For Immediate Release

DATA GROUP LTD. ANNOUNCES FOURTH QUARTER AND YEAR END FINANCIAL RESULTS FOR 2015 AND REFINANCING OF SENIOR CREDIT FACILITY

HIGHLIGHTS

FOURTH QUARTER 2015

- Revenues of $81.0 million, an increase of 0.8% year over year
- Adjusted EBITDA of $8.4 million, an increase of 34.8% year over year (See Table 2 and "Non-GAAP Measures" below)
- Net Income of $13.4 million, including restructuring expenses of $1.5 million and gain on redemption of convertible debentures of $12.8 million compared to Net Income of $1.6 million, including restructuring expenses of $0.8 million in the prior comparative period
- Adjusted Net Income of $3.4 million, an increase of 62.1% year over year (See Table 3 and "Non-GAAP Measures" below)
- Completed redemption of $33.5 million 6.00% convertible unsecured subordinated debentures for 975,262,140 shares

FISCAL 2015

- Revenues of $304.6 million, a decrease of 2.7% year over year
- Adjusted EBITDA of $21.1 million, a decrease of 6.1% year over year (See Table 2 and "Non-GAAP Measures" below)
- Net Loss of $19.2 million, including restructuring expenses of $13.6 million, goodwill impairment of $26.0 million and gain on redemption of convertible debentures of $12.8 million compared to Net Income of $4.5 million, including restructuring expenses of $2.8 million in the prior comparative period
- Adjusted Net Income of $5.8 million, a decrease of $0.7 million or 11.1% compared to the prior comparative period (See Table 3 and "Non-GAAP Measures" below)

RECENT EVENTS

- Completed refinancing of senior credit facility on March 11, 2016
- Corporate rebranding as "DATA Communications Management"

Brampton, Ontario – March 11, 2016 – DATA Group Ltd. (TSX: DGI) ("DATA Group") announced its consolidated financial results for the fourth quarter and the year ended December 31, 2015.

“In the fourth quarter of 2015, we continued to see a positive impact in our financial results from the substantial headcount and plant rationalizations we implemented in the second and third quarters of 2015”, said Michael G. Sifton, President and Chief Executive Officer of DATA Group. “The impact of lower direct and indirect labour costs, improved utilization rates at our key plants, and marginally higher levels of revenue compared to the fourth quarter of last year, contributed positively to gross margins which improved to 24.4% from 23.3% in the prior comparable period. In addition, our Adjusted EBITDA margin of 10.3% for the quarter benefited from headcount reductions and other savings initiatives we implemented across our selling, general and administrative functions throughout the year, compared to an Adjusted EBITDA margin of 7.7% in the prior period. We expect to see the continued benefits from our operational initiatives in 2016."

DATA Group's total headcount now stands at 1,430, a net reduction of 210 employees since December 31, 2014. DATA Group continues to experience significantly higher capacity utilization rates across its six key “centres of excellence”. While DATA Group will continue to carefully manage its operations, it is turning its efforts to stabilizing its revenue, including a renewed focus on core vertical markets where it has a strong competitive advantage and where it sees opportunities for improved product margin together with growth opportunities.

RE-FINANCING OF SENIOR CREDIT FACILITIES

DATA Group also announced it has refinanced its former senior credit facilities by establishing a revolving credit facility (the “Bank Credit Facility”) with a Canadian chartered bank (the “Bank”) and an amortizing term loan facility (the “IPD Credit Facility”) from the Integrated Private Debt division (“IPD”) of Integrated Asset Management Corp. (“IAM”) (TSX: IAM) pursuant to separate credit agreements, each dated March 10, 2016, between DATA Group and the Bank (the “Bank Credit Agreement”) and IPD (the “IPD Credit Agreement”), respectively. Approximately $43.3 million of the total available principal amount available to DATA Group under the IPD Credit Agreement and the Bank Credit Agreement has been used to fully repay DATA Group’s outstanding indebtedness under its former senior credit facilities, which would have matured in August 2016. As at March 11, 2016, DATA Group had outstanding borrowings of $15.9 million and letters of credit granted of $2.2 million under the Bank Credit Facility, and outstanding borrowings of $28.0 million under the IPD Credit Facility.

The Bank Credit Facility has a maximum available principal amount of $25.0 million, a portion of which consists of a non-revolving term credit facility in a maximum principal amount of $5.0 million as well as a committed treasury facility pursuant to which the Bank may, in its sole discretion, agree to enter into non-speculative hedging arrangements, subject to certain restrictions. Advances under the credit facility may not, at any time, exceed the lesser of $25.0 million and a fixed percentage of DATA Group’s aggregate accounts receivable and inventory (less certain amounts). Advances under the Bank Credit Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin of 75 basis points. The term facility portion of the Bank Credit Facility matures on the earlier of March 10, 2018 and the date on which the Bank Credit Facility is terminated pursuant to the Bank Credit Agreement. The Bank Credit Facility matures on the earlier of March 10, 2019 and the date on which the Bank Credit Facility is terminated pursuant to the Bank Credit Agreement.

