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FOR IMMEDIATE RELEASE

Listing: TSX Venture Exchange
Symbol: DNX

Dynex Power Announces 2017 Results

Significant revenue growth; improved cash flow; losses reduced by 83%

Lincoln, England, March 29, 2018 - Dynex Power Inc. (TSXV: DNX), a leading, high power, semiconductor company, today announced its financial results for the year ended December 31st, 2017.

Summary financial information for the twelve months ended December 31st, 2017 is as follows:

Dollars (000's)	Dec. 31, 2017	Dec. 31, 2016
Revenue	47,466	40,519
Gross profit	6,097	2,090
Expenses	(6,941)	(8,041)
(Loss) before tax	(844)	(5,951)
Income tax recovery	7	1,031
Net (loss)	(837)	(4,919)
EBITDA	4,418	(523)
Operating cash	3,313	(501)
Weighted average common shares outstanding - fully diluted	80,509,047	80,509,047
Earnings per share - diluted	(0.01)	(0.06)

Revenue for the year of \$47.5 million was 17% higher than in the preceding year. In sterling terms (sterling weakened approximately 6% versus the Canadian dollar), revenue grew by approximately 25%, and was the highest in the history of the company. The growth in revenues was driven by a strong performance across all lines of business.

The Group reported a gross profit of \$6.1 million for the year, equivalent to 12.9% of revenue, compared to a gross profit of \$2.1 million, or 5.2% of revenue, last year. The growth in gross profit was achieved through a higher volume of business, improved execution, and lower inventory provisions.

Expenses decreased from \$8.0 million in 2016 to \$6.9 million in 2017. This headline decrease was driven by other income of \$1.5m, with underlying expenses (excluding other income) of \$8.4 million, an increase on 2016 of \$0.4 million. Accounting for this increase were research and development costs which rose by \$ 0.2 million, and foreign exchange losses of \$0.2 million.

Dynex recorded a loss before tax of \$0.8 million in 2017, compared to a loss before tax of \$5.9 million in 2016.

Dynex reported positive operating cash flow of \$3.3 million in 2017 compared with negative operating cash of \$0.5 million in 2016. This was helped by a reduction in inventory of \$0.9 million. Free cash flow was a positive \$2.7 million, compared to a negative \$0.5 million in 2016. EBITDA strengthened to \$4.4 million, compared to a negative EBITDA of \$0.5 million in 2016.

New orders received in 2017 totalled \$42.5 million, resulting in a book-to-bill ratio of 0.9. The closing order book at the end of 2017 was \$9.1 million, compared with \$13.4 million at the end of 2016. The market is moving towards shorter lead times; the Company is responding to this through improvements in operational efficiency, strategic stocking on high volume parts, and more efficient marketing.

Clive Vacher, President and Chief Executive Officer commented, “Dynex made substantial progress in 2017, following the robust five-workstream turnaround plan tabled at the AGM in June. The key performance metrics show strong improvement, and the financials have followed. Most importantly, from a product perspective, our progress in 2017 has provided the confidence that Dynex can be a leader in the industry, with market-leading levels of technology, quality and performance. Much work still needs to be done to bring sustained profitability and growth, and there are some short-term concerns related to the current backlog. As a result of the diminished backlog, we will not be able to sustain a revenue level that shows profitability in the first quarter of 2018. However, we are intensely focused on increasing order intake. This, coupled with some significant cost reductions, forms part of the next iteration of the turnaround plan, which intensively focuses on long-term financial stability and growth. It will take time, but our confidence is high.”

Alan Lyons, Chief Financial Officer added, “The results for 2017 are a very positive improvement. As our operational efficiency improvements continue, the results will translate into improved financial performance. While we continue to pursue the goal of further revenue growth in 2018, we are also focusing on cost reduction and working capital initiatives to improve our margin and operating cash flow. Specifically, our cost reduction activities are progressing well, and we will build on \$1m of annualised savings that we are expecting to lock in during Quarter 1 2018. The first half of 2018 will be challenging, but we intend to build on the positive improvements of 2017 and show success in 2018 and beyond.”

