Zacks Small-Cap Research

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DPW Holdings Inc. (DPW-NYSE MKT)

DPW to Buy Israeli Defense Contractor: 2018 Revenues Now Look Near $40 Million

Based on the expected 2018 revenue forecasts and an industry average of 1.6x EV/Sales and 2.2 trailing, we believe DPW is worth $1.57. The company trades at a premium due to its new cryptocurrency businesses.

Current Price (1/02/18)	$3.50
Valuation	**$1.57**

OUTLOOK

DPW moved to a holding company structure and continues to add businesses in different markets. Starting in Q4 2017, investors should begin to see revenues ramp from both the acquisitions and MTIX orders. While MTIX textile machine are expected to provide huge upside for the company with its disruptive technology, investors are also attracted to DPW as a crypto currency play. Growth should increase the company's current valuation, and with contained common share dilution, the company's share price.

SUMMARY DATA

52-Week High	**$5.50**
52-Week Low	**$0.41**
One-Year Return (%)	**431**
Beta	**2.1**
Average Daily Volume (sh)	**16,398,427**
Shares Outstanding (mil)	**23**
Market Capitalization ($mil)	**$81**
Short Interest Ratio (days)	**1**
Institutional Ownership (%)	**2**
Insider Ownership (%)	**47**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-2.7**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2017 Estimate	**N/A**
P/E using 2018 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Elec Prods-Misc.**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2016	1.9 A	2.1 A	1.8 A	2.0 A	7.6 A
2017	1.6 A	1.8 A	3.2 A	4.8 E	11.5 E
2018	5.0 E	6.0 E	8.0 E	11.0 E	30.0 E
2019					50.0 E

Earnings per Share
(EPS is earnings before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2016	-$0.03 A	-$0.01 A	-$0.01 A	-$0.14 A	-$0.16 A
2017	-$0.12 A	-$0.20 A	-$0.15 A	-$0.13 E	-$0.59 A
2018	-$0.08 E	-$0.09 E	-$0.06 E	-$0.01 E	-$0.19 E
2019					-$0.18 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW

CooliSys Agrees to Buy Enertec Systems 2001

Yesterday CooliSys Technologies agreed to buy Enertec Systems 2001 Ltd., of Azor, Israel, which is a subsidiary of Micronet Enertec Technologies, Inc. (Nasdaq:MICT) based in Montvale, NJ. The company will pay $5.25 million in cash and the assumption of debt, for a total of $9.25 million. The transaction is scheduled to close the later of 60 days or 15 days after delivery of Enertec's audited financials and is expected to close in Q1 2018. Management expects the deal to be accretive and cash flow positive and has had its eye on the purchase of this entity for a long time, as it is so synergistic with its operations.

Enertec is Israel's largest private manufacturer of specialized electronic systems for the military market, generates over $8 million of annual revenue, and has 70 employees. It provides solutions to various defense industry applications including missiles, UAVs, tanks, combat aircraft, missile boats and submarines, mobile trailers and satellites. Products include airborne power supply units, automatic testing systems, and simulators to command and control centers inclusive of all internal electronic systems, detection and protection systems for sensitive security installations and missile launching systems. This acquisition allows the two companies to benefit from the U.S. Department of Defense's Foreign Military Sales (FMS) and Military Financing (FMF) programs to expand its current defense business in Israel as well as with others in the global defense market such as India, NATO and other nations and agencies. As background, in 2016, the United States and Israel signed a new aid deal that gives the Israeli military $38 billion over the course of 10 years. This package provides $3.8 billion in funding per year, an increase from $3.1 billion per year under the current 10-year deal that expires in 2018. Under the agreement, Israel's ability to spend part of the funds on Israeli military products will be phased out and instead the funds shall be used for purchases from certified U.S. manufacturers of defense equipment and weaponry. Being owned by Coolisys allows Enertec to qualify.

Update on Cryptocurrency Equipment

Coolisys stated that the first miner AC-DC switching power supply being produced by Digital Power will be for use by the *Antminer S9* model by Bitmain Masters and can now be pre-ordered. The company is accepting $50 deposits for the $199 power supply but it has yet to begin to ship. The very popular and highly regarded *Antminer S9* was the world's first dedicated bitcoin miner using an ASIC based on 16nm process on its system. Coolisys noted the new product line was a result of the agreement with PoW Digital Mining. The company claims its new SCP-9000 defines the state-of-the-art for blockchain mining rig power supplies. It provides 1600 Watts of continuous, digitally-controlled power on 15 Amp circuits of 115V or higher with an incredible 93.5% efficiency rating.