The IPD Credit Facility matures on March 10, 2023 and has a maximum available principal amount of $28.0 million. Indebtedness outstanding under the IPD Credit Facility bears interest at a fixed rate equal to 6.95% per annum. Under the terms of the IPD Credit Agreement, DATA Group is required to make mandatory blended equal monthly repayments of principal and interest such that, on maturity, advances under the IPD Credit Facility and applicable interest on those advances will have been fully repaid. Repayments cannot be reborrowed. DATA Group may, upon prior written notice to IPD, prepay the IPD Credit Facility in whole, but not in part, at any time provided that DATA Group pays IPD a prepayment premium equal to the greater of three months' interest on the amount prepaid and the difference between (i) the present value of the principal and interest payments that would have been made had the prepayment not been made, discounted at the rate determined by IPD based on the yield on Government of Canada debt obligations having terms approximately equal to the term from the date of prepayment to the original maturity date of the IPD Credit Facility; and (ii) the face value of the principal amount being prepaid at the date of prepayment. Under the terms of the IPD Credit Agreement, DATA Group must ensure that the aggregate of the principal amount outstanding under the IPD Credit Facility and the principal amount outstanding under the Bank Credit Facility does not exceed $50.0 million.

Both the Bank Credit Agreement and the IPD Credit Agreement contain customary representations and warranties, covenants which require DATA Group to maintain certain financial ratios and restrictive covenants which limit the discretion of the Board of Directors and management with respect to certain business matters including the declaration or payment of dividends on the common shares of DATA Group without the consent of the Bank or IPD, as applicable. The Bank Credit Facility limits spending on capital expenditures by DATA Group to an aggregate amount not to exceed $5.5 million during any fiscal year, and the IPD Credit Agreement limits the incurrence of capital expenditures to no more than $5.0 million in any fiscal year.

A failure by DATA Group to comply with its obligations under the Bank Credit Agreement or the IPD Credit Agreement, together with certain other events, including a change of control of DATA Group, could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under each of those agreements.

Each of the Bank Credit Facility and the IPD Credit Facility is secured by conventional security charging all the property and assets of DATA Group and its affiliates. The payment of the principal of, and interest on, DATA Group’s outstanding 6.00% Convertible Unsecured Subordinated Debentures (the “6.00% Convertible Debentures”) is subordinated in right of payment to the prior payment in full of DATA Group’s indebtedness under the Bank Credit Agreement and the IPD Credit Agreement.

REDEMPTION OF CONVERTIBLE DEBENTURES FOR SHARES

In December 2015, DATA Group redeemed $33.5 million aggregate principal amount (or approximately 75%) of its $44.7 million outstanding 6.00% Convertible Debentures. DATA Group elected to satisfy its redemption obligation by issuing 975,262,140 common shares to holders of 6.00% Convertible Debentures redeemed, in lieu of cash, together with a cash payment equal to accrued and unpaid interest on the 6.00% Convertible Debentures redeemed. This redemption provided a number of important benefits to DATA Group, including: eliminating a significant obstacle to refinancing its senior credit facility indebtedness; reducing DATA Group’s outstanding total debt by approximately 37.5%; the reduction of annual cash interest expense by $2.0 million; additional financial flexibility; and increased customer, supplier and investor confidence in DATA Group's long term viability.

CORPORATE REBRANDING AS "DATA COMMUNCIATIONS MANAGEMENT"

To support DATA Group's efforts to stabilize and grow revenue, it has been developing a renewed strategic plan, customer value story and marketplace identity. In March 2016, DATA Group announced a complete corporate rebranding, including a new operating name. Effective immediately, the Company will operate as "DATA Communications Management" and feature a new logo, website, web domain (www.datacm.com) and "go to market" strategy.

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 December 31, 2015 and 2014 *(in thousands of Canadian dollars, except per share amounts, unaudited)*	**Oct. 1 to Dec. 31, 2015** **$**	**Oct. 1 to Dec. 31, 2014** **$**	**Jan. 1 to Dec. 31, 2015** **$**	**Jan. 1 to Dec. 31, 2014** **$**
Revenues	81,010	80,371	304,575	313,175
Cost of revenues	61,237	61,627	233,505	238,563
Gross profit	19,773	18,744	71,070	74,612
Selling, general and administrative expenses	12,578	13,715	54,714	57,074
Restructuring expenses	1,545	769	13,560	2,804
Impairment of goodwill	—	—	26,000	—
Gain on redemption of convertible debentures	(12,766)	—	(12,766)	—
Gain on cancellation of convertible debentures	—	(43)	—	(103)
Amortization of intangible assets	504	479	1,949	1,916
Income (loss) before finance costs and income taxes	17,912	3,824	(12,387)	12,921
Finance costs				
Interest expense	1,370	1,486	5,599	6,124
Interest income	(1)	(6)	(11)	(21)
Amortization of transaction costs	163	175	468	591
	1,532	1,655	6,056	6,694
Income (loss) before income taxes	16,380	2,169	(18,443)	6,227
Income tax expense (recovery)				
Current	941	36	1,191	69
Deferred	2,034	553	(462)	1,679
	2,975	589	729	1,748
Net income (loss) for the year	13,405	1,580	(19,172)	4,479
Net income (loss) attributable to common shareholders	13,405	1,580	(19,172)	4,479
Basic and diluted earnings (loss) per share	0.11	0.07	(0.40)	0.19
Weighted average number of common shares outstanding	118,896,671	23,490,592	47,538,152	23,490,592

