

November 17, 2014



# WindStream Technologies Announces Third Quarter and Nine Month Financial Results

## Sales Increased, Expenses Down Year Over Year

NORTH VERNON, IN -- (Marketwired) -- 11/17/14 -- WindStream Technologies(OTCQB: WSTI), a company established to create low-cost hybrid, renewable energy solutions for urban, suburban, and on and off-grid environments, today announced its financial results for the third quarter and nine months ended September 30, 2014.

### FINANCIAL HIGHLIGHTS INCLUDE:

- Sales increased in both the quarter and nine months ended September 30, 2014, as compared with the same periods in 2013.
- Net sales in the international segment were up ten fold for the three months ended September 30, 2014 compared to the same period in 2013.
- Operating and total expenses declined in both the quarter and nine months ended September 30, 2014, as compared with the same periods in 2013.
- Loss from operations declined for the nine months ended September 30, 2014, as compared with the same period in 2013.
- Net loss per fully diluted share was stable for the quarter at two cents and down to four cents for the first nine months of 2014 compared with seven cents for the first nine months of 2013.

Dan Bates, President and Chief Executive Officer of WindStream, said, "Overall, this quarter and the past nine months were largely as we anticipated. WindStream continues to evolve from what was primarily an early stage renewable energy company to one with a whole range of products that are uniquely positioned for places where power is either expensive or non-existent and that is a very large market indeed. As a result, most of our business is outside the US rather than inside it, and we anticipate that this will continue to be the case as emerging economies strive to catch up with the western world."

### RECENT DEVELOPMENTS:

- The Company has commissioned the world's largest hybrid renewable energy project on the roof of the prominent law firm Myers, Fletcher & Gordon in Kingston,

Jamaica. A video of the installation can be seen here: <http://www.windstream-inc.com/installations/myers-fletcher-gordon>.

- The Company has signed a distribution agreement with Tosmo, Inc. of Japan, a leader in the energy efficient lighting market and expanding into renewable energy products.
- The Company has established an entity, WindStream Energy Technologies, India Pvt. Ltd. to facilitate manufacturing and sales throughout India and South Asia. In July 2014, the India office opened in Banjara Hills, Hyderabad, India and commenced operations.
- The Company has secured an increase in its working capital line of credit from GBC International Bank. The line of credit is now a revolving line up to \$2 million dollars.
- The Company received a purchase order in Malaysia for pilot installation in an Eco-Housing development. Project scope 800 homes when fully deployed.
- Jamaica Public Service (JPS) has issued a new purchase order to the Company for greater than \$8 million dollars for continued rollout of the Company's products bringing the total to over \$22 million dollars.
- WindStream has sold an additional 150KW to large-scale buyers of energy in Jamaica.
- ACC Limited, South Asia's largest cement manufacturer has agreed to a 2-3 MW's deployment of SolarMills on the 12 ACC sites now being planned for commercial deployment.
- The Company launched its MobileMill™ product. A portable renewable energy generation for 1st responders in disaster situations. The Company is now taking orders for the MobileMill™ after a successful launch with the Indiana Department of Homeland Security.

Bates commented, "These news items give a clear view of what the future holds in terms of growing our sales volume and financial results as well as our expansion into new markets where power remains a luxury item. Our business in this area continues to grow with new pilot programs being established in the Bahamas, and with expansion of our foot print in the Philippines. The Company currently ships products on a daily and weekly basis to customers all over the world, and we expect this to accelerate in the coming months."

He also said, "Additionally, we recently developed and launched the MobileMill™, which addresses a critical need for first responders in the case of natural or man-made disasters. We anticipate solid demand for the MobileMill™ both overseas and here at home, diversifying our product portfolio."

### **THREE-MONTH FINANCIAL RESULTS**

Net sales for the three months ended September 30, 2014, were \$373,538, compared to \$47,857 for the three months ended September 30, 2013. The increase in sales is due to

the successful efforts of the Company's sales force to focus on international customers.

During the three months ended September 30, 2014 the gross loss percentage was 83.5% and during the three months ended September 30, 2013, the gross loss as a percentage of sales was approximately 21%. The change in the gross loss percentage is primarily attributable to increased manufacturing costs, labor and overheads, and increased warranty expenses, during a period of higher sales. The Company has a positive gross margin on the cost of materials only compared to sales.

