-to-end service offering. Whether we're running technology platforms, sending marketing messages, or managing print workflows, our goal is to make everything surprisingly simple.

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, and which could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements, include: our operating results are sensitive to economic conditions, which can have a significant impact on us, and uncertain economic conditions may have a material adverse effect on our business, results of operations and financial condition; our ability to successfully integrate the DCM and Moore Canada Corporation ("MCC") businesses and realize anticipated benefits from the combination of those businesses, including revenue and profitability growth from an enhanced offering of products and services, larger customer base and cost reductions from synergies; there is limited growth in the traditional printing business, which may impact our ability to grow our sales or even maintain historical levels of sales of printed business and marketing communications materials; competition from competitors supplying similar products and services, some of whom have greater economic resources than us and are well established suppliers; increases in the cost of, and supply constraints related to, paper, ink and other raw material inputs used by DCM, as well as increases in freight costs, may adversely impact the availability of raw materials and our production, revenues and profitability; our ability to meet our revenue, profitability and debt reduction targets; our ability to comply with our financial covenants under our credit facilities or to obtain financial covenant waivers from our lenders if necessary; our ability to complete the proposed sales and leasebacks of certain properties and substantially reduce our bank term loan and total indebtedness; we may not be successful in obtaining capital to fund our business plans on satisfactory terms (or at all), including, without, limitation, with respect to investments in digital innovation (such as the development and successful marketing and sale of new digital capabilities), and capital expenditures; all of our outstanding indebtedness under our bank credit facility is subject to floating interest rates, and therefore is subject to fluctuations in interest rates, an increase of which would increase our borrowing costs. 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, integration costs, acquisition costs and the net fair value (gains) losses on financial liabilities at fair value through profit or loss for restricted share units ("RSUs") and deferred shared units ("DSUs"). Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, acquisition costs, integration costs, net fair value (gains) losses on financial liabilities at fair value through profit or loss for RSUs and DSUs 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. Adjusted EBITDA as a percentage of revenues means Adjusted EBITDA divided by revenues and Adjusted net income (loss) as a percentage of revenues means Adjusted net income (loss) divided by revenues, in each case for the same period. In addition to net income (loss), DCM uses non-IFRS measures and ratios, including Adjusted net income (loss), Adjusted net income (loss) per share, Adjusted net income (loss) as a percentage of revenues, EBITDA, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues 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, Adjusted net income (loss) as a percentage of revenues, EBITDA, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenues 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, a reconciliation of net income (loss) to Adjusted EBITDA, reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 2 and Table 3 above.

Condensed interim consolidated statements of financial position

(in thousands of Canadian dollars, unaudited)

	June 30, 2023 $	December 31, 2022 $
Assets		
Current assets		
Cash and cash equivalents	**$ 20,973**	$ 4,208
Trade receivables	**105,085**	54,630
Inventories	**38,486**	20,220
Prepaid expenses and other current assets	**5,632**	2,984
Income taxes receivable	**—**	15
	170,176	82,057
Non-current assets		
Other non-current assets	**1,158**	466
Deferred income tax assets	**10,278**	4,830
Property, plant and equipment	**29,727**	6,779
Right-of-use assets	**91,507**	33,505
Pension assets	**2,784**	2,364
Intangible assets	**14,057**	2,507
Goodwill	**43,851**	16,973
	$ 363,538	$ 149,481
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	**$ 75,100**	$ 44,133
Current portion of credit facilities	**9,701**	11,667
Current portion of lease liabilities	**12,019**	6,791
Provisions	**2,940**	1,316
Income taxes payable	**331**	1,630
Deferred revenue	**5,745**	3,942
	105,836	69,479
Non-current liabilities		
Credit facilities	**102,996**	15,380
Lease liabilities	**84,850**	33,011
Pension obligations	**18,649**	6,069
Other post-employment benefit plans	**3,661**	2,695
Asset retirement obligation	**2,741**	—
	$ 318,733	$ 126,634
Equity		
Shareholders' equity		
Shares	**$ 283,738**	$ 256,478
Warrants	**219**	869
Contributed surplus	**2,729**	3,131
Translation Reserve	**206**	207
Deficit	**(242,087)**	(237,838)
	$ 44,805	$ 22,847
	$ 363,538	$ 149,481