As at December 31, 2015, 2014 and 2013 *(in thousands of Canadian dollars, unaudited)*	**As at Dec. 31, 2015** **$**	**As at Dec. 31, 2014** **$**
Current assets	80,125	83,619
Current liabilities	90,298	46,176
Total assets	134,067	164,977
Total non-current liabilities	24,750	100,388
Shareholders' (deficiency) equity	19,019	18,413

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 December 31, 2015 and 2014 *(in thousands of Canadian dollars, unaudited)*	**Oct. 1 to Dec. 31, 2015** $	**Oct. 1 to Dec. 31, 2014** $	**Jan. 1 to Dec. 31, 2015** $	**Jan. 1 to Dec. 31, 2014** $
Net income (loss) for the year	13,405	1,580	(19,172)	4,479
Interest expense	1,370	1,486	5,599	6,124
Interest income	(1)	(6)	(11)	(21)
Amortization of transaction costs	163	175	468	591
Current income tax expense	941	36	1,191	69
Deferred income tax expense (recovery)	2,034	553	(462)	1,679
Depreciation of property, plant and equipment	1,182	1,186	4,754	4,940
Amortization of intangible assets	504	479	1,949	1,916
EBITDA	19,598	5,489	(5,684)	19,777
Restructuring expenses	1,545	769	13,560	2,804
Impairment of goodwill	—	—	26,000	—
Gain on redemption of convertible debentures	(12,766)	—	(12,766)	—
Gain on cancellation of convertible debentures	—	(43)	—	(103)
Adjusted EBITDA	8,377	6,215	21,110	22,478

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 for the periods noted. See "Non-GAAP Measures".

Adjusted Net Income (Loss) Reconciliation

For the periods ended December 31, 2015 and 2014 *(in thousands of Canadian dollars, except per share amounts, unaudited)*	**Oct. 1 to Dec. 31, 2015** $	**Oct. 1 to Dec. 31, 2014** $	**Jan. 1 to Dec. 31, 2015** $	**Jan. 1 to Dec. 31, 2014** $
Net income (loss) for the year	13,405	1,580	(19,172)	4,479
Restructuring expenses	1,545	769	13,560	2,804
Impairment of goodwill	—	—	26,000	—
Gain on redemption of convertible debentures	(12,766)	—	(12,766)	—
Gain on cancellation of convertible debentures	—	(43)	—	(103)
Tax effect of the above adjustments	1,253	(186)	(1,858)	(693)
Adjusted net (loss) income	3,437	2,120	5,764	6,487
Adjusted net income (loss) per share, basic and diluted	0.03	0.09	0.12	0.28
Pro forma Adjusted net income (loss) per share, basic and diluted [(1)]	0.0034	0.0021	0.0058	0.0065
Weighted average number of common shares outstanding	118,896,671	23,490,592	47,538,152	23,490,592
Number of common shares outstanding	998,752,732	23,490,592	998,752,732	23,490,592

Note:

(1) On December 23, 2015, DATA Group issued 975,262,140 shares in connection with the redemption of approximately 75% of its 6.00% Convertible Debentures. Pro forma Adjusted net income (loss) per share, a non-GAAP measure, assumes Adjusted net income (loss) per share was calculated on the basis of the total number of shares outstanding at December 31, 2015, rather than the weighted average number of shares outstanding at the period end, given the significant dilution that occurred with eight days left in the fiscal year.

Revenues

For the quarter ended December 31, 2015, DATA Group recorded revenues of $81.0 million, an increase of $0.6 million or 0.8% compared with the same period in 2014. The increase in revenues was due to revenue gains from enterprise customers and strong year end demand for label products. The increase was partially offset by declines in revenues from existing customers due to pricing concessions and changes in product mix. DATA Group recorded revenues of $304.6 million, a decrease of $8.6 million or 2.7% compared with the same period in 2014. The decrease in revenues for the year ended December 31, 2015 was primarily due to a reduction in orders from existing customers for print-related products and services, price concessions associated with maintaining existing customer contracts in response to aggressive pricing by DATA Group's competitors supplying similar products and services, reduced demand for printed products generally, non-recurring projects, timing of customer orders and a change in product mix.