The company is under contract but has not yet closed on the acquisition of the electric generating dam with building on two acres, which the company plans to move cryptocurrency mining operations to.





There are no revenues or earnings in any estimates for any of the cryptocurrency businesses. The building purchased has one 200WH and one 250WH generator to power mining equipment.

KEY POINTS

- Digital Power restructured its business into a holding company and changed its name to DPW Holding Inc. It plans to opportunistically pursue acquisitions in a variety of businesses. So far it has: electronics (Coolysys), textile equipment (MTIX production), lending (Digital Power Lending) and hospitality (I.am.) All of these ventures are expected to increase revenues and profitability for the parent company.

- Of all the business Digital Power is in, investors are overwhelmingly invested because of the company's investment and arrangement with Avalanche International (AVLP), owners of the MTIX textile machine business. Digital Power has already received a $50 million (over three years) purchase order from MITX to assemble this machinery. This unique product, priced in the seven digits, has the potential of selling into every textile operation worldwide because of its revolutionary fabric treatment process that cuts costs and toxic waste by a huge amount. The company puts the target market at 100,000 factories and the machine has had huge interest from customers. The gating factor on current sales is the ability to manufacture the machines, which have a long lead-time due to their laser components. Digital Power also owns 74% of Avalanche.

- The second most cited driver of the stock is the company's entry into the crypto currency mining equipment market. Given its decades long expertise in power products, it is expected to be successful in this market and has launched its first product that is now available for preorder.

- The legacy electronics business should also be able to grow with investment allowed by new management. This business has been starved for resources for years. Additionally. Sales to the military (primarily the US and Israel), which have been approximately 30% of total company sales, should benefit from the new Trump administration's plans to hike military spending significantly. Microphase, a new acquisition, in particular benefits from increased F-35 spending. It also has an agreement to buy Enertec, an Israeli provider of electronics to the military.

- Other new acquisitions were **Power-Plus Technical Distributors** on September 1, 2017 and i.am, which has not yet closed. It is a hospitality business invested in restaurants. In 2016, Power-Plus had **revenues of over $2M** and was profitable. **I.am** could **add as much as $10 million** to 2018 revenues as well as positive cash flow. Enertec could add $6 million to 2017 revenues and $8 million to 2018's.

- The company plans to sell equity to support its growth and expects to continue to use combinations of common and preferred stock and cash for future acquisitions.

- It is difficult to value Digital Power on a per share basis as the share count keeps expanding. If we were to value the company on enterprise value versus its peers we expect that using and industry **average multiples of enterprise value to sales that would make the company worth of $34 million (taking out the 44% of sales from the portion of Microphase that isn't owned.) With its current debt, that results in a market value calculated at $30.6 million. The question is, can the company grow to the projected $30+** million in revenues in 2018 without even more dilution than estimated from the equity, warrants, options and convertible instruments already issued and needed to be issued in order to reach that goal?

OVERVIEW

Digital Power is a 48-year-old California corporation that was founded in 1969 and went public in 1996. It is headquartered in Fremont, CA and has manufacturing divisions in Salisbury, England, Fremont, CA, and Connecticut. It also does manufacturing in China and India. Its legacy business produces: AC-DC power supplies, desktop adaptors, compact PCIs, LED drivers, distributed power front-end power supplies, capacitor chargers, solar systems, and isolated power bricks. Its revenues peaked in 1997 and it has been in a downward trend since then as Digital Power minimally invested in new products and in its base product line. For 2016, $2.3 million (30%) of the $7.6 million in sales was to defense. With new management the company has added a number of acquisitions: 56.4% of Microphase, 78% of Avalanche (who owns MTIX Ltd.), and all of Power-Plus and i.am. It has just announced the acquisition on Enertec that has yet to close and generates $8 million per year in revenues.

