

March 2, 2023



Riot Reports Full Year 2022 Financial Results, Current Operational and Financial Highlights

Riot Reports Record Results, with \$259.2 Million in Total Revenue, 5,554 Bitcoin Produced, and Record Hash Rate Capacity of 9.7 EH/s

CASTLE ROCK, Colo., March 02, 2023 (GLOBE NEWSWIRE) -- **Riot Platforms, Inc. (NASDAQ: RIOT) ("Riot" or "the Company")**, an industry leader in Bitcoin ("BTC") mining and data center hosting, reported today financial results for the full year ended December 31, 2022. The audited financial statements are available on Riot's [website](#) and [here](#).

"I am pleased to announce 2022 results for Riot, highlighted by significant growth in hash rate, successful expansion at our Rockdale Facility, continued progress on our Corsicana Facility development, and a lowering of our industry leading cost of Bitcoin production, all while maintaining our strong financial position," said Jason Les, CEO of Riot Platforms.

"This was a remarkable year of growth for Riot, as we more than tripled our hash rate capacity, leading to numerous monthly production records, and finished the year at an all-time high of 9.7 EH/s in hash rate capacity, which is a testament to the hard work our best-in-class team has put in throughout 2022. Three new buildings at our Rockdale Facility were completed in 2022, and a fourth is nearing completion in Q1 2023 which, when completed, will finalize our Rockdale Facility expansion. Meanwhile, our additional growth plans continue to progress, with development at our Corsicana Facility, where we broke ground in mid-2022, and are on track for energization in the fourth quarter of 2023."

"In 2022, Riot realized significant benefits from our unique power strategy, from which we generated more than \$27 million in power credits through voluntary energy curtailment under our low-cost, large-scale, and long-term fixed rate power contracts. These power credits enabled us to lower our cost of production in 2022, on a non-GAAP basis, to among the lowest in the industry. Despite challenging market conditions, particularly in the second half of the year, Riot was also able to maintain our strong financial position, ending 2022 with approximately \$230 million in cash, no long-term debt, and 6,974 Bitcoin, worth approximately \$116 million on a non-GAAP basis based on year-end Bitcoin prices. Riot's industry-leading financial strength puts us in a strong position to continue executing on our aggressive growth plans, in 2023 and beyond."

Fiscal Year 2022 Financial and Operational Highlights

Key financial and operational highlights for the fiscal year ended December 31, 2022 include:

- Total revenue of \$259.2 million, as compared to \$213.2 million for the same period in 2021, primarily driven by higher Bitcoin production and the inclusion of a full year of Data Center Hosting and Engineering revenues.
- Earned \$27.3 million in power credits through support of the ERCOT grid in Texas during several weather-related supply/demand issues in 2022. The amount of power credits earned equated to approximately 1,815 Bitcoin, as computed by using the average daily closing Bitcoin prices on a monthly basis.
- Produced 5,554 Bitcoin, as compared to 3,812 during the same twelve-month period in 2021, a 46% increase, notwithstanding the impact of the Company's effective employment of its power strategy, under which Bitcoin production was suspended while the Company received significant benefits from power credits earned.
- Bitcoin Mining revenue of \$156.9 million, as compared to \$184.4 million during the same twelve-month period in 2021. The decrease in Bitcoin Mining revenue was driven by lower values of Bitcoin mined in 2022, which averaged \$28,245 per Bitcoin in 2022 as compared to an average price of \$45,744 per Bitcoin in 2021, partially offset by more Bitcoin mined in 2022 from an increase in miners deployed.
- Data Center Hosting revenue of \$36.9 million, as compared to \$24.5 million for the same twelve-month period in 2021, which is primarily attributable to 2021 only including activity subsequent to the acquisition of Whinstone in May 2021.
- Engineering revenue of \$65.3 million for the twelve-month period ended December 31, 2022. The increase was primarily attributable to 2021 only including activity subsequent to the acquisition of ESS Metron in December 2021.
- Reported a net loss of \$509.6 million, as compared to a net loss of \$15.4 million in the same period in 2021, which was significantly impacted by non-cash impairment charges totaling \$538.6 million, including goodwill impairment of \$335.6 million associated with the Whinstone and ESS Metron acquisitions in 2021, impairment of cryptocurrencies held of \$147.4 million, and impairment of miners of \$55.5 million.
- Maintained industry-leading financial position, with \$321.8 million in working capital, including \$230.3 million in cash on hand, no long-term debt, and 6,974 Bitcoin, all of which were produced by the Company's self-mining operations, as of December 31, 2022.
- Terminated the hosting agreement at Coinmint LLC's Massena, NY facility and completed the relocation of all miners previously hosted at this facility to our Rockdale Facility, improving Riot's mining revenue margin through reduced power costs and elimination of all third-party hosting fees.
- Riot's cost to mine Bitcoin for 2022, net of power credits allocated to self-mining, averaged \$11,225 per Bitcoin versus \$11,939 in 2021 a decrease of 6% year-over-year.
- Increased hash rate capacity by 213% to 9.7 exahash per second ("EH/s") as of December 31, 2022, compared to 3.1 EH/s as of December 31, 2021.

