

November 21, 2016



DataWind Reports Fiscal First Quarter 2017 Revenues up 70% to Record \$21.1 Million

Gross Margin of 33.4% Drives Record Gross Profit of \$7.0 Million

MISSISSAUGA, Ontario, Nov. 21, 2016 (GLOBE NEWSWIRE) -- **DataWind Inc.** (TSX:DW), a leader in the delivery of internet access in emerging markets, reported financial results for its fiscal first quarter 2017 ended June 30, 2016. All amounts are in Canadian dollars.

Fiscal Q1 2017 Financial and Operational Highlights

- Revenues were a record for the eighth consecutive quarter, totaling \$21.1 million, increasing 19% from the previous quarter and up 70% from the same year-ago quarter.
- Revenue was driven by record unit sales of 380,000, up 12% from 340,000 in the previous quarter and up 74% from 218,000 in the same year-ago quarter.
- Gross profit totaled a record \$7.0 million, up 12% from the previous quarter and up 133% from the same year-ago quarter.
- Adjusted EBITDA was positive for the fourth consecutive quarter, totaling \$30,000 compared with an adjusted EBITDA loss of \$623,000 during the year-ago quarter.
- Cash and cash equivalents totaled \$5.0 million at June 30, 2016 up from \$0.2 million at March 31, 2016.

Management Commentary

"High demand for our low-cost Internet enabled devices drove our improved results during the first quarter of fiscal 2017," said Suneet Singh Tuli, president and CEO of DataWind. "We continue to position DataWind to meet the ever-increasing need for Internet access and to bring the next billion people online."

Financial Summary

Revenue

Revenue for the first fiscal quarter of 2017 increased 70% to \$21.1 million compared to \$12.4 million in the same year-ago quarter. The increases were driven by the expansion of sales regions, carrier relationships and sales channels. Additionally, the company experienced an increase in sales from its TV home shopping partners.

Unit Sales

Unit sales totaled a record 380,000 for the first quarter of fiscal 2017, up 12% from 340,000 last quarter and up 74% from 218,000 in the same year-ago quarter.

Gross Profit

Gross profit was \$7.0 million or 33.4% of sales in Q1 2017, compared with \$3.0 million or 24.3% in the same year-ago period. Gross margins improved due to increased efficiency meeting channel requirements, improved cost controls and reduced import duties.

Research and Development (R&D)

R&D costs in the fiscal first quarter of 2017 were \$391,000, an 15% increase from \$340,000 during the comparable year-ago quarter.

General and Administrative (G&A)

G&A costs, which include sales and marketing expenses and salaries, were \$6.6 million in the first quarter, as compared with \$3.3 million in the same year-ago period. The increase was driven by increased selling and marketing expenses during the first quarter of 2017.

Net Loss

Net loss in Q1 2017 was \$1.3 million or \$(0.05) per common share, compared with \$1.4 million or \$(0.06) per common share in Q1 2016. The narrowing loss was due to increased sales and related improvement in gross margins offset by an increase in G&A costs.

Adjusted EBITDA

Adjusted EBITDA for the quarter totaled \$30,000 for Q2 2017, an improvement from an adjusted EBITDA loss of \$623,000 in the year-ago quarter.

Balance Sheet

Working capital was \$10.3 million at June 30, 2016 compared with \$9.0 million at March 31, 2016.

Cash and cash equivalents totaled \$5.0 million at June 30, 2016 up from \$0.2 million at March 31, 2016. The increase was driven by a bought deal financing which netted \$2.6 million after expenses coupled with further improvements in revenue and receivables collections during the quarter ended June 30, 2016

For more information, please refer to the company's MD&A and full financial statements that have been filed with SEDAR.

Conference Call

DataWind management will hold a conference call followed by a question and answer period on Wednesday, November 23, 2016 at 4:15 p.m. Eastern time to discuss these results.

Interested parties can listen to the live presentation by dialing the toll-free number or by clicking the webcast link below.

Date: Wednesday, November 23, 2016

Time: 4:15 p.m. Eastern time

Toll-free number: +1(844) 647-5492

International number: +1(661) 378-9451

Conference ID: 24453312

Webcast: <http://edge.media-server.com/m/p/6ajizroy>

Please call the conference telephone number 10 minutes before the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios at +1(949) 574-3860.

A replay of the call will be available after the call ends through December 23, 2016 via webcast link on the Investor Information section of the DataWind website at www.datawind.com.

About DataWind

DataWind, Inc. is a leader in providing affordable mobile Internet connectivity in emerging markets. The company's patented, cloud-based technology reduces up to 97% the amount of data needed for web browsing, providing a broadband experience on any network -- even on legacy 2G networks that are still prevalent in developing countries. DataWind also provides economical smartphones and tablets that come bundled with one year of unlimited Internet access, making it the largest tablet provider in India. DataWind's unique solution offers broad social and economic benefits for the billions of people around the world for whom an Internet connection was previously out of reach. DataWind is traded on the Toronto Stock Exchange (TSX:DW). For more information, visit www.datawind.com.

Adjusted EBITDA

Adjusted net loss before interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a non-IFRS measure and excludes finance costs, interest income, income tax expense or recovery, depreciation and amortization and income and expenses of a non-recurring, unusual or one-time nature. Adjusted EBITDA is a measure used by management, the retail industry and investors as an indicator of the Company's operating performance, ability to incur and service debt, and as a valuation metric. While Adjusted EBITDA is a non-IFRS measure, management believes that it is an important indicator of operating performance because it excludes the effect of financing and investing activities by eliminating the effects of interest and depreciation and removes the impact of certain non-recurring items that are not indicative of our ongoing operating performance. Therefore, management believes Adjusted EBITDA gives investors greater transparency

in assessing the Company's result of operations

These measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other reporting issuers. Adjusted EBITDA should not be considered in isolation or as an alternative to measures prepared in accordance with IFRS.