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Recap of MTIX Order

On March 15, 2017, Digital Power announced it had received a purchase order for $50 million over three years. This purchase order from MTIX Ltd. (owned by Avalanche International), a startup in the textile machinery business, is for equipment that delivers its proprietary MSLE™ processes which harnesses an innovative laser based technology to treat fabric and other materials. The purchase order requires Digital Power to build, install, and service a number of fabric treating and finishing machines worldwide. We believe that this is a conservative order number and actual orders could be significantly higher over time. **The purchase order specifies that two machines be delivered to customers by December 31, 2017.** While pricing for these units has not been revealed, we believe they could be priced as high as seven digits for just one.

The financial relationship between Avalanche and Digital Power is convoluted and difficult to follow leading to hesitation no doubt on the part of investors. Digital Power owns 14.2 million shares or 78% of Avalanche. Phillou Ventures, majority owner of Digital Power also owns part of Avalanche. Adding to the risk and confusion is that Avalanche is a separately traded company that is behind on its reporting requirements. Digital Power manufactures the machines for Avalanche (owner of MTIX Ltd.). It books revenues upon delivery and installation of machines to end-user customers. So far Digital Power has not yet booked any revenues from this business but has placed $1.5 million as “Advances on future receipts, net” under current liabilities. This is a 30% deposit for the machines being manufactured and is used for buying components. Avalanche’s business model is different. It plans to book revenues based on the quantity of fabric being treated and the treatment used. This is a royalty on the process and will need to be metered and monitored. These royalty revenues will not be consolidated with Digital Power’s revenues.



Avalanche Purchase of MTIX

On March 3, 2017, Avalanche International Corp, a Nevada corporation (OTC: AVLP) entered an agreement with MTIX and the three current shareholders of MTIX. Avalanche is in the process of changing its name to MTIX International. Avalanche subsequently acquired MTIX for: $9.5 million of 7% secured convertible promissory notes, $500,000 in cash, and 100,000 shares of the AVLP's newly designated shares of Class B Convertible Preferred Stock to Pravin Mistry, its founder, CEO and President. **The deal closed on August 22, 2017**. Avalanche plans to change its to MTIX and its ticker. We believe Philou Ventures, LLC (which owns 37% of Digital Power) owns 2.2 million shares of Avalanche common stock and 50,000 shares of Avalanche Class A preferred stock. Consequently, at the time, Philou was the owner of approximately 31.22% of the issued and outstanding Avalanche common stock and considered the controlling shareholder of Avalanche. Milton Todd Ault is the Chairman of the board of both Avalanche and Digital Power; William Horne is also on the board of both companies. Kristine Ault, the manager of Philou Ventures, LLC, is also on the Board of Directors of Digital Power and the wife of Mr. Ault.

FINANCIALS

2017 Forecast

On August 25, 2017 Digital Power issued guidance for gross revenues and has not as of yet changed that guidance. **For Q4 2017, it expects revenues between $4.2 million to $4.9 million resulting in full year revenues for 2017 of between $10.6 million, and $11.9 million.** The midpoint of 2017 revenues of $11.2 would be year over year revenue growth of 47.4%. This number does not discount for the 44% of Microphase Digital Power does not own. These forecasts do not include any recognition of revenues from the $50 million MTIX purchase order since it is reviewing its revenue recognition policies and protocols before booking and sales despite progress on fulfilling the orders. For the full year we are expecting **revenues of $11.5 million and a loss of $0.59** per share.

2018 Forecast

Investors are focused on 2018 revenues where more dramatic growth should appear. The biggest determinant on whether the stock price rises is whether the company can add revenues and eventually profits without diluting current common shareholders more than it grows profits.

For 2018 year, the company has issued guidance of $23.5 million and 25.0 million in revenues. This guidance was given before it announced the imminent acquisition of i.am, which is supposed to add $10 million in revenues in 2018 and Enertec, both of which have not yet closed. If we take the low end of revenue guidance of $23.5 million with the assumption that Digital Power's base business stays flat with 2016 at $7.6 million, $6.5 million is contributed by Microphase, another $2 million is contributed by Power-Plus Technical Distributors, this assumes $7.4 million is generated by MTIX. Keep in mind that when valuing DPW, 44% of the revenues from Microphase are still owned by Microphase. Add to this $10 million from i.am and another $6 million from the soon to be closed Enetec and **revenues can reach $39.5 million to $41 million**. For now we are using $30 million in revenues until the deals close and which point we will raise them.