Cost of Revenues and Gross Profit

For the quarter ended December 31, 2015, cost of revenues decreased to $61.2 million from $61.6 million for the same period in 2014. Gross profit for the quarter ended December 31, 2015 was $19.8 million, which represented an increase of $1.0 million or 5.5% from $18.7 million for the same period in 2014. Gross profit as a percentage of revenues increased to 24.4% for the quarter ended December 31, 2015 compared to 23.3% for the same period in 2014. The increase in gross profit was primarily due to cost reductions in direct and indirect labour costs from the closure of our Granby, Québec warehouse and cost savings associated with the closure of our Brampton, Ontario warehouse. For the year ended December 31, 2015, cost of revenues decreased to $233.5 million from $238.6 million for the same period in 2014. Gross profit for the year ended December 31, 2015 was $71.1 million, which represented a decrease of $3.5 million or 4.7% from $74.6 million for the same period in 2014. The decrease in gross profit as a percentage of revenues for the year ended December 31, 2015 was due to a decrease in revenues, the impact of competitive pricing and changes in product mix, which were partially offset by cost reductions realized from prior cost savings initiatives. These cost savings included headcount reductions which helped reduce direct and indirect labour costs, and the renegotiation of agreements for a number of raw material input costs.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses, excluding amortization of intangible assets, for the quarter ended December 31, 2015 decreased $1.1 million or 8.3% to $12.6 million compared to $13.7 million in the same period in 2014. As a percentage of revenues, these costs were 15.5% of revenues for the quarter ended December 31, 2015 compared to 17.1% of revenues for the same period in 2014. SG&A expenses, excluding amortization of intangible assets, for the year ended December 31, 2015 decreased $2.4 million or 4.1% to $54.7 million compared to $57.1 million for the same period of 2014. As a percentage of revenues, these costs were 18.0% and 18.2% of revenues for the years ended December 31, 2015 and 2014, respectively. The decrease in SG&A expenses for the quarter ended December 31, 2015 was attributable to the benefits realized from headcount reductions and other cost savings initiatives in SG&A implemented in 2015. The decrease in SG&A expenses for the year ended December 31, 2015 was primarily attributable to cost savings initiatives implemented in 2015 including headcount reductions across sales, general and administration functions and was partially offset by the write off of leasehold improvements at closed facilities.

Restructuring Expenses

For the year ended December 31, 2015, DATA Group announced and completed a significant number of strategic actions to improve its financial performance, resulting in total restructuring expenses of $13.6 million comprised of (i) $11.2 million of restructuring expenses due to changes in senior management, headcount reductions across DATA Group's operations and the closure of certain manufacturing and warehouse locations, and a (ii) charge to onerous contracts of $2.3 million for lease exit charges for a closed warehouse in Brampton, Ontario and closed facilities in Calgary, Alberta and Vancouver, British Columbia, respectively. These actions included the implementation of a net workforce reduction plan of more than 200, the refocusing of its operations into "centres of excellence" at six key plants, and the continued shift of its product offering and mix to achieve higher average gross margins, while establishing a disciplined product management culture. While the most significant actions in fiscal 2015 were largely announced in August, 2015, they were substantially completed by the end of September 2015.

The headcount reductions implemented resulted in a reduction in total compensation expenses by more than $10.0 million on an annualized basis, and were effected across the entire organization with benefits commencing in the third quarter and particularly in the fourth quarter of 2015. Following these initiatives, lower direct and indirect labour costs, together with improved utilization rates at our key plants contributed positively to improved gross margins, despite lower levels of revenue compared to the prior fiscal year. In addition, Adjusted EBITDA margins benefited from headcount reduction and other savings initiatives DATA Group implemented across its senior executive, sales, and general and administrative functions.

For comparison, in the year ended December 31, 2014, DATA Group incurred restructuring expenses of $2.8 million related to headcount reductions, management changes, consulting fees and the closure of one manufacturing location that did not result in a charge related to an onerous contract.

For the quarter ended December 31, 2015, DATA Group incurred restructuring expenses of $1.5 million primarily related to a lease exit charge related to the closure of its Vancouver, British Columbia manufacturing location as part of its 2015 restructuring initiatives as well as additional headcount reductions completed in the fourth quarter of 2015. For the quarter ended December 31, 2014, DATA Group incurred restructuring expenses of $0.8 million related to headcount reductions, management changes, consulting fees and the closure of one manufacturing location as part of its 2014 restructuring initiatives.

Impairment of Goodwill

During the second quarter of 2015, impairment indicators, including changes in the revenue trends and profit forecasts and the failure to meet certain financial covenants under its credit facilities, indicated that DATA Group's assets may be impaired. As a result of this new information, DATA Group performed an impairment analysis at June 30, 2015 by comparing the fair value of each cash generating unit ("CGU") to the CGU's carrying value. As a result of that review, DATA Group concluded that the fair value of its DATA CGU was less than its carrying value. Accordingly, DATA Group recorded an impairment of goodwill of $26.0 million related to the DATA CGU during the three month period ended June 30, 2015.