Mr Liu Ke’an, the Chairman of Dynex, commented “Dynex’s results in 2017 demonstrate a material improvement in performance. This represents a very encouraging basis for further improvements in 2018. The leadership team has my full support. I am growing in my confidence that the business now has the momentum it needs to succeed well into the future.”

Forward-looking Statements

In commenting on its expectations, the Company cautioned existing and potential shareholders about relying on the Company’s expectations in that the Company’s expectations contain forward looking statements and assumptions which are subject to the risks and uncertainties of the markets and the future, which could cause actual results to differ materially from expectations, and which are each difficult and subjective to forecast. Certain of those risks and uncertainties are discussed in the Management’s Discussion and Analysis for the year ended December 31st , 2016 and

include, among other things, risks and uncertainties relating to: the level of worldwide demand for power semiconductors and power semiconductor assemblies; the level of investment in power electronic equipment, electrification of transport systems, alternative power generation and high quality power transmission and distribution; and fluctuations in exchange rates between Canadian Dollars, Sterling, US Dollars and Euros. As a consequence of these and other risks and uncertainties, shareholders and potential investors must make their own independent judgments about the accuracy and reliability of the Company's expectations. Dynex disclaims any intention or obligation to update or revise any forward looking statement whether as a result of new information, future events or otherwise.

About the Company

Dynex designs and manufactures high power bipolar semiconductors, high power insulated gate bipolar transistor (IGBT) modules and die and high power electronic assemblies. The company's power products are used worldwide in power electronic applications including electric power transmission and distribution, renewable and distributed energy, marine and rail traction motor drives, aerospace, electric vehicles, industrial automation and controls and power supplies. Dynex Semiconductor Ltd is its only operating business and is based in Lincoln, England in a facility housing the fully integrated silicon fabrication, assembly and test, sales, design and development operations. In 2008, a majority of the shares of Dynex were acquired by Zhuzhou CSR Times Electric Co., Ltd. In April 2016 this company changed its name to Zhuzhou CRRC Times Electric Co., Ltd.

Zhuzhou CRRC Times Electric Co., Ltd. is based in Hunan Province in the People's Republic of China. It is listed on the Hong Kong Stock Exchange. CRRC Times Electric is mainly engaged in the research, development, manufacture and sales of locomotive train power converters, control systems and other train-borne electrical systems, as well as the development, manufacturing and sales of urban railway train electrical systems. In addition, CRRC Times Electric is also engaged in the design, manufacturing and sales of electric components including power semiconductor devices for the railway industry, urban railway industry and non-railway purposes.

Press announcements and other information about Dynex are available at www.dynexpower.com.

Further information on CRRC Times Electric can be found at www.timeselectric.cn/en

All monetary values expressed in this release are in Canadian Dollars unless stated otherwise.

The TSX Venture Exchange has neither approved nor disapproved of the information in this press release.

DYNEX POWER INC.**Consolidated Statement of Loss and Other Comprehensive Loss in Canadian Dollars
Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
	\$	\$
Revenue	47,466,279	40,519,413
Cost of sales	(41,369,391)	(38,429,715)
Gross profit	6,096,888	2,089,698
Other income	1,481,875	47,288
Sales and marketing expenses	(1,441,821)	(1,429,127)
Administration expenses	(4,228,447)	(4,409,051)
Research and development expenses	(1,942,828)	(1,733,689)
Finance costs	(614,784)	(730,669)
Other (losses)/gains	(195,171)	214,933
Loss before tax	(844,288)	(5,950,617)
Income tax recovery	7,371	1,031,493
Net loss	(836,917)	(4,919,124)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to net profit/loss:		
Exchange differences on translation of foreign operations (net of tax of \$nil)	799,802	(7,278,651)
Total comprehensive loss for the period	(37,115)	(12,197,775)
Loss per share		
Basic	(0.01)	(0.06)
Diluted	(0.01)	(0.06)

