

DPW Holdings Reports Sales Up 166.9% Over 2017 to \$27,154,219

April 17, 2019

2018 Financial Results Posted with over \$20.6M in New Investment Activities

NEWPORT BEACH, Calif., April 17, 2019 (GLOBE NEWSWIRE) -- **DPW Holdings, Inc. (NYSE.MKT: DPW)**, a diversified holding company (the "Company," or "DPW"), today announced it filed its financial results for FYE 2018 on its Form 10-K with the Securities and Exchange Commission and reports the following:

Revenues

Our revenues increased by \$16,979,719 or 166.9% to \$27,154,219 for the fiscal year ended December 31, 2018, from \$10,174,500 for the fiscal year ended December 31, 2017. The increase in revenue was primarily due to our four acquisitions completed during 2017 and 2018. Revenues generated by these four acquirees during the year ended December 31, 2018, represented \$13,174,615 of our increase in revenues. Excluding the increase in revenues that were generated by our recent acquirees, the Company generated revenues of \$13,979,604, which represented an increase of \$7,309,882 compared to the fiscal year ended December 31, 2017. As discussed below, the increase of \$7,309,882 resulted primarily from our cryptocurrency mining operations and from revenues generated from a related-party from the manufacture of the Multiplex Laser Surface Enhancement ("MLSE") plasma-laser system.

Revenues, cryptocurrency mining

In January 2018, we formed Digital Farms, Inc. formerly known as Super Crypto Mining, Inc. During the year ended December 31, 2018, we recognized \$1,675,549 of revenues generated by Digital Farms.

Revenues, related party

During the years ended December 31, 2018 and 2017, we recognized \$3,907,280 and \$173,751, respectively, in revenues from our customer, MTIX, Ltd. to manufacture the MLSE plasma-laser systems. In March 2017, the Company was awarded a 3-year, \$50 million purchase order by MTIX, Ltd. to manufacture, install and service the MLSE plasma-laser system. We recognize revenue on the manufacture of the MLSE system based upon proportional performance over time and on April 12, 2019, we received payment of \$2,676,219 for manufacturing services performed on the first MLSE system

Gross Margins

Gross margins decreased to 19.8% for the year ended December 31, 2018 compared to 37.8% for the year ended December 31, 2017. The decrease in gross margins was partially attributable to the lower margin revenue of \$3,907,280 from MTIX, with gross margins of 21.5% combined with negative margins of (202.7%) on revenues of \$1,675,549 at Digital Farms. The negative gross margins at Digital Farms are attributable to monthly recurring fixed costs at our colocation facilities which to date exceed the revenues from our mining operations while we place our miners in service. Adjusted gross margins, excluding those revenues and related costs from Digital Farms and our contract with MTIX, for the year ended December 31, 2018 were 36.8%. The decrease in gross margins from 37.8% to 36.8% is mainly attributable to an increase in costs of our commercial products sold in our U.S. operations, which historically have had much greater gross margins, offset by higher gross margins related to restaurant operations.

We conduct operations in several geographical markets and for the year ended December 31, 2018, our revenues were distributed among the primary markets according to the schedule below.

	Year ended
Primary Geographical Markets	December 31, 2018
North America	\$ 19,025,376
Middle East	5,226,075
Europe	1,815,866
Other	1,086,902
	\$ 27,154,219

The Company particularly noted that new capital investment activities during 2018 totaled \$20.6M, which the Company anticipates will increase revenue streams during 2019 and 2020. The Company incurred interest expense of over \$13.4M for 2018 from its debt financings. A large portion of the interest expense that we incurred during 2018 was from discounts related to the debt that was incurred to finance our acquisitions and investments. To date, we have reduced our debt by approximately \$9M and anticipate that our interest expense will be greatly diminished because of these reductions. The Company incurred a comprehensive loss of \$8.4M which reflects the \$8M of unrealized loss in securities, primarily in the warrants that we received as a result of our investment in Avalanche International Corp., which we refer to as AVL P, a related party. The Company highlighted that for the year ended December 31, 2017, unrealized gains in our investment in AVL P warrants was the principal component of our comprehensive income. The Company advises that investors and shareholders should note that comprehensive income or loss is best analyzed using a longer term of measurement, such as several years compared to a few months or a couple of years.