Fiscal Year 2022 Financial Results

Total revenue for the year ended December 31, 2022 was \$259.2 million, and consisted of

\$156.9 million in Bitcoin Mining revenue, \$36.9 million in Data Center Hosting revenue, \$65.3 million in Engineering revenue, and \$0.1 million in Other revenue.

Bitcoin Mining revenue in excess of mining cost of revenues for the year ended December 31, 2022 was \$82.5 million (52.6% of mining revenue), as compared to \$138.9 million (75.3% of mining revenue) for the same twelve month period in 2021, a decrease of \$56.4 million. Bitcoin Mining cost of revenues consist primarily of direct production costs of mining operations, including electricity, labor, insurance and, for a portion of 2022, the variable Coinmint hosting fee, but excluding depreciation and amortization. The increase in Bitcoin Mining cost of revenues in 2022 is primarily due to the increase in mining capacity at the Rockdale Facility, which requires more headcount and direct costs necessary to maintain and support the mining operations.

Data Center Hosting cost in excess of revenues for the year ended December 31, 2022 was \$24.3 million. Data Center Hosting costs consisted primarily of direct power costs, with the balance primarily incurred for compensation and rent costs. The increase in costs was primarily attributable to 2021 only including activity subsequent to the acquisition of Whinstone in May 2021.

Engineering revenue in excess of engineering cost of revenue for the year ended December 31, 2022 was \$7.9 million. Engineering cost of revenue for 2022 consisted primarily of direct materials and labor, as well as indirect manufacturing costs, and the increase in costs was primarily attributable to 2021 only including activity subsequent to the acquisition of ESS Metron in December 2021.

Under our long-term power agreements, we have the ability to provide power back to the ERCOT grid at market-driven spot prices, generating power credits received totaled \$27.3 million for the twelve-months ended December 31, 2022, as compared to \$6.5 million during the same twelve-month period in 2021, and equate to approximately 1,815 Bitcoin as computed by using average daily closing Bitcoin prices on a monthly basis. If power credits were directly allocated between Bitcoin Mining cost of revenues and Data Center Hosting cost of revenues based on proportional power consumption, Bitcoin Mining cost of revenues would have decreased by \$12.0 million, increasing Bitcoin Mining revenue in excess of cost of revenues to \$94.5 million (60.3% of mining revenue) on a non-GAAP basis, while Data Center Hosting cost of revenue would have decreased by \$15.4 million, reducing Data Center Hosting cost in excess of revenues to \$(9.7) million on a non-GAAP basis.

Selling, general and administrative expenses during the year ended December 31, 2022 totaled \$67.5 million, a decrease of \$20.0 million relative to the year ended December 31, 2021, which is primarily attributable to a decrease in stock-compensation expense resulting from the adoption of the performance-based stock plan in August 2021, combined with lower 2022 grant date values of our common stock, partially offset by increases in compensation expense due to 2022 including a full year's of activity related to the operations of Whinstone and ESS Metron.