Forward-Looking Information

This press release includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. The Company does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations, except as prescribed by applicable securities laws.

Key assumptions made in preparing the forward-looking statements contained in this MD&A include, but are not limited to, the following: the Company will continue to successfully increase its sales volumes, the Company will be able to maintain its gross margin, and the Company will continue to effectively manage the transition from private to public entity by hiring key senior and middle management and effectively rolling out and adopting appropriate policy changes.

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

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DataWind Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at Jun 30, 2016 and March 31, 2016

(in thousands of Canadian dollars except per share data and except where indicated)

(Unaudited)

	June 2016	March 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,035	\$ 230
Trade and other receivables	31,634	29,467
Inventories	12,077	10,036
	48,746	39,733
Non-current assets		

Property, plant and equipment	212	218
Total Assets	\$ 48,958	\$ 39,951
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 26,650	\$ 18,607
Loans and borrowings	11,846	12,291
Total Liabilities	38,496	30,898
SHAREHOLDERS' EQUITY		
Share capital	54,760	52,276
Contributed surplus	3,563	3,521
Accumulated other comprehensive loss	(47)	(223)
Deficit	(47,814)	(46,521)
Total Shareholders' Equity	10,462	9,053
Total Liabilities and Shareholders' Equity	\$ 48,958	\$ 39,951

DataWind Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Three month periods ended June 30, 2016 and June 30, 2015

(in thousands of Canadian dollars except per share data and except where indicated)

(Unaudited)

	Three Months Ended June 30,	
	2016	2015
Revenue	\$ 21,060	\$ 12,397
Cost of goods sold	14,035	9,387
Gross profit	7,025	3,010
Operating expenses:		
Research and development	391	340
Administration cost	6,618	3,309
IPO transaction costs	-	-
Foreign exchange loss/(gain)	42	(198)
Total operating expenses	7,051	3,451
Operating profit/ (loss)	(26)	(441)
Finance and other income	-	20
Finance expense	(1,267)	(965)
Loss before income taxes	(1,293)	(1,386)
Tax expense	-	-
Net loss	(1,293)	(1,386)
Other comprehensive income:		
Unrealized foreign exchange translation gain /(loss)	176	(680)
Net comprehensive loss for the period	\$ (1,281)	\$ (2,066)
Net loss per share		
Basic	\$ (0.05)	\$ (0.06)

Weighted Average number of shares outstanding

23,560,232

22,057,623

DataWind Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Three month periods ended June 30, 2016 and June 30, 2015

(in thousands of Canadian dollars except per share data and except where indicated)

(Unaudited)

	Three-month period ended	
	June 30,	
	2016	2015
Cash flows from operating activities		
Net loss for the period	\$ (1,293)	\$ (1,386)
Non-cash items:		
Foreign exchange translation loss/(gain)	42	(880)
Depreciation of property and equipment	14	16
Finance expenses	1,267	418
Provision for bad debt and slow moving inventory	100	-
Stock based compensation	42	32
Changes in non-cash working capital items	172	(1,800)
Trade and other receivables	(2,167)	(2,558)
Inventories	(2,041)	(2,801)
Accounts payable and accrued liabilities	8,043	2,845
Net cash used in operating activities	4,007	(4,314)
Cash flows from investing activities		
Addition of property and equipment during the period	(12)	(14)
Net cash used in investing activities	(12)	(14)
Cash flows from financing activities		
Issuance of common shares	2,484	-
Loan received during the period	-	4,179
Interest paid during the period	(666)	-
Net cash (used in)/provided by financing activities	1,818	4,179
Net change in cash and cash equivalents	5,813	(149)
Cash and cash equivalents – beginning of period	230	10,698
Exchange gains/(losses)	(1,008)	(234)
Cash and cash equivalents – end of period	\$ 5,035	\$ 10,315

DataWind Inc.

RECONCILIATION OF QUARTERLY NET LOSS TO ADJUSTED EBITDA

(in thousands of Canadian dollars except per share data and except where indicated)

(Unaudited)

	Three-month periods ended		
	Jun. 30,	Mar. 31,	Jun. 30,
	2016	2016	2015
(in CAD "000" except per share amounts)			
Net loss	\$ (1,293)	\$ (1,640)	\$ (1,386)

Depreciation/amortization expenses	14	265	16
Extended payment finance (i)	719	564	547
Finance costs	548	623	418
Finance and other income	-	27	(20)
Foreign exchange translation (gain)/loss	42	279	(198)
Adjusted EBITDA (ii)	\$ 30	\$ 118	\$ (623)
Adjusted EBITDA loss per share	\$ 0.00	\$ 0.01	\$ (0.03)

(i) Extended Payment Finance represents finance cost paid to third parties for financing of Chinese manufacturers for the extended payment terms for material.

(ii) Adjusted EBITDA is a measure used by management, the retail industry and investors as an indicator of the Company's performance, ability to incur and service debt and as a valuation metric. Adjusted EBITDA is a non-IFRS measure.

Please see the SEDAR filings for the complete consolidated financial statements which include footnotes that are an integral part of these statements.

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