



## BitNile Holdings Reports 2021 Year-End Results

April 18, 2022

### The Company Grows Revenue by 120% to \$52 Million and Ends the Year with \$490 Million in Assets

LAS VEGAS--(BUSINESS WIRE)--Apr. 18, 2022-- [BitNile Holdings, Inc.](#) (NYSE American: NILE), a diversified holding company (“**BitNile**” or the “**Company**”) today announced its financial results for the year ended December 31, 2021 contained within its Form 10-K filed with the Securities and Exchange Commission.

#### Year ended December 31, 2021 highlights:

- Revenue of \$52.4 million, an increase of 120% from \$23.9 million in the prior fiscal year;
- Revenue from lending and trading activities of \$16.9 million due to the allocation of capital to Digital Power Lending, LLC (“**DP Lending**”);
- Revenue from trading activities during the year ended December 31, 2021 included significant net gains on equity securities, including unrealized gains and losses from market price changes. These gains and losses have caused and will continue to cause, significant volatility in our periodic earnings.
- Revenue from lending and trading activities included approximately \$5.6 million in unrealized loss from the Company’s investment in Alzamend Neuro, Inc. (Nasdaq: ALZN) (“**Alzamend**”), an early clinical-stage biopharmaceutical company focused on developing novel products for the treatment of neurodegenerative diseases and psychiatric disorders;
- Revenue generated by cryptocurrency mining of \$3.5 million as the Company resumed cryptocurrency mining operations during 2021;
- Net loss of \$24.2 million compared to a net loss of \$32.7 million in the prior fiscal year.
- Completed the IPO of Ault Disruptive Technologies Corporation, a special purpose acquisition company, ending the year with \$116.7 million cash and marketable securities held in trust;
- Cash of \$15.9 million, marketable securities of \$40.4 million, digital currencies of \$2.2 million and other investments of \$84.9 million as of December 31, 2021;
- Invested \$174.1 million in property and equipment;
- Positive working capital of \$11.5 million; and
- Total assets of \$490.3 million.

#### Revenues

Revenues by segment for the year ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31, Increase			
	2021	2020	(Decrease)	%
GWW	\$ 25,581,000	\$ 18,213,000	\$ 7,368,000	40%
TurnOnGreen, Inc. (“ <b>TOGI</b> ”)	5,346,000	5,416,000	(70,000)	-1%
Ault Alliance:				
Revenue, cryptocurrency mining, net	3,450,000	-	3,450,000	—
Revenue, lending and trading activities	16,854,000	242,000	16,612,000	6,864%
Other	1,169,000	-	1,169,000	—
Total revenue	\$ 52,400,000	\$ 23,871,000	\$ 28,529,000	120%

Total revenue increased by \$28.5 million, or 120%, to \$52.4 million for the year ended December 31, 2021, from \$23.9 million for the year ended December 31, 2020.

## **GWW**

GWW revenues increased by \$7.4 million, or 40%, to \$25.6 million for the year ended December 31, 2021, from \$18.2 million for the year ended December 31, 2020. The increase in GWW revenue in 2021 includes an increase of \$6.4 million from Relec, which was acquired on November 30, 2020. In the prior year period, revenue was constrained by a lack of working capital. The increase in revenue from the GWW segment for customized solutions for the military markets reflects improved liquidity in 2021, as the Company was able to allocate additional funds to the defense business to improve its ability to fulfill backlog orders. Revenue from Enertec, which largely consists of revenue recognized over time, was \$10.9 million for the year ended December 31, 2021, an increase of \$1.7 million, or 17.9%, from \$9.3 million in the prior-year period.

## **Ault Alliance**

Revenues from BitNile's cryptocurrency mining operations were \$3.5 million for the year ended December 31, 2021, compared to nil for year ended December 31, 2020, as BitNile resumed cryptocurrency mining operations during the first quarter of 2021. The decision to resume cryptocurrency mining operations in 2021 was based on several factors, including a greater number of active miners in operation, the market prices of digital currencies, and favorable power costs available at the Company's Michigan data center.

Revenues from lending and trading activities increased to \$16.9 million for the year ended December 31, 2021, from \$0.2 million for the year ended December 31, 2020, which is attributable to a significant allocation of capital from equity financing transactions to DP Lending's loan and investment portfolio. During the year ended December 31, 2021, DP Lending generated significant income from appreciation of investments in marketable securities as well as shares of common stock underlying convertible notes and warrants issued to DP Lending in certain financing transactions. Under its business model, DP Lending also generates revenue through origination fees charged to borrowers and interest generated from each loan.

Based upon the fair value of Alzamend common stock at December 31, 2021, which was \$1.90 per share based on its closing price on such date, DP Lending recorded an unrealized loss of \$5.6 million related to its investment in Alzamend common stock for the year ended December 31, 2021.

Revenues from trading activities during the year ended December 31, 2021 included significant net gains on equity securities, including unrealized gains and losses from market price changes. These gains and losses have caused, and will continue to cause, significant volatility in our periodic earnings.