Research and Development for the three months ended September 30, 2014, were \$91,666, as compared to \$314,071 for the three months ended September 30, 2013. The change is primarily attributable to the decrease of development activities as the Company concentrates on increasing sales of the Company's existing products.

General and Administrative for the three months ended September 30, 2014, were \$867,094, as compared to \$681,996 for the three months ended September 30, 2013. The increase is attributable to the increases in such expenses as wages and salaries, professional fees, marketing, product development and travel and entertainment expenses associated with the Company's efforts to increase sales in 2014.

Total Operating expenses for the three months ended September 30, 2014 were \$958,760, as compared to \$996,067 for the three months ended September 30, 2013.

For the three months ended September 30, 2014 and 2013, the Company reported a net loss of \$1,487,359, and \$1,178,204, respectively, or two cents per fully diluted share in each instance. The change in net loss between the three months ended September 30, 2014 and 2013 was primarily attributable to a higher level of sales and thus greater manufacturing costs, as well as increases in such expenses as wages and salaries, professional fees, product development and travel and entertainment expenses associated with the Company's efforts to increase sales and improve production processes in 2014.

### ***NINE-MONTH FINANCIAL RESULTS***

Net sales for the nine months ended September 30, 2014, were \$825,798, compared to \$603,480 for the nine months ended September 30, 2013. The increase in sales is due to the successful efforts of the Company's sales force in this period to obtain more international orders.

During the nine months ended September 30, 2014, the gross loss as a percentage of sales was 49.6%, compared to a gross profit as a percentage of sales of 19.1% for the nine months ended September 30, 2013. This decrease in gross profit percentage is primarily attributable to increased manufacturing costs, labor and overheads, and increased warranty expenses, during a period of higher sales. The Company has a positive gross margin on the cost of materials only compared to sales.

Research and Development for the nine months ended September 30, 2014, were \$128,117, as compared to \$491,446 for the nine months ended September 30, 2013. The change is primarily attributable to the decrease of development activities as the Company concentrates on increasing sales of the Company's existing products.

During the nine months ended September 30, 2014, the Company evaluated its inventory and wrote down inventory by approximately \$111,000, which has been included in the accompanying condensed consolidated statements of operations. There was no such write-down in 2013.

General and Administrative for the nine months ended September 30, 2014, were \$2,300,491, as compared to \$2,735,359 for the nine months ended September 30, 2013. The nine months ended September 30, 2013 included \$1.5 million in stock based compensation paid to several outside parties. There was no such transaction in 2014. The increase, that is the change in expenses without the stock compensation expense in 2013, is attributable to the increases in such expenses as wages and salaries, professional fees, marketing, product development and travel and entertainment expenses associated with the Company's efforts to increase sales.

Total Operating expenses for the nine months ended September 30, 2014 were \$2,539,608, as compared to \$3,226,805 for the nine months ended September 30, 2013.

For the nine months ended September 30, 2014 and 2013, the Company reported a net loss of \$3,546,789, or four cents per fully diluted share, and \$3,415,421, or seven cents per fully diluted share, respectively. The change in net loss between the nine months ended September 30, 2014 and 2013 was primarily attributable to a higher level of sales and thus greater manufacturing costs, as well as increases in such expenses as wages and salaries, professional fees, product development and travel and entertainment expenses associated with the Company's efforts to increase sales and improve production processes. The nine months ended September 30, 2013 included \$1.5 million in stock based compensation paid to several outside parties. There was no such transaction in 2014.

Bates concluded, "This is a very dynamic time for the Company as we transition from early stage to mass production for a suite of products that are finding a home around the world. Emerging economies are the new growth area focus for companies looking to expand their businesses, and WindStream has products and services that meet and exceed this market's expectation. As such, we expect to take advantage of our first-to-market leadership position for our hybrid renewable energy products and first responders solutions resulting in increased sales and revenue. The future is very bright for WindStream, and I could not be happier with the position the Company is in for 2015 and beyond."

**About WindStream Technologies:** Founded in 2008, WindStream Technologies, a public company (OTCQB: WSTI), is headquartered in North Vernon, Indiana. WindStream Technologies was established to create low-cost hybrid, renewable energy solutions for urban, suburban, and on and off-grid environments. Made in the USA, its patented SolarMill<sup>®</sup> technology is a distributed energy solution, which produces continuous renewable energy for customers 24/7/365. The company's products are sold around the world. For more information please visit [www.windstream-inc.com](http://www.windstream-inc.com).