We know gross margins from MTIX, Power-Plus i.am will be low will bring down overall margins for the company but with no insight into their business model, it is difficult to forecast losses. It is also difficult to forecast the dilution the company stock will suffer as warrants and options are exercised and the company issues more equity to support losses and investment. For now we are expecting a loss to common shareholders of $4.5 million or a loss of $0.19 per share based on 23 million primary shares outstanding.

VALUATION

As Digital Power is spending money to grow we are valuing it on a basis of sales to enterprise value versus other companies in the electronics and manufacturing business. The companies shown below trade at an average of 1.6 times EV to forecasted 2017 sales and 2.2 trailing twelve-month revenues. Based on these comparables and using $27 million in revenues, we value DPW at $1.24 per share by next year. The revenue used for DPW has been adjusted to take out the 44% of Microphase it does not own. Once the acquisitions close and revenues are raised closer to $40 million, the valuation moves to $1.57. Obviously the stock trades now at a cryptocurrency premium as well as a higher valuation due to rapid growth.

Company	Ticker	Revenue 2017E	Revenue LTM	TTM EBITDA	Enterprise Value / Sales 2017E	Enterprise Value / Sales LTM	EV/ EBITDA	Included Average?	Enterprise Value
Boeing	BA	$92,160	$91,310	$11,210	1.9x	1.9x	15.7x	y	176,380
Emerson	EMR	$15,700	$15,260	$3,240	2.9x	3.0x	14.1x	y	45,580
Bel Fuse	BELFB	$496	$490	$51	0.7x	0.7x	7.1x	y	362
Vicor	VICR	NA	$217	$4	NA	3.6x	183.4x	y	783
Delta Electronics	DELTA.BK	NA	$49,370	$6,650	NA	1.5x	11.1x	y	73,880
Average					**1.6x**	**2.2x**	**46.3x**		**$59,397**

	Revenue 2018E	Revenue 2017E	2017E EBITDA	Enterprise Value / Sales 2018E	Enterprise Value / Sales 2017E	Valuation Range Low	Valuation Range High
DPW Holdings	**$27**	**$11**	**-3.2**	**1.6x**	**2.2x**	**$24**	**$43**

Conclusion of Enterprise Value	**$33,578,363**
Market Value	**$30,278,363**
Shares Outstanding	24,500,000
Price per Share	**$1.24**