Net loss for 2022 was \$(509.6) million, or \$(3.65) per share, compared to a net loss of \$(15.4) million, or \$(0.17) per share in 2021. The net loss in 2022 included non-cash stock-based compensation of \$24.5 million, depreciation and amortization of \$108.0 million, and non-cash impairment charges of \$538.6 million related to goodwill, Bitcoin, and miner impairments.

Non-GAAP Adjusted EBITDA for the twelve-month period ended December 31, 2022 was \$(67.2) million, as compared to Non-GAAP Adjusted EBITDA of \$74.9 million for the same twelve-month period in 2021.

Hash Rate Growth

As previously disclosed, severe winter storms in Texas in late December caused damage to Buildings F and G at our Rockdale Facility, which has led to a delay in our previously stated goal of achieving 12.5 EH/s in total self-mining hash rate capacity in Q1 2023. Building F has since been brought back online and based on the Company's evaluation of its repair options to Building G, we now anticipate achieving our 12.5 EH/s hash rate capacity target in the second half of 2023.

Impairment of Miners

Adverse changes in our business climate, including decreases in the price of Bitcoin and related decreases in market prices of miners, led us to perform an impairment test on miners held, which indicated the estimated fair value of our miners to be less than their net carrying value as of December 31, 2022. As a result of this impairment test, the carrying value of miners was written down by \$55.5 million to their estimated fair value.

Restatement of Previously Issued Financial Statements

The Company accounts for its Bitcoin held as an intangible asset and tested it for impairment on a daily basis based on quoted prices of Bitcoin, historically utilizing its daily closing price. The Company determined, during the preparation of its annual report on Form 10-K for the year ended December 31, 2022, that its method of calculating impairment charges of its Bitcoin assets, on a daily basis using a spot price at a standard cutoff time, was not in compliance with the ASC 350-30-35-19 requirement to recognize impairment whenever carrying value exceeds fair value. Effectively, the Company determined that ASC 350-30-35-19 calls for the intraday low price of Bitcoin to be utilized in calculating impairment.

Updating of the Company's historical calculations of Bitcoin impairment amounts based on the intraday low price of Bitcoin resulted in understatements of Impairment of Bitcoin and, in some cases, additional Realized gains on the sale of Bitcoin, with an offsetting overstatement of the book value of Bitcoin. Accordingly, the Company restated its previously issued audited Consolidated Financial Statements as of December 31, 2021, and for the years ended December 31, 2021 and 2020, and our unaudited quarterly financial information for the quarterly periods ended March 31, June 30 and September 30, 2022 and 2021. This restatement adjusted the Impairment of Bitcoin by an additional \$7.5 million in 2021 and \$2.6 million in 2020.

About Riot Platforms, Inc.

Riot's (NASDAQ: RIOT) vision is to be the world's leading Bitcoin-driven infrastructure platform.

Our mission is to positively impact the sectors, networks and communities that we touch. We believe that the combination of an innovative spirit and strong community partnership allows the Company to achieve best-in-class execution and create successful outcomes.

Riot is a Bitcoin mining and digital infrastructure company focused on a vertically integrated strategy. The Company has Bitcoin mining data center operations in central Texas, Bitcoin mining operations in central Texas, and electrical switchgear engineering and fabrication operations in Denver, Colorado.

For more information, visit www.riotplatforms.com.

Safe Harbor

Statements in this press release that are not historical facts are forward-looking statements that reflect management's current expectations, assumptions, and estimates of future performance and economic conditions. Such statements rely on the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 may include, but are not limited to, statements about the benefits of acquisitions, including financial and operating results, and the Company's plans, objectives, expectations, and intentions. Among the risks and uncertainties that could cause actual results to differ from those expressed in forward-looking statements include, but are not limited to: unaudited estimates of Bitcoin production; our future hash rate growth (EH/s); the anticipated benefits, construction schedule, and costs associated with the Navarro site expansion; our expected schedule of new miner deliveries; our ability to successfully deploy new miners; M.W. capacity under development; we may not be able to realize the anticipated benefits from immersion-cooling; the integration of acquired businesses may not be successful, or such integration may take longer or be more difficult, time-consuming or costly to accomplish than anticipated; failure to otherwise realize anticipated efficiencies and strategic and financial benefits from our acquisitions; and the impact of COVID-19 on us, our customers, or on our suppliers in connection with our estimated timelines. Detailed information regarding the factors identified by the Company's management which they believe may cause actual results to differ materially from those expressed or implied by such forward-looking statements in this press release may be found in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"), including the risks, uncertainties and other factors discussed under the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as amended, and the other filings the Company makes with the SEC, copies of which may be obtained from the SEC's website, www.sec.gov. All forward-looking statements included in this press release are made only as of the date of this press release, and the Company disclaims any intention or obligation to update or revise any such forward-looking statements to reflect events or circumstances that subsequently occur, or of which the Company hereafter becomes aware, except as required by law. Persons reading this press release are cautioned not to place undue reliance on such forward-looking statements.

