DMG Blockchain Solutions Reports Fourth Quarter and Year-End Results Ending September 30, 2022

VANCOUVER, British Columbia, Jan. 30, 2023 -- DMG Blockchain Solutions Inc. (TSX-V: DMGI) (OTCQB US: DMGGF) (FRANKFURT: 6AX) (“DMG”), a vertically integrated blockchain and cryptocurrency technology company, today announces its fourth quarter and full fiscal-year financial results. All financial references are in Canadian Dollars unless specified otherwise.

Recent Highlights

- Increased hashrate during fiscal year 2022 from 15 PH/s to 700 PH/s
- Strong balance sheet at fiscal year-end with $10.5 million in cash and digital currency with no debt
- For full year 2022, $43.2 million revenue, $1.5 million income before other items, $17.0 million net loss (-$0.10 per share)

Readers are encouraged to review the Company’s September 30, 2022 year-ended audited financial statements and management’s discussion and analysis thereof for a fulsome assessment of the Company’s performance and applicable risk factors, available at www.sedar.com.

Sheldon Bennett, DMG Blockchain Solutions’ Chief Executive Officer, commented, “DMG has successfully managed through a very difficult crypto currency market with bitcoin-Canadian dollar price declining 56% during our financial year 2022. Despite these challenging market conditions, we outperformed many of our competitors, which experienced severe financial hardships as a result of the industry downturn and subsequent environment resulting from the FTX situation. Our prudent approach to drive growth while carefully managing our balance sheet enabled us to execute and continue to generate positive cash operating income. We ended the financial year with $10.5 million worth of cash and digital currency and no debt.”

Steven Eliscu, Chief Operating Officer added, “In 2022, we built a sound base of leading-edge bitcoin mining capacity that we can continue to grow with the purchase of new miners, conversion of our existing mining assets to utilize immersion cooling technology, as well as the potential development of new sites. In addition, we believe in the future of our Core+ software strategy to monetize bitcoin transactions by building on our carbon-neutral pool, Terra Pool, monetizing our Petra technology for filtering in known good transactions, and creating a carbon-neutral bitcoin marketplace. We believe this suite of technologies will enable us to further grow our revenue in the long-term.”

Adrian Glover, Chief Technology Officer, continued, “2022 was a year for moving forward DMG’s software development, the results of which we expect to bear fruit in 2023 with an upgraded version of Terra Pool, deployment of Petra on the Bitcoin mainnet, and upgrades to our Helm mine management software, which would support our deployment of immersion cooling at scale.”

Financial Highlights

Revenue for the fiscal year ending September 30, 2022 was $43.2 million versus $10.2 million in the prior year period, an increase of 323%, mainly on the increase in bitcoin mining capacity. Additionally, there were increases in software license and related development income as compared to the prior year. These increases were offset by a decrease in equipment hosting revenue as the Company continues to move toward a focus on self-mining operations.

Revenue for the fourth quarter ending September 30, 2022 was $6.5 million versus $10.5 million in the prior quarter, a sequential decrease of 38%, and $2.5 million in the prior year period. The decline in revenues from the prior quarter was primarily driven by the 35% decline in the average price of bitcoin.

Income before other items for the fiscal year ending September 30, 2022 was $1.5 million versus -$6.8 million in the prior year period.

Operating and maintenance costs for the year ended September 30, 2022 was $13.0 million as compared to $6.6 million for the year ended September 30, 2021. The majority of this was due to an increase of $6.6 million in utilities costs, which is related to the increase in digital currency mining activity from the additional miners acquired during the year. Operating and maintenance costs for the three months ended September 30, 2022 were $3.5 million as compared to $1.6 million in the same quarter in the prior year. The increase is a result of increases in utilities costs of $1.9 million, which is related to the increase in digital currency mining activity and the net increase in miners throughout the period.

Net loss for the fiscal year ending September 30, 2022 was $17.0 million, versus $9.6 million in the prior year period. Increases in revenue of $33.0 million were offset by increases in depreciation of $17.9 million and operating and maintenance costs of $6.5 million all related to the increase in installation of new miners for self-mining. Research costs increased by $1.5 million, mostly related to work on software development projects. Additionally, the Company recognized a decline in fair value on its investment in Brane of $3.0 million and its investment in Bosonic of $2.8 million as well as an impairment of the amount recoverable of $1.3 million. The increase in net loss was offset by a decrease in share-based compensation of $1.1 million.

Earnings per share for the fiscal year ending September 30, 2022 was -$0.10 versus -$0.07 in the prior year period.

As at September 30, 2022, the Company had cash of $1.2 million, digital currency of $9.3 million and total assets of $96.9 million. For more details, please refer to the Company's filings.