RISKS

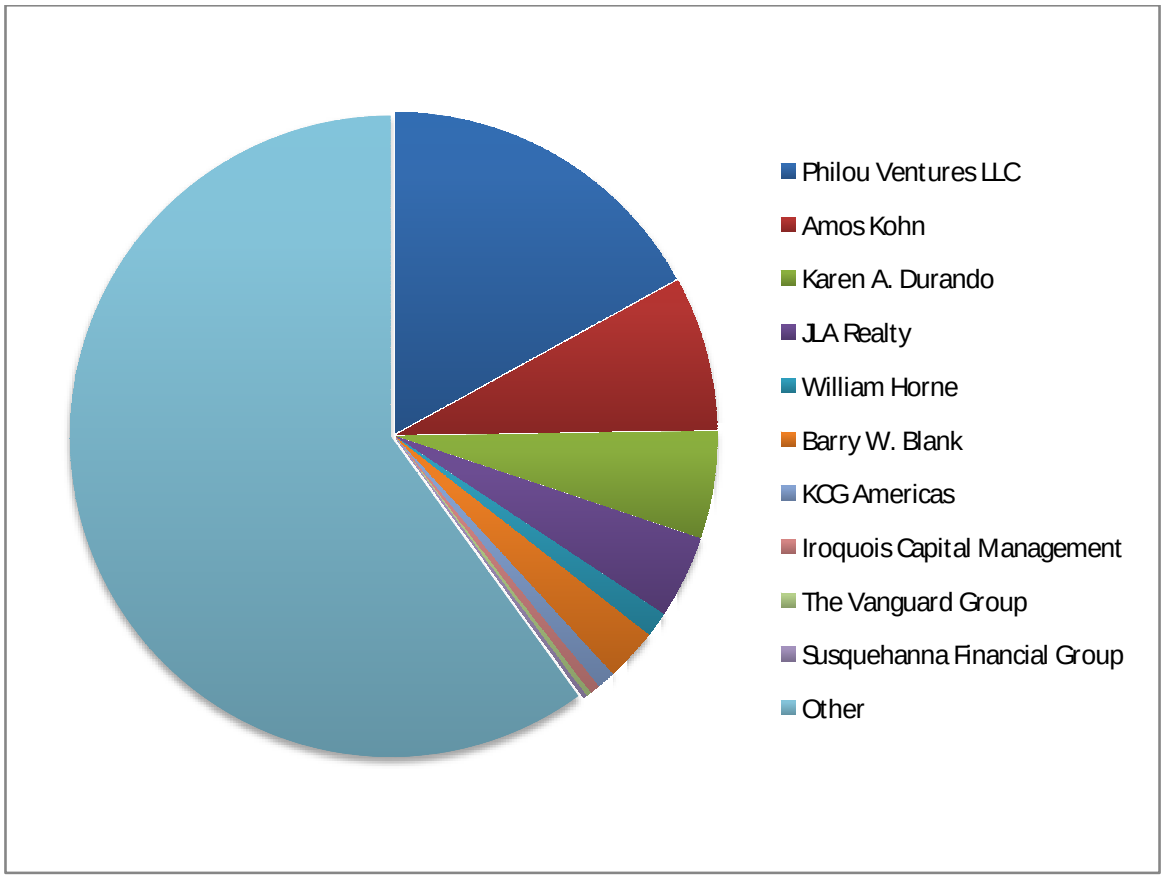
- Building textile machinery is a new venture for the company and it may not be able to garner the expertise to fulfill orders in a timely manor.
- The company may or may not be successful in selling product to the crypto currency market and much of the company's valuation depends on that success.
- The company may have trouble raising cash to support its new businesses.
- By raising cash through equity sales, the company may dilute current shareholders.
- Many of the company's legacy products are not competitive with newer technologies and business from these products is expected to fall off.
- The company's new strategies to grow the company are untested and may not work.
- If the company pursues acquisitions, the company may overpay, or business will not proceed as expected and the acquisitions may be dilutive.
- Military spending is subject to risk as programs could be cut or restrictions put on foreign sales by a new administration.

- Most of Digital Power's competitors are much larger and have greater resources with which to compete. In the past the company has been passed by due to its small size and weak financials.

- MTIX, the company that placed the order for textile machines to be manufactured by Digital Power, is owned by Avalanche (soon to be MTIX International), which is partly owned by Philou Ventures and 78% owned by Digital Power. Philou also owns 37% of Digital Power. The two companies also have Milton C. Ault, III as their Executive Chairman of the Board and William Horne as a Board member. This could lead to a conflict of interest between the two companies, particularly in pricing and investment contribution. Since there is no transparency as to pricing or expenses to be born by each entity there is risk that profits could be shifted away from Digital Power to Avalanche. Added to the risk is that Avalanche is behind in its reporting and has not submitted a 10Q or K with the SEC since February 2016. Management said it plans to be caught up with its reporting by year end.

OWNERSHIP

Philou Ventures, owned by the family of the Chairman of the board, now owns 37% of the 13.5 million primary shares outstanding.