Condensed interim consolidated statements of operations

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the three months ended June 30, 2023**	For the three months ended June 30, 2022	**For the six months ended June 30, 2023**	For the six months ended June 30, 2023
	$	$	**$**	**$**
Revenues	**$ 118,963**	$ 68,103	**195,040**	137,360
Cost of revenues	**86,926**	47,661	**139,230**	96,594
Gross profit	**32,037**	20,442	**55,810**	40,766
Expenses				
Selling, commissions and expenses	**9,850**	7,244	**18,171**	14,261
General and administration expenses	**13,154**	6,713	**18,708**	12,886
Restructuring expenses	**2,729**	—	**2,729**	—
Acquisition and integration costs	**3,837**	—	**9,955**	—
Net fair value (gains) losses on financial liabilities at fair value through profit or loss	**2,343**	(176)	**7,361**	278
	31,913	13,781	**56,924**	27,425
Income before finance and other costs, and income taxes	**124**	6,661	**(1,114)**	13,341
Finance costs				
Interest expense on long term debt and pensions,	**2,480**	779	**3,023**	1,470
Interest expense on lease liabilities	**1,019**	564	**1,559**	1,128
Amortization of transaction costs net of debt extinguishment gain	**107**	86	**179**	173
	3,606	1,429	**4,761**	2,771
(Loss) income before income taxes	**(3,482)**	5,232	**(5,875)**	10,570
Income tax expense				
Current	**690**	1,522	**2,337**	2,660
Deferred	**(1,293)**	(47)	**(2,901)**	440
	(603)	1,475	**(564)**	3,100
Net (loss) Income for the period	**$ (2,879)**	$ 3,757	**(5,311)**	7,470

Condensed interim consolidated statements of cash flows

(in thousands of Canadian dollars, unaudited)	**For the six months ended June 30, 2023**	For the six months ended June 30, 2022
	$	$
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	**$ (5,311)**	$ 7,470
Items not affecting cash		
Depreciation of property, plant and equipment	**2,056**	1,561
Amortization of intangible assets	**1,164**	811
Depreciation of right-of-use-assets	**4,437**	3,213
Interest expense on lease liabilities	**1,559**	1,128
Share-based compensation expense	**269**	148
Pension expense	**430**	218
Loss on disposal of property, plant and equipment	**—**	9
Provisions	**2,729**	—
Amortization of transaction costs, accretion of debt premium/ discount, net of debt extinguishment gain	**179**	293
Accretion of non-current liabilities	**6**	—
Other post-employment benefit plans expense	**208**	136
Income tax (recovery) expense	**(564)**	3,100
Changes in working capital	**13,163**	(12,415)
Contributions made to pension plans	**(528)**	(482)
Contributions made to other post-employment benefit plans	**(90)**	(88)
Provisions paid	**(1,785)**	(2,633)
Income taxes paid	**(3,305)**	(368)
	14,617	2,101
Investing activities		
Net cash consideration for acquisition of MCC	**(126,031)**	—
Proceeds on sale and leaseback transaction	**24,091**	—
Purchase of property, plant and equipment	**(1,298)**	(419)
Purchase of intangible assets	**(14)**	—
Proceeds on disposal of property, plant and equipment	**58**	56
	(103,194)	(363)
Financing activities		
Issuance of common shares and broker warrants, net	**24,221**	—
Exercise of warrants	**489**	—
Exercise of options	**751**	—
Proceeds from credit facilities	**147,640**	7,800
Repayment of credit facilities	**(60,367)**	(5,918)
Decrease in restricted cash	**—**	515
Transaction costs	**(1,802)**	—
Lease payments	**(5,568)**	(4,265)
	105,364	(1,868)
Change in cash and cash equivalents during the period	**16,787**	(130)
Cash and cash equivalents – beginning of period	**$ 4,208**	$ 901
Effects of foreign exchange on cash balances	**(22)**	4
Cash and cash equivalents – end of period	**$ 20,973**	$ 775