Management Call

Today the Company also announces that it will host a conference call to review fourth quarter 2022 financial results and provide a corporate update on January 31, 2023, at 4:30 PM ET. Participants are asked to pre-register for the call through the following link:
https://dpregister.com/sreg/10175490/f5d31c6aa0.

Please note that registered participants will receive their dial in number upon registration and will dial directly into the call without delay. Those without Internet access or unable to pre-register may dial in by calling: 1-844-282-4703 (U.S. toll free), 1-412-317-5624 (international) or 1-647-484-8814 (Canadian toll free). All callers should dial in approximately 10 minutes prior to the scheduled start time and ask to be joined into the DMG Blockchain call.

The conference call will also be available through a live webcast found here, and will be available for webcast replay approximately one hour after the end of the call and until April 30, 2023.

A telephonic replay of the call will be available through February 14, 2023, and may be accessed by calling 1-877-344-7529 (U.S. toll free), 1-412-317-0088 (international) or 855-669-9658 (Canadian toll free) and using the access code 5467434.

Although there will be no live Q&A session, management will address pre-submitted questions during the call. Those wishing to submit a question may do so via investors@dmgblockchain.com using the subject line 'Conference Call Question Submission' through January 31, 2023 at 2:00 PM ET.

About DMG Blockchain Solutions Inc.

DMG is an environmentally friendly vertically integrated blockchain and cryptocurrency company that manages, operates, and develops end-to-end digital solutions to monetize the blockchain ecosystem. DMG's sustainable businesses are segmented into two business lines under the Core and Core+ strategies and unified through DMG's vertical integration.

Future changes in the Bitcoin network-wide mining difficulty rate or Bitcoin hash rate may materially affect the future performance of DMG's production of Bitcoin, and future operating results could also be materially affected by the price of Bitcoin and an increase in hash rate mining difficulty.
For more information on DMG Blockchain Solutions visit: www.dmgblockchain.com
Follow @dmgblockchain on Twitter and subscribe to DMG's YouTube channel.

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Cautionary Note Regarding Forward-Looking Information

This news release contains forward-looking information or statements based on current expectations. Forward-looking statements contained in this news release include statements regarding the potential of Core+ strategies and plans, Terra Pool, delivering products that enable the monetization of bitcoin transactions, developing and executing on the Company's products and services, increasing self-mining, the launch of products and services, events, courses of action, and the potential of the Company's technology and operations, among others, are all forward-looking information.

Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. Such information can generally be identified by the use of forwarding-looking wording such as "may", "expect", "estimate", "anticipate", "intend", "believe" and "continue" or the negative thereof or similar variations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including but not limited to, market and other conditions, volatility in the trading price of the common shares of the Company, business, economic and capital market conditions; the ability to manage operating expenses, which may adversely affect the Company's financial condition; the ability to remain competitive as other better financed competitors develop and release competitive products; regulatory uncertainties; access to equipment; market conditions and the demand and pricing for products; the demand and pricing of bitcoins; security threats, including a loss/theft of DMG's bitcoins; DMG's relationships with its customers, distributors and business partners; the inability to add more power to DMG's facilities; DMG's ability to successfully define, design and release new products in a timely manner that meet customers' needs; the ability to attract, retain and motivate qualified personnel; competition in the industry; the impact of technology changes on the products and industry; failure to develop new and innovative products; the ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of intellectual property litigation that could materially and adversely affect the business; the ability to manage working capital; and the dependence on key personnel. DMG may not actually achieve its plans, projections, or expectations. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the demand for its products, the ability to successfully develop software, that there will be no regulation or law that will prevent the Company from operating its business, anticipated costs, the ability to secure sufficient capital to complete its business plans, the ability to achieve goals and the price of bitcoin. Given these risks, uncertainties, and assumptions, you should not place undue reliance on these forward-looking statements. The securities of DMG are considered highly speculative due to the nature of DMG's business. For further information concerning these and other risks and uncertainties, refer to the Company's filings on www.SEDAR.com. In addition, DMG's past financial performance may not be a reliable indicator of future performance.

Factors that could cause actual results to differ materially from those in forward-looking statements include, failure to obtain regulatory approval, the continued availability of capital and financing, equipment failures, lack of supply of equipment, power and infrastructure, failure to obtain any permits required to operate the business, the impact of technology changes on the industry, the impact of Covid-19 or other viruses and diseases on the Company's ability to operate, secure equipment, and hire personnel, competition, security threats including stolen bitcoins from DMG or its customers, consumer sentiment towards DMG's products, services and blockchain technology generally, failure to develop new and innovative products, litigation, adverse weather or climate events, increase in operating costs, increase in equipment and labor costs, decrease in the price of Bitcoin, failure of counterparties to perform their contractual obligations, government regulations, loss of key employees and consultants, and general economic, market or business conditions. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on any forward-looking information. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Additionally, the Company undertakes no obligation to comment on the expectations of or statements made by third parties in respect of the matters discussed above.