INCOME STATEMENT

Digital Power	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17E	Q1 18E	Q2 18E	Q3 18E	Q4 18E			
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	2016	2017E	2018E
North America	948	1,212	1,248	1,134	1,000	1,329	2,877	3,200	3,400	4,000	5,000	7,000	4,542	8,406	19,400
Europe	765	852	578	859	628	493	343	1,600	1,600	2,000	3,000	4,000	3,054	3,064	10,600
Total revenue	**1,713**	**2,064**	**1,826**	**1,993**	**1,628**	**1,822**	**3,220**	**4,800**	**5,000**	**6,000**	**8,000**	**11,000**	**7,596**	**11,470**	**30,000**
Yr-to-yr Growth	-10%	-4%	29%	-13%	-5%	-12%	76%	141%	207%	229%	148%	129%	-2%	51%	162%
Total Cost of services	1093	1310	1,123	1,364	920	1,092	2,124	3,719	3,843	4,715	5,335	7,075	4,890	7,855	20,968
Gross profit	620	754	703	629	708	730	1,096	1,081	1,157	1,285	2,665	3925.0	2,706	3,615	9,032
Gross Margin %	36%	37%	38%	32%	43%	40%	34%	23%	23%	21%	33%	36%	36%	32%	30%
Operating expenses:															
Engineering and development	194	170	147	198	227	265	306	310	350	380	400	450	709	1,108	1,300
Selling and marketing	255	233	235	193	295	327	423	500	500	600	700	800	916	1,545	2,100
General and administrative	371	340	404	1,185	973	1,582	1,685	1,900	2,000	2,100	2,200	2,300	2,300	6,140	8,100
Total operating expenses	820	743	786	1,576	1,495	2,174	2,414	2,710	2,850	3,080	3,300	3,550	3,925	8,793	11,500
Operating income:	(200)	11	(83)	(947)	(787)	(1,444)	(1,318)	(1,629)	(1,693)	(1,795)	(635)	375	(1,219)	(5,178)	(2,468)
Operating margin	-11.7%	0.5%	-4.5%	-47.5%	-48.3%	-79.3%	-40.9%	-33.9%	-33.9%	-29.9%	-7.9%	3.4%	-16.0%	-45.1%	-8.2%
Other income:															
Interest expense, net	7	55	23	(8)	(207)	(407)	(753)	(753)	(207)	(407)	(753)	(753)	77	(2,120)	(2,000)
Impairment of investment	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-
Total other income	7	55	23	(8)	(207)	(407)	(753)	(753)	(207)	(407)	(753)	(753)	77	(2,120)	(2,000)
Income before income taxes	(193)	66	(60)	(955)	(994)	(1,851)	(2,071)	(2,382)	(1,900)	(2,202)	(1,388)	(378)	(1,142)	(7,298)	(4,468)
Pretax Margin	-11.3%	3.2%	-3.3%	-47.9%	-61.1%	NM	-64.3%	-49.6%	-38.0%	NM	-17.4%	-3.4%	-15.0%	-63.6%	-14.9%
Income tax benefit	-	-	-	20	-	-	-	-	-	-	-	-	20	-	-
Tax rate	0%	0%	0%	-2%	0%	0%	0%	0%	0%	0%	0%	0%	-1.8%	0.0%	0.0%
Minority interest	-	-	-	-	-	(112)	(104)	100	-	-	-	-	-	(116)	300
Net income	(193)	66	(60)	(935)	(994)	(1,739)	(1,967)	(2,382)	(1,900)	(2,202)	(1,388)	(378)	(1,122)	(7,182)	(4,768)
Preferred deemed dividends	-	-	-	-	-	(319)	-	-	-	-	-	-	-	(319)	(265)
Preferred dividends	-	-	-	-	-	(8)	(27)	(27)	-	-	-	-	-	(62)	(108)
Net income to common	(193)	66	(60)	(935)	(994)	(2,066)	(1,994)	(2,409)	(1,900)	(2,202)	(1,388)	(378)		(7,563)	(5,141)
Stk based compensation	44	43	42	414	157	595	517	517	157	595	517	517	543	1,786	2,068
One-time expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP Income	(149)	109	(18)	(521)	(837)	(1,471)	(1,477)	(1,892)	(1,743)	(1,607)	(871)	139	(579)	(5,396)	(2,700)
Yr-to-yr Growth	39%	-187%	-95%	196%	462%	-1450%	NM	263%	108%	9%	NM	-107%	-24%	832%	-50%
Net income per share:															
EPS	**-$0.03**	**$0.01**	**-$0.01**	**-$0.14**	**-$0.12**	**-$0.20**	**-$0.15**	**-$0.13**	**-$0.08**	**-$0.09**	**-$0.06**	**-$0.01**	**-$0.16**	**-$0.59**	**-$0.19**
Non-GAAP Diluted	-$0.02	$0.02	$0.00	-$0.08	-$0.10	-$0.14	-$0.11	-$0.11	-$0.08	-$0.07	-$0.03	$0.01	-$0.08	-$0.43	-$0.11
Yr-to-yr Growth	39.3%	NM	-94.9%	196.0%	354.1%	NM	NM	36.7%	-24.1%	-52.4%	-67.6%	-105.1%	-91%	-91%	1971%
Shares															
Basic	6,776	6,776	6,776	6,776	8,383	10,468	13,745	18,000	23,000	24,000	25,000	26,000	6,917	12,649	24,500
Yr-to-yr Growth	0%	0%	0%	0%	24%	54%	103%	166%	174%	129%	82%	44%	2%	83%	94%
All in Shares	6,776	6,776	7,922	11,427	13,034	26,638	34,633	31,188	26,188	27,188	28,188	29,188	11,568	26,373	27,688
Yr-to-yr Growth	0%	0%	17%	69%	92%	293%	337%	173%	101%	2%	-19%	-6%	46%	128%	5%

