

DPW Holdings Reports Preliminary Second Quarter Financial Results

August 17, 2020

NEWPORT BEACH, Calif.--(BUSINESS WIRE)--Aug. 17, 2020-- DPW Holdings, Inc. (NYSE American: DPW) a diversified holding company (“**DPW**” or the “**Company**”), today reported preliminary financial results for its second quarter and the six-month period ended June 30, 2020. The Company expects to file final financial results on its Form 10-Q with the Securities and Exchange Commission on August 19, 2020.

Q2-2020 highlights

- Revenue of \$5.4 million, an increase of 8.3% from the prior year period
- Gross profit of \$1.9 million, an increase of 164.7% from the prior year period
- Net loss of \$1.4 million, a 66.1% decrease from the net loss of \$4.1 million in the prior year period

First half-2020 highlights

- Revenue of \$11.0 million, an increase of 2.4% from the prior year period
- Gross profit of \$3.7 million, an increase of 120.4% from the prior year period
- Net loss of \$7.9 million, a 26.3% decrease from the net loss of \$10.7 million in the prior year period

Revenues

Our revenues increased by \$414,045, or 8.3%, to \$5,400,980 for the three months ended June 30, 2020, from \$4,986,935 for the three months ended June 30, 2019. The increase from the three months ended June 30, 2019, was caused by an increase in revenue from customized solutions for the military markets as we continue to experience the benefit of capital that was allocated to our defense business during the second half of 2019. The increase in revenue from the military markets was partially offset by a decrease in revenue from our commercial lending segment, attributed to a reduction in our loan portfolio and our decision to cease operations at our cryptocurrency mining operations.

Gross Margins

Gross margins increased to 35.3% for the three months ended June 30, 2020 compared to 14.4% for the three months ended June 30, 2019. Our gross margins of 14.4% recognized during the three months ended June 30, 2019, were impacted by the negative margins at Digital Farms. Excluding the effects of Digital Farms, our adjusted gross margins for the three months ended June 30, 2019, would have been 28.9%.

Backlog

The Company reports that its order backlog at the end of the second quarter was approximately \$70.2 million, including \$46 million of related party backlog (note that related-party backlog is delinquent in the production schedule).

DPW's CEO and Chairman, Milton “Todd” Ault, III said, “The results of the first half of 2020 demonstrate that we are achieving our objectives to grow revenue and improve bottom line results. In spite of the disruption from the COVID-19 pandemic, we were able to grow second quarter revenues by 8.3% from the prior year period, driven by our defense business. Our gross margins for the first half of 2020 improved dramatically, up \$2.0 million or 120.4% from the first half of 2019. Combined with a reduction in operating expenses, our net loss for the first half of 2020 decreased by \$2.8 million from the comparable prior year period. There are in my view three important indicators that stockholders and investors should pay attention to; first, top-line growth during a disruptive pandemic; second, major improvement in gross margins and third, lower operating expenses.”

Ault continued, “I would like to restate our mission and discuss our strategy. As a holding company, our business strategy is designed to increase shareholder value. Under this strategy, we are focused on managing and financially supporting our existing subsidiaries and partner companies, with the goal of pursuing monetization opportunities and maximizing shareholder value. We have, are and will consider initiatives including, among others: public offerings, the sale of individual partner companies, the sale of certain or all partner company interests in secondary market transactions, or a combination thereof, as well as other opportunities to maximize shareholder value. Over the recent past we have provided capital and relevant expertise to fuel the growth of businesses in defense/aerospace, industrial, telecommunications, medical, and textiles. We have provided capital to subsidiaries as well as partner companies in which we have an equity interest or may be actively involved, influencing development through board representation and management support. We anticipate making additional investments to increase value to shareholders after satisfying our debt obligations and addressing working capital needs.

The Company will provide an investor update presentation, discussing key strategic initiatives on August 19, 2020 at 2:00 p.m. Pacific Standard Time. Webcast and dial-in information will be announced prior to the date of the presentation.

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 www.DPWHoldings.com 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 with a global impact. Through its wholly and majority-owned subsidiaries and strategic investments, the Company provides mission-critical products that support a diverse range of industries, including defense/aerospace, industrial, telecommunications, medical, and textiles. In addition, the Company 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.

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