## **Gross Margins**

Gross margins increased to 54.5% for the year ended December 31, 2021 compared to 31.5% for the year ended December 31, 2020. The Company's gross margins have typically ranged between 33% and 37%, with slight variations depending on the overall composition of its revenue. As the Company continues the expansion of its cryptocurrency mining operations and lending and trading activities, both high gross margin businesses, the Company expects its future gross margins will reflect gross margins similar to those reported in 2021 and may possibly increase significantly.

The Company's gross margins of 54.5% recognized during the year ended December 31, 2021 were impacted by the favorable margins from lending and trading activities. Excluding the effects of margin from lending and trading activities, the adjusted gross margins for the year ended December 31, 2021, would have been 32.9%, consistent with the Company's historical range.

## **Research and Development**

Research and development expenses increased by \$0.2 million to \$2.0 million for the year ended December 31, 2021, from \$1.8 million for the year ended December 31, 2020. The increase in research and development expenses is primarily due to costs incurred at TOGI related to the development of its EV charger products.

## **Selling and Marketing**

Selling and marketing expenses were \$7.8 million for the year ended December 31, 2021, compared to \$1.2 million for the year ended December 31, 2020, an increase of \$6.6 million, or 560%. The increase was primarily the result of increases in personnel costs directly attributed to an increase in sales and marketing personnel, consultants and advertising spending primarily at Ault Alliance related to digital marketing and digital learning initiatives. The increase was also attributable to costs incurred at TOGI to grow its selling and marketing infrastructure related to our EV charger products.

## **General and Administrative**

General and administrative expenses were \$36.7 million for the year ended December 31, 2021, compared to \$12.5 million for the year ended December 31, 2020, an increase of \$24.2 million, or 193%. General and administrative expenses increased from the comparative prior period, due mainly to:

- non-cash stock compensation costs of \$7.8 million;
- the accrual of a \$5.1 million performance bonus, in part related to realized gains on trading activities during the period;
- general and administrative costs of \$1.4 million from Relec, which was acquired on November 30, 2020;
- increased costs related to the Michigan data center, operated by Alliance Cloud Services, LLC; and
- higher consulting, audit, legal and insurance costs.

The Company's Chief Financial Officer, Kenneth S. Cragun, said, "The financial results for 2021 reflected expansion of our business. We more than doubled our top-line, with revenue up 120% over the prior year period and grew assets by 548% compared to the prior year end. During 2021, we were able to make significant investments in our subsidiary BitNile, Inc., investing \$86.0 million in Bitcoin mining equipment and upgrades to our Michigan data center, which we strongly believe will contribute to both revenue growth and improved profitability in future periods. We also further diversified our holdings by investing \$86.9 million in our real estate portfolio."

The Company's Founder and Executive Chairman, Milton "Todd" Ault, III said, "As we report on our 2021 financial results, I remind our team, partners and investors that we have just completed year four of a ten-year plan to scale our diversified holding company to \$1.0 billion in assets. The team is executing on this plan while overcoming many obstacles, including a global pandemic, supply chain challenges and volatile equity markets. Despite

these challenges, the goal remains the same. In 2022, we expect that a few of our subsidiaries will become publicly traded companies themselves. As we enter the fifth year of our ten-year plan, we expect to achieve positive cash flow from operations as we grow margins and achieve scale. At scale, we expect to fund our growth initiatives from internally generated free cash flow and become far less reliant on raising capital. Further, we expect to triple our top-line results in 2022, growing revenue to more than \$155 million. We have planted a garden of opportunities over the last four years and we expect to be able to harvest those crops while continuing to sow more seeds during the next few years.”

For more information on BitNile and its subsidiaries, BitNile recommends that stockholders, investors, and any other interested parties read BitNile’s public filings and press releases available under the Investor Relations section at [www.BitNile.com](http://www.BitNile.com) or available at [www.sec.gov](http://www.sec.gov).

#### **About BitNile Holdings, Inc.**

BitNile 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, BitNile owns and operates a data center at which it mines Bitcoin and provides mission-critical products that support a diverse range of industries, including defense/aerospace, industrial, automotive, telecommunications, medical/biopharma and textiles. In addition, BitNile extends credit to select entrepreneurial businesses through a licensed lending subsidiary. BitNile’s headquarters are located at 11411 Southern Highlands Parkway, Suite 240, Las Vegas, NV 89141; [www.BitNile.com](http://www.BitNile.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](http://www.sec.gov) and on the Company’s website at [www.BitNile.com](http://www.BitNile.com).

View source version on [businesswire.com](http://businesswire.com): <https://www.businesswire.com/news/home/20220418005237/en/>

#### **BitNile Holdings Investor Contact:**

[IR@BitNile.com](mailto:IR@BitNile.com) or 1-888-753-2235

Source: BitNile Holdings, Inc.