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Non-U.S. GAAP Measures of Financial Performance

In addition to financial measures presented under generally accepted accounting principles in the United States of America (“GAAP”), we consistently evaluate our use of and calculation of the non-GAAP financial measures, “Adjusted EBITDA” and Adjusted earnings per share (“Adjusted EPS”). Adjusted EBITDA is a financial measure defined as our EBITDA, adjusted to eliminate the effects of certain non-cash and/or non-recurring items, that do not reflect our ongoing strategic business operations. EBITDA is computed as net income before interest, taxes, depreciation, and amortization. Adjusted EBITDA is EBITDA further adjusted for certain income and expenses, which management believes results in a performance measurement that represents a key indicator of the Company’s core business operations of Bitcoin mining. The adjustments include fair value adjustments such as derivative power contract adjustments, equity securities value changes, and non-cash stock-based compensation expense, in addition to financing and legacy business income and expense items. We exclude impairments and gains or losses on sales or exchanges of Bitcoin from our calculation of Adjusted EBITDA for all periods presented.

Adjusted EPS is a financial measure defined as our Adjusted EBITDA divided by our diluted weighted-average shares outstanding.

We believe Adjusted EBITDA and Adjusted EPS can be important financial measures because they allow management, investors, and our board of directors to evaluate and compare our operating results, including our return on capital and operating efficiencies, from period-to-period by making such adjustments.

Adjusted EBITDA and Adjusted EPS are provided in addition to and should not be considered to be a substitute for, or superior to net income, the comparable measure under GAAP. Further, Adjusted EBITDA and Adjusted EPS should not be considered as an alternative to revenue growth, net income, diluted earnings per share or any other performance measure derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity. Adjusted EBITDA and Adjusted EPS have limitations as analytical tools, and you should not consider such measures either in isolation or as substitutes for analyzing our results as reported under GAAP.

The following table reconciles Adjusted EBITDA to Net income (loss), the most comparable GAAP financial metric:

Years Ended December 31,		
2022	2021	2020
	(as restated)	(as restated)

Net income (loss)	\$ (509,553)	\$ (15,437)	\$ (14,107)
Interest (income) expense	(454)	296	(85)
Income tax expense (benefit)	(11,749)	254	—
Depreciation and amortization	107,950	26,324	4,494
EBITDA	(413,806)	11,437	(9,698)

Adjustments:

Non-cash/non-recurring operating expenses:

Stock-based compensation expense	24,555	68,491	3,407
Acquisition-related costs	78	21,198	—
Change in fair value of derivative asset	(71,418)	(12,112)	—
Change in fair value of contingent consideration	(159)	975	—
Realized gain on sale/exchange of long-term investment	—	(26,260)	—
Realized loss on sale of marketable equity securities	8,996	—	—
Unrealized (gain) loss on marketable equity securities	—	13,655	—
Reversal of registration rights penalty	—	—	(1,358)
Gain on exchange of equipment	(16,281)	—	(29)
Casualty-related charges (recoveries), net	9,688	—	—
Impairment of goodwill	335,648	—	—
Impairment of miners	55,544	—	—
Other (income) expense	59	(2,378)	6
Other revenue, (income) expense items:			
License fees	(97)	(97)	(97)
Adjusted EBITDA	\$ (67,193)	\$ 74,909	\$ (7,769)