During the fourth quarter of 2015, DATA Group performed its annual review of impairment of goodwill by comparing the fair value of each CGU to the CGU's carrying value. DATA Group determined the fair value of each CGU by discounting expected future cash flows in accordance with recognized valuation methods. The process of determining those fair values required DATA Group to make a number of estimates and assumptions such as projected future revenues, costs of revenues, operating margins, market conditions well into the future, and discount rates. As a result of that review, DATA Group concluded that no further goodwill impairment charges were required.

Gain on Redemption of Convertible Debentures

During the year ended December 31, 2015, DATA Group redeemed $33.5 million aggregate principal amount of its $44.7 million outstanding 6.00% Convertible Debentures on December 23, 2015 (the “Redemption Date”). DATA Group elected to satisfy its obligation by issuing and delivering to holders of 6.00% Convertible Debentures redeemed common shares of DATA Group (the “Common Shares”) in lieu of cash. On redemption, holders of the 6.00% Convertible Debentures received: (i) a number of Common Shares equal to the principal amount of 6.00% Convertible Debentures redeemed on the Redemption Date divided by 95% of the volume-weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ended on December 16, 2015, and (ii) a cash payment equal to accrued and unpaid interest on the 6.00% Convertible Debentures redeemed up to but excluding the Redemption Date, less any applicable withholding taxes. On the Redemption Date, DATA Group issued 975,262,140 Common Shares, which, based on the formula described above, was calculated using a volume-weighted average trading price of $0.03619 per share. Under IFRS, the Common Shares issued were determined to have a fair value on the Redemption Date of $0.02 per share. Common Shares having a fair value of $19.5 million for purposes of IFRS were issued to satisfy the redemption price of the 6.00% Convertible Debentures redeemed on the Redemption Date, which had a carrying value of $32.7 million on that date. This resulted in a gain on redemption of convertible debentures of $13.2 million for purposes of IFRS. Transaction costs of $0.4 million were incurred to execute the redemption and have been netted against the gain on redemption of convertible debentures.

Gain on cancellation of Convertible Debentures

During the year ended December 31, 2014, DATA Group commenced a normal course issuer bid ("NCIB") to purchase a portion of the outstanding 6.00% Convertible Debentures and recorded a gain of $0.1 million related to the cancellation of debentures purchased under the NCIB.

Adjusted EBITDA

For the quarter ended December 31, 2015, Adjusted EBITDA was $8.4 million, or 10.3% of revenues. Adjusted EBITDA for the quarter ended December 31, 2015 increased $2.2 million or 34.8% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, increased from 7.7% of revenues in 2014 to 10.3% of revenues in 2015. For the year ended December 31, 2015, Adjusted EBITDA was $21.1 million, or 6.9% of revenues. Adjusted EBITDA for the year ended December 31, 2015 decreased $1.4 million or 6.1% from the same period in the prior year and the Adjusted EBITDA margin for the period, as a percentage of revenues, decreased from 7.2% of revenues in 2014 to 6.9% of revenues in 2015. The increase in Adjusted EBITDA for the quarter ended December 31, 2015 was due to cost savings realized as a result of prior restructuring initiatives. The decrease in Adjusted EBITDA for the year ended December 31, 2015 was attributable to a decline in revenues, which was primarily a result of lower production volumes, pricing concessions and changes in product mix, and was largely offset by cost savings initiatives announced and commenced in the second quarter, and substantially completed in the third quarter of 2015.

Interest Expense

Interest expense, including interest on debt outstanding under DATA Group's former credit facilities, on its outstanding 6.00% Convertible Debentures, on certain unfavourable lease obligations related to closed facilities and on DATA Group's employee benefit plans, was $1.4 million for the quarter ended December 31, 2015 compared to $1.5 million for the same period in 2014, and was $5.6 million for the year ended December 31, 2015 compared to $6.1 million for the same period in 2014. Interest expense for the quarter ended and year ended December 31, 2015 were lower than the same periods in the prior year primarily as a result of a reduction in debt outstanding under DATA Group's former credit facilities, respectively.

Income Taxes

DATA Group reported income before income taxes of $16.4 million, a current income tax expense of $0.9 million and a deferred income tax expense of $2.0 million for the quarter ended December 31, 2015 compared to income before income taxes of $2.2 million and a deferred income tax expense of $0.6 million for the quarter ended December 31, 2014. DATA Group reported a loss before income taxes of $18.4 million, a current income tax expense of $1.2 million and a deferred income tax recovery of $0.5 million for the year ended December 31, 2015 compared to income before income taxes of $6.2 million and a deferred income tax expense of $1.7 million for the year ended December 31, 2014. The current income tax expense was due to the taxes payable on DATA Group's estimated taxable income for the years ended December 31, 2015. The deferred income tax expense and deferred income tax recovery were due to changes in estimates of future reversals of temporary differences and new temporary differences that arose during the years ended December 31, 2015 and 2014.