DMG Blockchain Solutions Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the years ended September 30,	
	2022	**2021**
	$	**$**
Revenue	43,236,152	10,218,499
Expenses		
Operating and maintenance costs	13,033,028	6,557,868
General and administrative	3,447,690	3,447,841
Stock-based compensation	3,077,100	4,149,382
Research	2,364,513	826,146
Bad debt expense (recovery)	(32,039)	19,292
Depreciation	19,782,363	1,847,685
Amortization of intangible assets	42,388	204,850
Total expenses	**41,715,043**	**17,053,064**
Income (loss) before other items	**1,521,109**	**(6,834,565)**
Other income (expense)		
Interest and other income	111,243	105,085
Gain (loss) on disposition of assets	1,179,949	(202,111)
Gain on assets held for sale	-	1,543,138
Foreign exchange gain (loss)	149,798	(294,134)
Gain on write-down of accounts payable	2,050,827	-
Loss on settlement of legal claims	(30,000)	(198,874)
Impairment of non-current assets	(39,134)	-

Impairment of amounts recoverable	(1,302,049)	-
Decline in fair value of investments	(5,782,825)	-
Provision of sales tax receivable	-	(1,722,044)
Unrealized revaluation loss on digital currency	(11,528,632)	(1,973,328)
Realized gain (loss) on sale of digital currency	(2,220,167)	167,362
Loss on change in fair value of marketable securities	(1,085,073)	(142,935)
Net loss	**(16,975,396)**	**(9,552,406)**
Other comprehensive income		
Items that may be reclassified subsequently to income or loss:		
Unrealized revaluation loss on digital currency	(89,352)	(217,304)
Cumulative translation adjustment	1,474	125,986
Net loss and comprehensive loss	**(17,063,274)**	**(9,643,724)**
Net loss attributable to:		
Shareholders	(16,975,396)	(9,549,680)
Non-controlling interest	-	(2,726)
	(16,975,396)	(9,552,406)
Basic and diluted loss per share	($0.10)	($0.07)
Weighted average number of shares outstanding		
- basic and diluted	167,180,278	136,160,785

DMG Blockchain Solutions Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, 000s)

	Quarter Ended				FY22
QUARTERLY INCOME STATEMENT	**December 31, 2021**	**March 31, 2022**	**June 30, 2022**	**September 30, 2022**	**TOTAL**
	$	**$**	**$**	**$**	**$**
Revenue	**14,259**	**11,900**	**10,529**	**6,548**	**43,236**
Expenses					
Operating and maintenance costs	2,752	3,244	3,568	3,469	**13,033**
General and administrative	1,009	1,414	930	94	**3,448**
Stock-based compensation	1,339	614	574	550	**3,077**
Research	299	290	554	1,222	**2,365**
Bad debt expense (recovery)	12	15	6	(66)	**(32)**
Depreciation	3,483	4,822	5,532	5,945	**19,782**
Amortization of intangible assets	42	0	0	0	**42**
Total expenses	**8,936**	**10,399**	**11,165**	**11,216**	**41,715**
Income (loss) before other items	**5,324**	**1,501**	**(635)**	**(4,668)**	**1,521**
Other income (expense)					
Interest and other income	39	68	-	4	**111**
Gain (loss) on disposition of assets	2	-	1,155	23	**1,180**
Gain on assets held for sale	-	-	-	-	**-**
Foreign exchange gain (loss)	(251)	(96)	221	276	**150**
Gain on write-down of accounts payable	-	2,051	-	-	**2,051**
Loss on settlement of legal claims	-	-	(30)	-	**(30)**
Impairment of non-current assets	-	-	-	(39)	**(39)**
Impairment of amounts recoverable	-	-	(1,261)	(41)	**(1,302)**
Decline in fair value of investments	-	-	-	(5,783)	**(5,783)**
Provision of sales tax receivable	-	-	-	-	**-**
Unrealized revaluation loss on digital currency	-	-	(8,089)	(4,186)	**(12,276)**
Realized gain (loss) on sale of digital currency	(94)	(3,058)	(2,910)	4,588	**(1,474)**

