

DragonWave posts first public financial statement for fiscal 2007

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DragonWave Inc. has released its first public financial report, posting a 24.5-per-cent increase in full-year revenues for fiscal 2007 to \$24.2 million in the wake of its highest-ever quarterly revenues in the fourth quarter.

The Ottawa-based wireless networking technology maker, which completed its initial public offering on the Toronto Stock Exchange and London AIM market, said its revenues for the year ended Feb. 28, 2007 were up from \$19.4 million in fiscal 2006, and were in line with the company's expectations.

Sales in the fourth quarter of 2007 were \$7.9 million, the highest quarter revenues in the company's history, read DragonWave's release.

The company's net losses, however, more than doubled to \$10.7 million or \$2.96 per share, from \$5.2 million or \$2.43 per share. DragonWave attributed the wider loss to an increase in interest expense of \$1 million in fiscal 2007 and a one-time provision for patent fees of \$435,000.

As well, it noted that the results for fiscal 2006 included a one-time gain of \$3.6 million "due to a change in the maturity date of the company's redeemable preferred shares," which have since been converted following DragonWave's IPO.

"In the year, we extended DragonWave's reach in markets outside North America and we plan to continue this expansion during fiscal 2008," said DragonWave chief executive Peter Allen in a statement. "Together with our presence in North America we believe that DragonWave is positioned well to take advantage of the emerging high-growth market for Ethernet-based, high-capacity wireless backhaul equipment required for third-generation cellular and WiMAX networks."

The company's revenues from customers outside North America grew to \$4.8 million in fiscal 2007 from \$2.3 million a year earlier, while full-year gross margins increased by two percentage points to 33 per cent.

In a separate announcement, DragonWave said it was planning to grant a warrant to purchase up to 126,250 of its common shares, or approximately 0.5 per cent of all issued and outstanding shares, to a Sprint Nextel Corporation subsidiary.

The warrant would be granted to Sprint/United Management Company on a private placement, and would be subject to vesting conditions based on the volume of future business DragonWave will receive from Sprint prior to Dec. 31, 2008, the company said Tuesday.

"Sprint Nextel is currently evaluating DragonWave's equipment for use in its fourth-generation (4G) network," the company's statement read.

DragonWave said the warrant will be exercisable at a price of \$3.55 and will expire 10 years after the issue date.



DragonWave's AirPair. (Image supplied)

The granting of the warrant is subject to shareholder approval, and the private placement is expected to close on May 29.