Net Income (Loss)

Net income for the quarter ended December 31, 2015 was $13.4 million compared to net income of $1.6 million for the quarter ended December 31, 2014. The increase in comparable profitability for the quarter ended December 31, 2015 was substantially due to a gain for purposes of IFRS on redemption of convertible debentures, cost savings realized as a result of prior restructuring initiatives that led to a decline in SG&A expenses and cost of revenues, a reduction in amortization of intangible assets and current income tax expense during the quarter ended December 31, 2015. The increase in comparable profitability was partially offset by higher restructuring expenses and by larger current and deferred tax expense during the quarter ended December 31, 2015. Net loss for the year ended December 31, 2015 was $19.2 million compared to net income of $4.5 million for the year ended December 31, 2014. The decrease in comparable profitability for the year ended December 31, 2015 was substantially due to lower gross profit as a result of lower revenues, higher restructuring expenses, a goodwill impairment charge, and a larger current income tax expense during the year ended December 31, 2015, respectively. The decrease in comparable profitability was partially offset by cost savings realized as a result of the significant restructuring initiatives in 2015 that led to a decline in SG&A expenses, a gain on redemption of convertible debentures, lower interest expense and a deferred tax recovery during the year ended December 31, 2015.

Adjusted Net Income (Loss)

Adjusted net income for the quarter ended December 31, 2015 was $3.4 million compared to Adjusted net income of $2.1 million for the same period in 2014. The increase in comparable profitability for the quarter ended December 31, 2015 was substantially due to marginally higher revenues, lower SG&A expenses as the result of cost savings realized as a result of period prior restructuring initiatives and positive changes in product mix. Adjusted net income for the year ended December 31, 2015 was $5.8 million compared to Adjusted net income $6.5 million for the same periods in 2014. The decrease in comparable profitability for the year ended December 31, 2015 was attributable to lower gross profit as a result of declines in revenues primarily attributable to lower production volumes, pricing concessions and changes in product mix, and was partially offset by lower direct and indirect labour costs and SG&A expenses attributable to cost savings realized as a result of the restructuring initiatives in 2015.

INVESTING ACTIVITIES

Capital expenditures for the three and twelve months ended December 31, 2015 were $0.3 million and $4.3 million, respectively. These capital expenditures, which were financed by cash flow from operations, were related primarily to maintenance capital expenditures and the consolidation of three existing manufacturing facilities into one new manufacturing facility in Calgary, Alberta. The capital expenditures related to the new manufacturing facility in Calgary, Alberta totaled approximately $3.8 million of which approximately $3.2 million was paid during the year ended December 31, 2015 and the balance was paid in 2014.

FINANCING ACTIVITIES

During the three and twelve months ended December 31, 2015, DATA Group repaid $1.0 million and $4.0 million, respectively, of the principal amount outstanding under the former credit facilities.

About DATA Group Ltd.