Gain (loss) on change in fair value of marketable securities	17	(409)	(683)	(10)	**(1,085)**
Net income (loss)	**5,037**	**56**	**(12,233)**	**(9,836)**	**(16,975)**
Other comprehensive income					
Items that may be reclassified subsequently to income or loss:					
Unrealized revaluation gain (loss) on digital currency	884	1,620	(2,611)	18	**(89)**
Cumulative translation adjustment	9	53	(114)	53	**1**
Net income (loss) and comprehensive income (loss)	**5,930**	**1,729**	**(14,958)**	**(9,765)**	**(17,063)**
Basic income (loss) per share	$0.03	$0.00	$(0.07)	$(0.06)	$(0.10)
Diluted income (loss) per share	$0.03	$0.00	$(0.07)	$(0.06)	$(0.10)
Weighted average number of shares outstanding (000s)					
- Basic	167,017	167,200	167,255	167,256	167,182
- Diluted	170,109	168,332	167,255	167,256	167,182

DMG Blockchain Solutions Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at September 30, 2022	**As at September 30, 2021**
ASSETS	**$**	**$**
Current		
Cash and cash equivalents	1,247,513	19,686,777
Amounts receivable	6,320,533	3,300,563
Digital currency	9,319,790	17,925,942
Prepaid expense and other current assets	258,289	426,600
Current portion of lease receivable	36,883	140,624
Amount recoverable	-	7,823,307
Marketable securities	401,542	486,615
Total current assets	**17,584,550**	**49,790,428**
Long-term deposits	14,526,569	24,368,883
Property and equipment	58,083,429	31,195,930
Long-term portion of lease receivable	-	36,312
Intangible assets	-	58,487
Long-term investments	75,000	5,677,650
Amount recoverable	6,632,501	-
Total assets	**96,902,049**	**111,127,690**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade and other payables	4,854,517	5,050,612
Deferred revenue	103,678	224,125
Current portion of lease liability	131,612	173,372
Current portion of loans payable	291,881	291,881
Total current liabilities	**5,381,688**	**5,739,990**
Long-term lease liability	92,809	72,974
Total liabilities	**5,474,497**	**5,812,964**
Shareholders' Equity		
Share capital	110,381,441	110,099,851
Reserves	43,959,280	41,057,232
Obligation to issue shares	-	7,538
Accumulated other comprehensive income	121,623	209,501

Accumulated deficit	(63,034,792)	(46,059,396)
Total shareholders' equity	**91,427,552**	**105,314,726**
Total liabilities and shareholders' equity	**96,902,049**	**111,127,690**

DMG Blockchain Solutions Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended September 30,	2022 $	2021 $
OPERATING ACTIVITIES		
Net loss for the period	**(16,975,396)**	**(9,552,406)**
Non-cash items:		
Accretion	15,843	-
Amortization of intangible assets	42,388	204,850
Depreciation	19,782,363	1,847,685
Share-based payments	3,077,100	4,149,382
Unrealized loss (gain) on revaluation of digital currency	11,528,632	2,190,632
Unrealized foreign exchange gain	(149,212)	-
Gain on sale of assets	(1,179,949)	(1,341,027)
Gain on write-down of accounts payable	(2,050,827)	-
Unrealized loss on marketable securities	1,085,073	142,935
Impairment of non-current assets	39,134	-
Impairment of amounts recoverable	1,302,050	-
Impairment of investment	5,782,825	-
Provision for sales tax receivable	-	1,772,044
Bad debt expense (recovery)	(32,039)	19,292
Digital currency related revenue	(37,820,728)	(3,823,293)
Digital currency sold	32,686,625	955,003
Realized loss on sale of digital currency	2,220,167	-
Digital currency purchased	(93,664)	(14,967,000)
Digital currency received for payment of receivables or loans	-	(1,315,279)
Non-cash interest income	(115,475)	(8,801)
Accrued interest	(4,292)	11,037
Changes in non-cash operating working capital:		
Prepaid expenses and other current assets	143,644	976,684
Amounts receivable	(4,158,741)	(4,375,528)
Amounts recoverable	-	(7,823,307)
Deferred revenue	(1,047,818)	1,125,706
Trade and other payables	1,107,980	(22,608)
Net cash provided by (used in) operating activities	**15,185,683**	**(29,833,999)**
INVESTING ACTIVITIES		
Purchase of property and equipment	(2,646,248)	(20,284,494)
Deposits on mining equipment	(34,857,051)	(24,172,236)
Purchase of long-term investment	-	(5,677,650)
Proceeds on sale of equipment	3,855,776	4,559,637
Refund of security deposit	1,000	-
Proceeds from sublease	146,595	127,490
Net cash used in investing activities	**(33,499,928)**	**(45,447,253)**