BALANCE SHEET

	Sep. 30, 2017	June 30, 2017	Qtr-Qtr % Growth	Dec. 30, 2016	Sept-Dec % Growth
CURRENT ASSETS:					
Cash and cash equivalents	$ 314,000	$ 443,000	-29.1%	$ 996,000	-68.5%
Accounts receivable, net	2,892,000	1,253,000	130.8%	1,439,000	101.0%
Prepaid expenses and other current assets	1,858,000	359,000	417.5%	285,000	551.9%
Inventories, net	603,000	1,609,000	-62.5%	1,122,000	-46.3%
Total current assets	5,667,000	3,664,000	54.7%	3,842,000	47.5%
Restricted cash	0	100,000	-100.0%	0	NM
Intangible assets	420,000	93,000	351.6%	0	NM
Goodwill	6,490,000	6,002,000	8.1%	0	NM
Property and equipment, net	603,000	623,000	-3.2%	570,000	5.8%
Investments - related party, net	3,782,000	2,582,000	46.5%	1,036,000	265.1%
Other investments	679,000	698,000	-2.7%	0	NM
Other investments, related parties	354,000	0	NM	0	NM
Deposits and loans	0	219,000	-100.0%	24,000	-100.0%
Other assets	265,000	0	NM	0	NM
Total Non- current assets	12,593,000	10,317,000	22.1%	1,630,000	672.6%
Total assets	18,260,000	13,981,000	30.6%	5,472,000	233.7%
CURRENT LIABILITIES:					
Accounts payable	5,460,000	2,835,000	92.6%	1,231,000	343.5%
Accounts payable - related parties	104,000	100,000	4.0%	0	NM
Advances on future receipts, net	1,475,000	0	NM	0	NM
Revolving credit facility	310,000	**612,000**	-49.3%	0	NM
Note payable - related party	274,000	**278,000**	-1.4%	**250,000**	9.6%
Note payable	1,609,000	**1,247,000**	29.0%	**0**	NM
Advances from customers and deferr rev	0	0	NM	0	NM
Convertible note payable	465,000	**250,000**	86.0%	0	NM
Other current liabilities	144,000	427,000	-66.3%	398,000	-63.8%
Total current liabilities	9,841,000	5,749,000	71.2%	1,879,000	423.7%
Note payable	659,000	**569,000**	15.8%	0	NM
Note payable, related parties	132,000	**128,000**	3.1%	0	NM
Convertible notes - related party, net	166,000	**122,000**	36.1%	**34,000**	388.2%
Total Liabilities	10,798,000	6,568,000	64.4%	1,913,000	464.5%
SHAREHOLDERS' EQUITY:					
Common shares	0	0	0.0%	0	0.0%
Additional paid-in capital	24,667,000	22,519,000	9.5%	16,537,000	49.2%
Accumulated deficit	(17,212,000)	(15,218,000)	13.1%	(12,158,000)	41.6%
Accumulated other comprehensive loss	(722,000)	(721,000)	0.1%	(820,000)	-12.0%
Total Digital Power shareholders' equity	6,733,000	6,580,000	2.3%	3,559,000	89.2%
Non-controlling interest	729,000	833,000	-12.5%	0	NM
Total Equity	7,462,000	7,413,000	0.7%	3,559,000	109.7%
Total liabilities and stockholders' equity	$ 18,260,000	13,981,000	30.6%	$ 5,472,000	233.7%
Current Ratio	0.6	0.6	-9.6%	2.0	-71.8%
Quick Ratio	0.5	0.4	44.0%	1.4	-64.5%
Working Capital	(4,174,000)	(2,085,000)	100.2%	$1,963,000	-312.6%
Total Debt	3,615,000	3,206,000	12.8%	284,000	1172.9%
Debt/equity	48%	43%	12.0%	8%	507.1%
Market cap	9,322,000	6,071,242	53.5%	5,868,100	58.9%
Enterprise value	12,623,000	8,734,242	44.5%	5,156,100	144.8%