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, 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, 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 Group Ltd. is available on www.datagroup.ca, and in the disclosure documents filed by DATA Group Ltd. 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 Group, 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 Group’s current views regarding future events and operating performance, are based on information currently available to DATA Group, 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 Group 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 Group 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 Group’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 Group which are related to reduced demand for its printed products will continue to adversely affect DATA Group’s financial results; the risk that DATA Group may not be successful 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 Group may not be successful in managing its organic growth; DATA Group’s ability to invest in, develop and successfully market new digital and other products and services, some of whom have greater economic resources than DATA Group and are well-established supplier; competition from competitors supplying similar products and services; DATA Group’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 Group’s businesses; risks associated with acquisitions by DATA Group; increases in the costs of paper and other raw materials used by DATA Group; and DATA Group’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 Group’s management’s discussion and analysis and in DATA Group’s other publicly available disclosure documents, as filed by DATA Group 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 Group 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 months ended December 31, 2015 means EBITDA adjusted for restructuring expenses and a gain on redemption of convertible debentures. Adjusted EBITDA for the three months ended December 31, 2014 means EBITDA adjusted for restructuring expenses and gains on the cancellation of convertible debentures purchased by DATA Group in the market. Adjusted EBITDA for the year ended December 31, 2015 means EBITDA adjusted for restructuring expenses, a gain on redemption of convertible debentures and a goodwill impairment charge. Adjusted EBITDA for the year ended December 31, 2014 means EBITDA adjusted for restructuring expenses and gains on the cancellation of convertible debentures purchased by DATA Group in the market. Adjusted net income (loss) for the three months ended December 31, 2015 means net income (loss) adjusted for restructuring expense, a gain on redemption of convertible debentures and the tax effects of those items. Adjusted net income (loss) for the three months ended December 31, 2014 means net income (loss) adjusted for restructuring expense, gains on the cancellation of convertible debentures purchased by DATA Group in the market and the tax effects of those items. Adjusted net income (loss) for the year ended December 31, 2015 means net income (loss) adjusted for restructuring expenses, gain on the redemption of convertible debentures, a goodwill impairment charge and the tax effects of those items. Adjusted net income (loss) for the year ended December 31, 2014 means net income (loss) adjusted for restructuring expenses, gains on the cancellation of convertible debentures purchased by DATA Group in the market and the tax effects of those items. Adjusted net income (loss) per share, basic is calculated by dividing Adjusted net income for the period by the weighted average number of shares (basic and diluted) outstanding during the period. DATA Group believes that, in addition to net income (loss), Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of DATA Group and its predecessors. 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 Group'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)	**December 31, 2015**	**December 31, 2014**
	$	**$**
Assets		
Current assets		
Cash and cash equivalents	871	812
Trade receivables	38,051	37,175
Inventories	37,053	40,045
Prepaid expenses and other current assets	4,150	5,587
	80,125	83,619
Non-current assets		
Deferred income tax assets	2,070	1,508
Property, plant and equipment	14,422	15,523
Pension asset	770	—
Intangible assets	5,614	7,261
Goodwill	31,066	57,066
	134,067	164,977
Liabilities		
Current liabilities		
Current portion of Credit facilities	43,095	3,500
Trade payables	29,766	29,061
Provisions	5,723	2,042
Income taxes payable	903	154
Deferred revenue	10,811	11,419
	90,298	46,176
Non-current liabilities		
Provisions	1,483	1,361
Credit facilities	—	43,382
Convertible debentures	10,912	43,222
Deferred income tax liabilities	76	50
Other non-current liabilities	1,362	548
Pension obligations	8,354	8,949
Other post-employment benefit plans	2,563	2,876
	115,048	146,564
Equity		
Shareholders' equity		
Shares	234,782	215,336
Conversion options	128	513
Contributed surplus	385	—
Accumulated other comprehensive income	306	92
Deficit	(216,582)	(197,528)
	19,019	18,413
	134,067	164,977

CONSOLIDATED STATEMENTS OF INCOME

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the three months ended December 31, 2015**	**For the three months ended December 31, 2014**
	$	**$**
Revenues	81,010	80,371
Cost of revenues	61,237	61,627
Gross profit	19,773	18,744
Expenses		
Selling, commissions and expenses	7,847	8,854
General and administration expenses excluding amortization of intangible assets	4,731	4,861
Restructuring expenses	1,545	769
Gain on redemption of convertible debentures	(12,766)	—
Gain on cancellation of convertible debentures	—	(43)
Amortization of intangible assets	504	479
	1,861	14,920
Income before finance costs and income taxes	17,912	3,824
Finance costs		
Interest expense	1,370	1,486
Interest income	(1)	(6)
Amortization of transaction costs	163	175
	1,532	1,655
Income before income taxes	16,380	2,169
Income tax expense (recovery)		
Current	941	36
Deferred	2,034	553
	2,975	589
Net income for the period	13,405	1,580
Basic earnings per share	0.11	0.07
Diluted earnings per share	0.11	0.07

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the year ended December 31, 2015 $**	**For the year ended December 31, 2014 $**
Revenues	304,575	313,175
Cost of revenues	233,505	238,563
Gross profit	71,070	74,612
Expenses		
Selling, commissions and expenses	33,194	35,162
General and administration expenses excluding amortization of intangible assets	21,520	21,912
Restructuring expenses	13,560	2,804
Impairment of goodwill	26,000	—
Gain on redemption of convertible debentures	(12,766)	—
Gain on cancellation of convertible debentures	—	(103)
Amortization of intangible assets	1,949	1,916
	83,457	61,691
(Loss) income before finance costs and income taxes	(12,387)	12,921
Finance costs		
Interest expense	5,599	6,124
Interest income	(11)	(21)
Amortization of transaction costs	468	591
	6,056	6,694
(Loss) income before income taxes	(18,443)	6,227
Income tax expense (recovery)		
Current	1,191	69
Deferred	(462)	1,679
	729	1,748
Net (loss) income for the year	(19,172)	4,479
Basic (loss) earnings per share	(0.40)	0.19
Diluted (loss) earnings per share	(0.40)	0.19

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars, unaudited)	**For the three months ended December 31, 2015**	**For the three months ended December 31, 2014**
	$	**$**
Net income for the period	13,405	1,580
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net income		
Foreign currency translation	61	29
	61	29
Items that will not be reclassified to net income		
Re-measurements of post-employment benefit obligations	(601)	(223)
Taxes related to post-employment adjustment above	157	57
	(444)	(166)
Other comprehensive loss for the period, net of tax	(383)	(137)
Comprehensive income for the period	13,022	1,443