### **Forward-Looking Statements**

*Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Certain*

statements in this press release constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs but they involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, such as business and political conditions in the geographic areas in which we sell our products; weather and natural disasters; changing interpretations of generally accepted accounting principles; outcomes of government reviews; inquiries and investigations and related litigation; continued compliance with government regulations; legislation or regulatory environments, requirements or changes adversely affecting the businesses in which we are engaged.

The information set forth herein should be read in light of such risks. You are urged to consider these factors carefully in evaluating the forward-looking statements herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by this cautionary statement. The forward-looking statements made herein speak only as of the date of this press release and the Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

FINANCIAL TABLES TO FOLLOW

**WINDSTREAM TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	<b>For the Three Months Ended September 30, 2014</b>	<b>For the Three Months Ended September 30, 2013</b>	<b>For the Nine Months Ended September 30, 2014</b>	<b>For the Nine Months Ended September 30, 2013</b>
SALES	\$ 373,538	\$ 47,857	\$ 825,798	\$ 603,480
COST OF GOODS SOLD	<u>685,528</u>	<u>57,896</u>	<u>1,235,126</u>	<u>488,207</u>
GROSS (LOSS) PROFIT	<u>(311,990)</u>	<u>(10,039)</u>	<u>(409,328)</u>	<u>115,273</u>
OPERATING EXPENSES:				
Research and development	91,666	314,071	128,117	491,446
Write down of inventory	0	-	111,000	-
General and administrative expenses	<u>867,094</u>	<u>681,996</u>	<u>2,300,491</u>	<u>2,735,359</u>

TOTAL OPERATING EXPENSES	<u>958,760</u>	<u>996,067</u>	<u>2,539,608</u>	<u>3,226,805</u>
LOSS FROM OPERATIONS	<u>(1,270,750)</u>	<u>(1,006,106)</u>	<u>(2,948,936)</u>	<u>(3,111,532)</u>
OTHER INCOME (EXPENSE)				
Other expense	(2,905)	-	(2,105)	(800)
Interest expense, net	<u>(213,705)</u>	<u>(172,098)</u>	<u>(595,748)</u>	<u>(303,089)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(216,610)</u>	<u>(172,098)</u>	<u>(597,853)</u>	<u>(303,889)</u>
NET LOSS	<u>\$ (1,487,359)</u>	<u>\$ (1,178,204)</u>	<u>\$ (3,546,789)</u>	<u>\$ (3,415,421)</u>
Net Loss Per Share - Basic and Diluted	\$ (0.02)	(0.02)	\$ (0.04)	(0.07)
Weighted Average Shares Outstanding - Basic and Diluted	86,741,574	75,583,933	85,200,993	48,009,364

**WINDSTREAM TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	273,439	203,534
Accounts receivable	483,933	401,549
Inventories	1,277,492	946,805
Prepaid expenses	398,925	187,341
Investor note receivable	250,000	-
Deferred financing costs	<u>6,809</u>	<u>37,529</u>
<b>TOTAL CURRENT ASSETS</b>	<u>2,690,598</u>	<u>1,776,758</u>
Property and equipment, net of accumulated depreciation	265,290	352,430
<b>OTHER ASSETS</b>		
Deposits	<u>18,034</u>	<u>7,500</u>
<b>TOTAL ASSETS</b>	<u><u>2,973,923</u></u>	<u><u>2,136,688</u></u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	831,916	742,482
Accrued liabilities	917,456	789,338

Short Term Convertible Notes Payable	483,333	330,021
Short term - debt related parties	182,500	187,500
Short term - third parties	2,449,756	900,000
Current maturities of note payable	164,087	224,087
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,529,048</b>	<b>3,173,428</b>
<b>LONG TERM LIABILITY</b>		
Notes payable, non-current	1,175,913	1,175,913
<b>TOTAL LIABILITIES</b>	<b>6,704,961</b>	<b>4,349,341</b>
<b>STOCKHOLDERS' DEFICIT</b>		
Common stock	87,958	83,462
Additional paid in capital	10,208,465	8,184,557
Accumulated deficit	(14,027,461)	(10,480,672)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(3,731,038)</b>	<b>(2,212,653)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>2,973,923</b>	<b>2,136,688</b>

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Source: WindStream Technologies, Inc.