



DATAWIND

DataWind Inc. Announces Second Quarter 2015 Results with 41% Increase in Unit Sales over Q1

Mississauga, November 13, 2014 - 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 six months ended September, 30, 2014. All figures are in Canadian dollars unless otherwise noted.

Highlights

- Unit sales of 122,215, up 48% from Q2 2014 and up 41% from Q1 2015.
- Revenue of \$6.7 million, up 23% or \$1.3 million from Q1 2015.
- Increased sales supported by working capital provided by IPO part way through the quarter.
- Gross profit of \$1.0 million, up 118% from Q2 2014 and up 29% from Q1 2015.
- Net Loss of \$3.2 million compared to a net loss of \$1.0 million, due to \$1.6 million in non-recurring IPO and reorganization related costs.
- Expanded product offering included lower cost tablets and smartphones.
- Expanded retail distribution to more than 1,000 locations in India through agreements with UniverCell and Spice Retail.
- Completed an IPO for gross proceeds of \$30.0 million and started trading on the TSX under the symbol DW.

“With the success of the IPO, we now have a stronger balance sheet and the working capital to meet the increasing demand in the market for our products,” said Suneet Singh Tuli, President and Chief Executive Officer of DataWind. “Our expansion beyond the direct-to-consumer channel continues to gain momentum as we partner with large retailers in India. We’re continuing to negotiate with large network providers in India to roll-out our coverage nationwide. In fiscal 2015, we intend to introduce data plans to our existing customers that purchased tablets prior to the launch of our bundled-service offering.”

Financial Summary

Revenue

Revenue was \$6.7 million for the three months ended September 30, 2014 (Q2 2015), compared to \$6.4 million for the three months ended September 30, 2013 (Q2 2014), an increase of 5%. Revenue increased 23% from Q1 2015. Unit sales were 122,215 for Q2 2015, and increase of 48% and 41% compared to Q2 2014 and Q1 2015, respectively. The increase in revenue was a result of higher unit sales made possible by the additional working capital provided by the IPO part way

through the quarter and the expanded channel partnerships, partially offset by the large contract from the Indian government during Q2 2014. The Company experienced increased demand for lower priced models in Q2 2015 compared to prior quarters, resulting in higher unit volume, offset by lower average selling price per unit. Management believes this reflects the Company's strategy that its core product offering is addressing the affordability challenge facing its target market.

Gross Profit

Gross profit was \$1.0 million or 15% of sales in Q2 2015, compared to \$0.5 million or 8% of sales in the same period last year. The improvement was a result of a reduction in sales to government institutions and an increase in sales to end users.

Gross profit as a percentage of sales, adjusted for third party financing instrument, was 23% and 23% for Q2 2015 and year to date, respectively. Prior to the IPO, the Company used a third party financing instrument to finance inventory. The Company is in the process of restructuring the third party financing instrument in order to eliminate the interest charge from its margin calculation.

General and Administrative

General and administrative (G&A) costs were \$2.2 million Q2 2015, compared to \$1.2 million in the same period last year. The change was mainly due to an increase in staffing as the company prepared for a public listing as well as an increase in selling and marketing, significant travel during the public listing and marketing of the business.

Research and Development

Research and development (R&D) costs were \$0.4 million in Q2 2015, compared to \$0.3 million in the same period last year. The increase is due to an increase in staffing, a reduction in the anticipated SR&ED recoveries and expanded development work related to new product releases. R&D is a key focus of 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 Q2 2015 was \$3.2 million, or \$0.14 per common share (basic and fully diluted), compared to a net loss of \$1.0 million or \$0.01 per common share (basic and fully diluted), in the same period last year. The change is primarily a result of one-time non-recurring expenses of \$1.6 million in non-capitalized and re-organizations costs. These expenses are a result of professional fees to assist with shareholder engagement, tax planning, legal restructuring, mergers & acquisitions, reporting and intellectual property assessment. Fees related directly to the financing have been capitalized.

Liquidity

Working capital was \$20.0 million at September 30, 2014 compared to working capital of \$(3.3) million at June 30, 2014. The increase in working capital is the result of the closing of the IPO on July 8, 2014.

Conference Call Details

Date: Thursday, November 13, 2014
Time: 5:00 p.m. (EST)
Dial In Number: (647)427-7450
(888) 231-8191
Conference ID: 31531705
Live Webcast: <http://bit.ly/1tDP325>

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.