



DataWind Inc. Announces Record Revenue in its Fiscal Third Quarter 2015

Mississauga, ON, February 12, 2015- DataWind Inc. (“DataWind” or the “Company”) (TSX: DW), a leader in the delivery of internet access in emerging markets, today announced its financial results for the three and nine months ended December, 31, 2014. All figures are in Canadian dollars unless otherwise noted.

Highlights

- Unit sales of 144,766, up 115% from Q3 2014.
- Revenue of \$8.5 million, up 54% or \$3.0 million, from Q3 2014.
- Gross profit of \$1.5 million, up 45% from Q3 2014.
- Net Loss of \$2.0 million compared to a net loss of \$0.6 million, due to the increase in sales and marketing costs.
- Partnered with HomeShop18, India’s largest TV home shopping network, expanding retail distribution.
- Expanded product offering to include lower cost tablets and smartphones.
- Subsequent to quarter, announced national coverage with a major Indian wireless carrier.

“We delivered record revenue in the quarter,” said Suneet Singh Tuli, President and Chief Executive Officer of DataWind. “Unit sales were up 115% over last year and 18% compared to last quarter, driven by increasing demand through our direct sales channels and our expanding retail distribution network. We now have a second agreement with a national wireless carrier in place and the ability to offer bundled internet service with every tablet we ship, positioning us for significant growth in the coming quarters. Working with this leading wireless carrier enables us to offer nation-wide internet service coverage, add more subscribers to our already fast-growing customer base and build a recurring revenue stream.”

Financial Summary

Revenue

Revenue was \$8.5 million for the three months ended December 31, 2014 (Q3 2015), compared to \$5.5 million for the three months ended December 31, 2013 (Q3 2014), an increase of 54%. Unit sales were 144,766 for Q3 2015, an increase of 115% compared to Q3 2014. The increase in revenue was a result of higher unit sales made possible by the additional working capital provided by the IPO and the Company's expanded channel partnerships. Management believes this reflects DataWind's strategy that its core product offering is addressing the affordability challenge facing its target market.

Gross Profit

Gross profit was \$1.5 million or 18% of sales in Q3 2015, compared to \$1.0 million or 19% of sales in the same period last year. Gross profit was up 45% from Q2 2015. The improvement in margin quarter-over-quarter was largely a result of a reduction in sales to government institutions and an increased ability to control costs with sub-contract manufacturers.

Gross profit as a percentage of sales, adjusted for the Company's third party financing instrument, was 22% for Q3 2015 and essentially flat year-over-year. Prior to the IPO, the third party financing instrument was used to finance its inventory. The third party financing instrument is in the final stages of restructuring in order to eliminate the interest charge from the Company's margin calculation.

General and Administrative

General and administrative (G&A) costs, which include sales and marketing expenses, were \$3.0 million in Q3 2015, compared to \$1.2 million in the same period last year. The change came as the result of increased staff in the Company's direct sales call center as well as training for on-site sales staff in the more than 1,000 retail locations that carry the Company's devices.

Research and Development

Research and development (R&D) costs were \$0.6 million in Q3 2015, compared to \$0.4 million in the same period last year. The increase is due to the hiring of additional product developers, a reduction in the anticipated SR&ED recoveries and expanded development work related to new product releases. R&D is a key focus for DataWind, and the Company will continue to invest in R&D to enhance its cutting edge, proprietary, cloud-based internet delivery platform.

Net Loss

Net loss in Q3 2015 was \$2.0 million, or \$0.09 per common share (basic and fully diluted), compared to a net loss of \$0.6 million or \$0.004 per common share (basic and fully diluted), in the same period last year. The change is primarily a result of the increased G&A and R&D

expenses.

Liquidity

Working capital was \$18.1 million at December 31, 2014 compared to working capital of \$20.1 million at September 30, 2014. The change in working capital is the result of the operational loss in the quarter.

Conference Call Details

Date: Thursday, February 12, 2015
Time: 5:00 p.m. (EST)
Dial In Number: (647)427-7450
(888) 231-8191
Conference ID: 77691157
Live Webcast: <http://bit.ly/1Es4Hsc>

About DataWind

DataWind is a leader in low-cost Internet connectivity for emerging markets. DataWind's mission is to bring the Internet, which has the ability to create tremendous social and economic benefits, to billions of unconnected people in the developing world. The Company's *Internet Delivery Platform* offers a low-cost Internet browsing solution by bundling an affordable tablet device with an inexpensive, pre-paid, 2G Internet service plan. DataWind is traded on the Toronto Stock Exchange (TSX: DW). For more information visit www.datawind.com.

Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information includes information with respect to our goals, beliefs, plans, expectations, anticipations, estimates and intentions. Forward-looking information is identified by the use of terms and phrases such as "may," "would," "should," "could," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "believe," and "continue," or the negative of these terms and similar terminology, including references to assumptions. Please note, however, that not all forward-looking information contains these terms and phrases. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control. These risks and uncertainties could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors identified in the Company's prospectus dated June 27, 2014, which is

available on the SEDAR website at www.sedar.com. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

No securities regulatory authority has either approved or disapproved the contents of this press release.

For further information, please contact:

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