

March 31, 2021



# Riot Blockchain Announces Financial Highlights for the Fourth-Quarter & Full-Year Ended 2020 and Full-Year 2020 Operating Highlights and Financial Results

Castle Rock, CO, March 31, 2021 (GLOBE NEWSWIRE) -- **Riot Blockchain, Inc. (NASDAQ: RIOT)** ("**Riot**", "**Riot Blockchain**" or the "**Company**"), one of the leading Nasdaq-listed bitcoin mining companies in the United States, announced today financial highlights and financial results, for the fourth quarter and full year ended December 31, 2020.

- *Achieved profitability on a GAAP basis in the fourth quarter of 2020*
- *Fourth-quarter mining revenues increased 116%, with corresponding fourth-quarter G&A expenses increasing by only 14%, on a sequential quarter-over-quarter basis*
- *Hashing capacity increased by 460% on a year-over-year basis*
- *Bitcoin held on balance sheet increased by 110% on a year-over-year basis*
- *Working capital increased by over 2,000% to \$233.9 million on a year-over-year basis*

"2020 was a transformative year for Riot and we believe that the Company's prospects have never been brighter," said Jason Les, Riot's CEO. "Our strategic decision to solely focus on bitcoin mining in early 2020 allowed the Company to exit 2020 as a public company leader as measured by total hash rate. We are pleased to have invested into continuing our deployed hash rate growth, allowing us to capitalize on the extraordinary current opportunities in bitcoin mining. In 2021, we are amplifying our focus on initiatives that will drive further growth for Riot, including increasing the US-based share of the bitcoin mining landscape."

## Fourth Quarter 2020 Financial Highlights

- Achieved profitability during the 2020 fourth quarter, with \$3.9 million in net income on a GAAP basis, as compared to a \$(3.4) million net loss during the 2019 fourth quarter and as compared to a \$(1.7) million loss for the third quarter of 2020.
- Mining revenues increased by 116% on a sequential quarter-over-quarter basis, to \$5.2 million in the fourth quarter of 2020 as compared to \$2.4 million for the third quarter of 2020.
- Comparatively, SG&A increased by only 14% on a sequential quarter-over-quarter basis, to \$2.3 million in the fourth quarter of 2020 as compared to \$2.0 million for the third quarter of 2020.
- Total newly mined bitcoin increased by 36% on a sequential quarter-over-quarter basis, with 303 bitcoin mined in the fourth quarter of 2020, as compared to 222 bitcoin mined in the third quarter of 2020. This was predominantly driven by the increase in the

Company's hash rate combined with network hash rate and adjustments in network difficulty.

- The average bitcoin price used to calculate Riot's fourth quarter 2020 revenues was approximately \$18,900.

### **Fiscal Year 2020 Financial Highlights**

- Working capital significantly increased to \$233.9 million from \$9.3 million as of December 31, 2019.
- Total stockholder's equity significantly increased to \$277.1 million compared to \$26.2 million balance as of December 31, 2019.
- Demonstrated significant positive operating leverage, increasing total mining revenues by 78% on a year-over-year basis to \$12 million in 2020, as compared to \$6.7 million in 2019, while increasing total mining costs by only 3% on a year-over-year basis to \$6.3 million in 2020, as compared to \$6.1 million in 2019.
- More than doubled the number of bitcoin owned on the Company's balance sheet, ending with 1,078 bitcoin as of December 31, 2020, compared to 514 as of December 31, 2019.

### **Fiscal Year 2020 Operational Highlights**

- Invested in 33,646 Bitmain S19, S19 Pro and S19j Pro Antminers which, when fully installed by the fourth quarter of 2021, is expected to achieve an estimated aggregate bitcoin mining hash rate capacity of 4.0 EH/s.
- Increased deployed hash rate capacity to 566 PH/s, a 460% increase from 101 PH/s as of December 31, 2019.
- Re-located 100% of the Company's mining operations from Oklahoma City, OK to Coinmint LLC's Massena, New York colocation facility to decrease costs of production.
- Bolstered the Company's governance structures with the addition of Hubert Marleau to the Board of Directors as an independent director.

### **Fiscal Year 2020 Financial Results**

Total mining revenue in 2020 was \$12 million, as compared to \$6.7 million in 2019, an increase of 78% year-over-year.

Gross profit, which is computed as mining revenues in excess of cost of revenues (excluding depreciation and amortization), was \$5.7 million (48% of total mining revenues), as compared to \$0.6 million (10% of total mining revenue) in 2019. The increase in revenue and gross profit were due to the increase in the Company's hash rate in addition to an increase in the price of bitcoin during 2020, offset by the Bitcoin halving event in 2020.

Selling, general, and administrative (SG&A) expenses in 2020 increased to \$10.2 million from \$9.1 million in 2019, an increase of 12% year-over-year. The increase in SG&A was primarily due to an increase in consulting fees, legal fees, audit and related professional fees.

Net loss for 2020 was \$12.7 million, or \$(0.30) per share, compared to a net loss of \$20.03 million, or \$(1.02) per share in 2019. The net loss included \$12.0 million in non-cash items consisting primarily of the impairment of our investment in Coinsquare of \$9.4 million,

depreciation and amortization (D&A) of \$4.5 million and stock-based compensation of \$3.4 million, offset by the gain on sale of cryptocurrency discussed below and a net of other items of \$0.1 million. The net loss for the year ended December 31, 2020 also included a \$5.2 million gain on the sale/exchange of cryptocurrencies.

At December 31, 2020, the Company had \$235 million in cash and cryptocurrencies, as compared to \$11.3 million at December 31, 2019.

## **2021 Strategic Priorities**

- Successfully execute on disclosed miner purchase orders of 35,146 Bitmain S19 generation Antminers. To-date, 6,703 Bitmain S19 Pro Antminers have been deployed during 2021 and Riot's current total hash rate capacity is approximately 1.3 EH/s utilizing 43 MW of power with an efficiency of 32.4 joules per terahash (J/TH).
- Monitor additional opportunities for miner procurement and hash rate growth.
- Advance upon the Company's strategic R&D alliance and 8 MW pilot project with Enigma Digital Assets AG and Lancium LLC to test the latest generation bitcoin miners combined with utilizing innovative immersion cooling technologies.
- Evaluate additional initiatives to decrease costs of bitcoin production.

## **About Riot Blockchain**

Riot Blockchain Inc. (NASDAQ: RIOT) focuses on cryptocurrency mining of bitcoin. The Company is expanding and upgrading its mining operations by securing the most energy efficient miners currently available. Riot also holds certain non-controlling investments in blockchain technology companies. Riot is headquartered in Castle Rock, Colorado, and the Company's mining facility operates out of upstate New York, under a co-location hosting agreement with Coinmint. For more information, visit [www.RiotBlockchain.com](http://www.RiotBlockchain.com).

## **Safe Harbor**

The information provided in this press release may include forward-looking statements relating to future events or the future financial performance of the Company. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Words such as "anticipates," "believes," "plans," "expects," "intends," "will," "potential," "hope" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon current expectations of the Company and involve assumptions that may never materialize or may prove to be incorrect. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of various risks and uncertainties. Detailed information regarding factors that may cause actual results to differ materially from the results expressed or implied by statements in this press release relating to the Company may be found in the Company's periodic filings with the U.S. Securities and Exchange Commission (the "SEC"), including the factors described in the sections entitled "Risk Factors," copies of which may be obtained from the SEC's website at [www.sec.gov](http://www.sec.gov). The Company does not undertake any obligation to update forward-looking statements contained in this press release.

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