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands of Canadian dollars, unaudited)	**For the year ended December 31, 2015 $**	**For the year ended December 31, 2014 $**
Net (loss) income for the year	(19,172)	4,479
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net (loss) income		
Foreign currency translation	214	62
	214	62
Items that will not be reclassified to net (loss) income		
Re-measurements of post-employment benefit obligations	159	(5,650)
Taxes related to post-employment adjustment above	(41)	1,450
	118	(4,200)
Other comprehensive income (loss) for the year, net of tax	332	(4,138)
Comprehensive (loss) income for the year	(18,840)	341

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars, unaudited)	Shares	Conversion options	Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
	$	$		$	$	$
Balance as at December 31, 2013	215,336	516	—	30	(197,807)	18,075
Net income for the year	—	—	—	—	4,479	4,479
Other comprehensive income (loss) for the year	—	—	—	62	(4,200)	(4,138)
Total comprehensive income (loss) for the year	—	—	—	62	279	341
Cancellation of convertible debentures	—	(3)	—	—	—	(3)
Balance as at December 31, 2014	215,336	513	—	92	(197,528)	18,413
Balance as at December 31, 2014	215,336	513	—	92	(197,528)	18,413
Net loss for the year	—	—	—	—	(19,172)	(19,172)
Other comprehensive income for the year	—	—	—	214	118	332
Total comprehensive income (loss) for the year	—	—	—	214	(19,054)	(18,840)
Shares issued on the redemption of convertible debentures	19,446	(385)	385	—	—	19,446
Balance as at December 31, 2015	234,782	128	385	306	(216,582)	19,019

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)	**For the three months ended December 31, 2015 $**	**For the three months ended December 31, 2014 $**
Cash provided by (used in)		
Operating activities		
Net income for the period	13,405	1,580
Adjustments to net income		
Depreciation of property, plant and equipment	1,182	1,186
Amortization of intangible assets	504	479
Pension expense	153	133
Loss on disposal of property, plant and equipment	22	—
Gain on redemption of convertible debentures	(12,766)	—
Gain on cancellation of convertible debentures	—	(43)
Provisions	1,545	769
Amortization of transaction costs	163	175
Accretion of convertible debentures	75	75
Other non-current liabilities	254	(76)
Other post-employment benefit plans, net	(463)	(40)
Income tax credits recognized	—	(378)
Income tax expense	2,975	589
	7,049	4,449
Changes in working capital	(4,013)	892
Contributions made to pension plans	(481)	(154)
Provisions paid	(2,795)	(883)
Income taxes (paid) received	(232)	210
	(472)	4,514
Investing activities		
Purchase of property, plant and equipment	(281)	(1,423)
Proceeds on disposal of property, plant and equipment	15	21
	(266)	(1,402)
Financing activities		
Repayment of credit facilities	(1,000)	(750)
Repurchase of convertible debentures	—	(80)
Proceeds from loan payable	1	—
Repayment of loan payable	(19)	—
Finance and transaction costs	(552)	(216)
Finance lease payments	(10)	(9)
	(1,580)	(1,055)
(Decrease) in cash and cash equivalents / decrease in (bank overdraft) during the period	(2,318)	2,057
Cash and cash equivalents (bank overdraft) – beginning of period	3,153	(1,263)
Effects of foreign exchange on cash balances	36	18
Cash and cash equivalents – end of period	871	812

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)	**For the year ended December 31, 2015 $**	**For the year ended December 31, 2014 $**
Cash provided by (used in)		
Operating activities		
Net (loss) income for the year	(19,172)	4,479
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	4,754	4,940
Amortization of intangible assets	1,949	1,916
Pension expense	609	530
Loss (gain) on disposal of property, plant and equipment	56	(149)
Impairment of goodwill	26,000	—
Gain on redemption of convertible debentures	(12,766)	—
Gain on cancellation of convertible debentures	—	(103)
Provisions	13,560	2,804
Amortization of transaction costs	468	591
Accretion of convertible debentures	212	295
Other non-current liabilities	692	(270)
Other post-employment benefit plans, net	(250)	134
Tax credits recognized	(181)	(378)
Income tax expense	729	1,748
	16,660	16,537
Changes in working capital	3,521	(445)
Contributions made to pension plans	(1,878)	(2,538)
Provisions paid	(9,757)	(4,138)
Income taxes (paid) received	(380)	637
	8,166	10,053
Investing activities		
Purchase of property, plant and equipment	(4,300)	(3,207)
Purchase of intangible assets	(302)	—
Proceeds on disposal of property, plant and equipment	654	182
	(3,948)	(3,025)
Financing activities		
Repayment of credit facilities	(4,000)	(6,250)
Repurchase of convertible debentures	—	(187)
Proceeds from loan payable	342	—
Repayment of loan payable	(32)	—
Finance and transaction costs	(565)	(263)
Finance lease payments	(37)	(27)
	(4,292)	(6,727)
(Decrease) increase in cash and cash equivalents during the year	(74)	301
Cash and cash equivalents – beginning of year	812	478
Effects of foreign exchange on cash balances	133	33
Cash and cash equivalents – end of year	871	812