In aggregate, for the years ended December 31, 2018 and 2017, our reported net loss is comprised of non-cash charges of \$16,812,868 and \$6,334,058, respectively. A summary of these non-cash charges is as follows:

For the Years Ended	
December 31,	
2018	2017

Interest expense – debt discount	\$ 11,191,056	\$ 4,688,630
Stock-based compensation	4,719,266	1,831,435
Depreciation and amortization	2,906,905	254,006
Interest expense on conversion of promissory notes to common stock	—	13,333
Accretion of original issue discount on notes receivable – related party	(2,004,358)	(453,346)
Non-cash items included in net loss	\$ 16,812,868	\$ 6,334,058

DPW's CEO and Chairman, Milton "Todd" Ault, III said, "We are very pleased that the Company has grown its revenue to over \$27M and that our balance sheet has reached approximately \$50M. We are very encouraged that revenues are up for each operating unit, including Digital Farms, posting \$1.67M in sales despite the downturn in the marketplace and look forward to 2019. In 2018 we made a large investment in equipment and expanded our network in the crypto-mining space. We anticipate a boost in performance by Digital Farms due to the consolidation of its facilities in 2019." Ault continued, "Our investments contributed to our top line with Digital Power Corp.'s recognition of more than \$3.9M in revenue from the MTIX, Ltd. contract and from our hospitality segment generating more than \$3.46M in sales. We anticipate both will continue to deliver increased revenues for 2019. With the recent corporate realignment of DPW which created the new reporting subsidiaries, DPW Technologies led by JR Read and DPW Financial led by Darren Magot, we anticipate both will harness the achievements from 2018, create new efficiencies and continue the increase in sales. 2018 was a somewhat challenging year with the completion of two new acquisitions while completing the integration of two acquisitions from 2017. Further, we contended with a collapse of Bitcoin and the cryptocurrency market and the short-term debt we pursued to accomplish our goals for 2017 and 2018. We are very pleased with our progress as we strive to improve our capital structure, our cashflow and our performance in 2019. We anticipate much of the work and investment we have made will bring discernible results starting in the second quarter of 2019 and continue through the year well into 2020. In sum, there are two important indicators that stockholders and investors should pay attention to; first, the dramatic reduction of outstanding debt and the continuing increase in sales."

For more information on DPW Holdings and its subsidiaries, the Company recommends that stockholders, investors and any other interested parties read the Company's public filings and press releases available under the Investor Relations section at or available at www.sec.gov.

About DPW Holdings, Inc.

DPW Holdings, Inc. is a diversified holding company pursuing growth by acquiring undervalued businesses and disruptive technologies that hold global potential. Through its wholly owned subsidiaries and strategic investments, the Company provides mission-critical products that support a diverse range of industries, including defense/aerospace, industrial, telecommunications, medical, crypto-mining, and textiles. In addition, the Company owns a select portfolio of commercial hospitality properties and extends credit to select entrepreneurial businesses through a licensed lending subsidiary. DPW's headquarters are located at 201 Shipyard Way, Suite E, Newport Beach, CA 92663; www.DPWHoldings.com.

Forward Looking Statements

This press release contains "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as "believes," "plans," "anticipates," "projects," "estimates," "expects," "intends," "strategy," "future," "opportunity," "may," "will," "should," "could," "potential," or similar expressions. Statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update any of them publicly in light of new information or future events. Actual results could differ materially from those contained in any forward-looking statement as a result of various factors. More information, including potential risk factors, that could affect the Company's business and financial results are included in the Company's filings with the U.S. Securities and Exchange Commission, including, but not limited to, the Company's Forms 10-K, 10-Q and 8-K. All filings are available at www.sec.gov and on the Company's website at www.DPWHoldings.com.

Contacts:

IR@DPWHoldings.com or 1-888-753-2235.



Source: DPW Holdings, Inc.