DYNEX POWER INC.
Consolidated Statement of Financial Position in Canadian Dollars
As at December 31, 2017

	2017	2016
	\$	\$
NON-CURRENT ASSETS		
Intangible assets	1,475,016	1,524,346
Property, plant & equipment	29,338,663	31,565,940
Deferred tax asset	1,292,441	1,127,322
Total non-current assets	32,106,120	34,217,608
CURRENT ASSETS		
Inventories	10,961,596	11,854,067
Trade receivables	4,637,011	4,035,481
Amounts owing from group undertakings	8,704,381	3,573,709
Prepayments, deposits & other receivables	2,138,954	2,297,786
Tax recoverable	-	682
Cash	3,564,624	898,855
Total current assets	30,006,566	22,660,580
CURRENT LIABILITIES		
Trade payables	1,271,903	3,010,756
Amounts owing to group undertakings	3,701,225	2,103,917
Other payables and accruals	7,204,708	3,290,095
Borrowings	20,292,764	16,380,290
Provisions	173,339	456,773
Total current liabilities	32,643,939	25,241,831

DYNEX POWER INC.
Consolidated Statement of Financial Position in Canadian Dollars (continued)
As at December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
NON-CURRENT LIABILITIES		
Borrowings	3,146,100	5,141,190
Provisions	50,932	186,337
Total non-current liabilities	3,197,032	5,327,527
NET ASSETS	26,271,715	26,308,830
EQUITY		
Share capital	37,096,192	37,096,192
Accumulated deficit	(11,365,142)	(10,528,225)
Foreign currency translation reserve	540,665	(259,137)
TOTAL EQUITY	26,271,715	26,308,830

DYNEX POWER INC.
Consolidated Statement of Changes in Equity in Canadian Dollars
Year Ended December 31, 2017

	Share Capital	Retained (Deficit)	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$
At January 1st, 2016	37,096,192	(5,609,101)	7,019,514	38,506,605
Total comprehensive loss for the period	-	(4,919,124)	(7,278,651)	(12,197,775)
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At December 31st, 2016	37,096,192	(10,528,225)	(259,137)	26,308,830
Total comprehensive (loss)/income for the period	-	(836,917)	799,802	(37,115)
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At December 31st, 2017	37,096,192	(11,365,142)	540,665	26,271,715

DYNEX POWER INC.
Consolidated Statement of Cash Flows in Canadian Dollars
Year Ended December 31, 2017

	2017	2016
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(844,288)	(5,950,617)
Finance costs recognised in loss before tax	614,784	730,669
Investment income recognised in loss before tax	518	(844)
Amortization of intangible assets	303,469	206,087
Depreciation of property, plant & equipment	4,642,742	4,897,300
Loss/(gain) on disposal of property, plant & equipment	(45,873)	(5,348)
Provision for slow moving and obsolete inventory	(6,345,671)	1,841,951
Non cash movement in provisions	(35,540)	-
Movements in working capital	5,151,166	(2,109,223)
Income taxes paid	(128,318)	(110,675)
Net cash generated by/(used in) operating activities	3,312,989	(500,700)
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for intangible assets	(205,740)	(437,513)
Payments for property, plant & equipment	(1,508,275)	(1,385,381)
Proceeds on disposal of property, plant & equipment	81,568	6,656
Interest received	(518)	844
Net cash used in investing activities	(1,632,965)	(1,815,394)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	18,417,509	2,821,288
Repayments of borrowings	(17,136,898)	(603,728)
Interest paid	(301,343)	(324,668)
Payments for other finance costs	(14,465)	-
Net cash generated by financing activities	964,803	1,892,892
NET INCREASE/(DECREASE) IN CASH	2,644,827	(423,202)
Cash at beginning of period	898,855	1,410,547
Effect of foreign currency translation on cash	20,942	(88,490)
CASH AT END OF PERIOD	3,564,624	898,855