CASH FLOWS

	Mar. 31, 2016	Jun. 30, 2016	Sep. 30, 2016	Dec. 31, 2016	Year 2016	Mar. 31, 2017	Jun. 30, 2017	Sep. 30, 2017
Cash flows from operating activities:								
Net loss	$ (193)	$ 66	$ (38)	$ (957)	$ (1,122)	$ (994)	$ (1,851)	$ (2,071)
Adjustments required to reconcile net income to net cash provided by operating activities:								
Depreciation	40	44	39	38	161	33	45	50
Interest expense - debt discount	0					195	392	652
Amortization of intangible asset	0	0	0	34	34	0	2	4
Accretion of discount on note receivable	0	0	0	(2)	(2)	(7)	(12)	(17)
Stock-based compensation	44	43	42	414	543	157	595	517
Interest expense on conversion of demand notes to common	0	0	0	0	0	13	0	0
Provision for bad debt	0	0	0	32	32	0	0	0
Impairment of investment in Telkoor	0	0	0	0	0	0	0	0
Write down of inventory	0	0	0	68	68	0	0	0
Changes in operatin assets and liabilities								
Accounts receivable	(32)	36	78	(393)	(311)	413	238	(1,388)
Account payable - related party	10					28	(28)	104
Accounts receivable - related party	0	0	0	77	77	0	0	0
Prepaid expenses & other current assets	13	40	(113)	(59)	(119)	15	57	(238)
Other assets	0	0	0	(11)	(11)	(29)	(53)	(115)
Inventories	87	169	(13)	(34)	209	193	23	12
Accts payable	66	(91)	(76)	423	322	(338)	347	2,074
Deferred revs and other current liabilities	(93)	(105)	85	(68)	(181)	0	0	0
Other current liabilities	66	0	0	(58)	(58)	49	(356)	(288)
Net cash provided by operating activities	(68)	202	4	(496)	(358)	(272)	(601)	(704)
Cash flows from investing activities:								
Purchase of property and equipment	(72)	(2)	(4)	(7)	(85)	(3)	(18)	(1)
Purchase of intangible asset					0	0	0	(50)
Purchase of Power-plus					0	0	0	(409)
Sale of investment	0	0	90	0	90	0	0	0
Investments - related party	0	0	0	(1,034)	(1,034)	(610)	(917)	(1,183)
Investment in real property					0	0	(300)	0
Investments other companies	0				0	(20)	(75)	70
Loan to related parties					0	0	0	(54)
Loan to third party	0				0	(59)	(430)	(325)
Net cash from(used) n investing activities	(72)	(2)	86	(1,041)	(1,029)	(692)	(1,740)	(1,952)
Cash flows from financing activities:								
Proceeds from sales of common stock and warrants	0	0	0	541	541	300	0	445
Proceeds from issuance of preferred stock					0	0	1,540	0
Financing cost for sale of common and warrants	0				0	(73)	(202)	0
Proceeds from convertible notes payable					0	0	354	1,160
Payments on convertible note payable					0	0	0	(157)
Proceeds from notes payable- related party	0				0	350	0	0
Proceeds from notes payable	0				0	520	190	75
Payments on note payable					0	0	0	(30)
Proceeds from advances on future receipts					0	0	0	1,772
Payments on advances on future receipts					0	0	0	(439)
Payments of preferred dividends					0	0	0	(8)
Financing cost for sale of debt securities					0	0	0	(122)
Payments on revolving credit facility					0	0	(268)	(213)
Net proceeds from issuance of convert - related parties	0	0	0	488	488	0	0	0
Proceeds frm short term loan - related party	0	0	0	250	250	0	0	0
Net cash provided by financing actvities	0	0	0	1,279	1,279	1,097	1,614	2,483
Effect of exchange rate changes on cash and cash equivalents	(19)	(70)	(10)	79	(137)	9	32	44
Increase (Decrease) in cash and cash equivalents	(159)	130	80	(179)	(245)	142	(695)	(129)
Cash and cash equivalents at the beginning of the period	1,241	1,082	1,212	1,292	1,241	996	1,138	443
Cash and cash equivalents at the end of the period	$ 1,082	$ 1,212	$ 1,292	$ 1,113	$ 996	$ 1,138	$ 443	$ 314

HISTORICAL STOCK PRICE



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