The following table reconciles Adjusted EPS to Diluted net income (loss) per share, the most comparable GAAP financial metric:

	Years Ended December 31,		
	2022	2021	2020
		(as restated)	(as restated)
Diluted net income (loss) per share	\$ (3.65)	\$ (0.17)	\$ (0.34)
Interest (income) expense	-	-	-
Income tax expense (benefit)	(0.08)	-	-
Depreciation and amortization	0.77	0.28	0.11
EBITDA per share	(2.96)	0.11	(0.23)

Adjustments, per share:

Non-cash/non-recurring operating expenses:			
Stock-based compensation expense	0.18	0.73	0.08
Acquisition-related costs	-	0.23	-
Change in fair value of derivative asset	(0.51)	(0.13)	-
Change in fair value of contingent consideration	-	0.01	-
Realized gain on sale/exchange of long-term investment	-	(0.28)	-
Realized loss on sale of marketable equity securities	0.06	-	-
Unrealized (gain) loss on marketable equity securities	-	0.15	-
Reversal of registration rights penalty	-	-	(0.03)
Gain on exchange of equipment	(0.12)	-	-
Casualty-related charges (recoveries), net	0.07	-	-
Impairment of goodwill	2.41	-	-
Impairment of miners	0.40	-	-
Other (income) expense	-	(0.03)	-
Other revenue, (income) expense items:			
License fees	-	-	-
Adjusted EPS	\$ (0.47)	\$ 0.79	\$ (0.18)
Diluted weighted average number of shares outstanding			
	139,433,901	93,452,764	41,976,704

In addition to the non-GAAP financial measures of Adjusted EBITDA and Adjusted EPS described above, we believe “Bitcoin Mining revenue in excess of cost of revenues, net of power curtailment credits”, “Data Center Hosting revenue in excess of cost of revenues, net of power curtailment credits”, “Cost of revenues – Bitcoin Mining, net of power curtailment credits” and “Cost of revenues – Data Center Hosting, net of power curtailment credits” are additional performance measurements that represent a key indicator of the Company’s core business operations of both Bitcoin mining and Data Center Hosting.

We believe our ability to offer power back to the grid at market-driven spot prices, thereby reducing our operating costs, is integral to our overall strategy, specifically our power management strategy and our commitment to supporting the ERCOT grid. While participation in various grid demand response programs may impact our Bitcoin production, we view this as an important part of our partnership-driven approach with ERCOT and our commitment to being a good corporate citizen in our communities.

We also believe netting power credits against our costs can be an important financial measure because it allows management, investors, and our board of directors to evaluate and compare our operating results, including our operating efficiencies, from period-to-period by making such adjustments. We have allocated the benefit of the power sales to our Data Center Hosting and Bitcoin Mining segments based on their proportional power

consumption during the periods presented.

Bitcoin Mining revenue in excess of cost of revenues, net of power curtailment credits, Data Center Hosting revenue in excess of cost of revenues, net of power curtailment credits, Cost of revenues – Bitcoin Mining, net of power curtailment credits and Cost of revenues – Data Center Hosting, net of power curtailment credits are provided in addition to and should not be considered to be a substitute for, or superior to Revenue – Bitcoin Mining, Revenue – Data Center Hosting, Cost of revenues – Bitcoin Mining or Cost of revenues – Data Center Hosting as presented in our consolidated statements of operations.

Reconciliations of these measurements to the most comparable GAAP financial metrics for historical periods are presented in the table below:

	Years Ended December 31,		
	2022	2021	2020
Bitcoin Mining			
Revenue	\$ 156,870	\$ 184,422	\$ 11,984
Costs of revenues	74,335	45,513	6,251
Power curtailment credits	(11,991)	—	—
Cost of revenues, net of power curtailment credits	62,344	45,513	6,251
Bitcoin Mining revenue in excess of cost of revenues, net of power curtailment credits	\$ 94,526	\$ 138,909	\$ 5,733
Bitcoin Mining revenue in excess of cost of revenues, net of power curtailment credits, as a percentage of revenue	60.3%	75.3%	47.8%
Data Center Hosting			
Revenue	\$ 36,862	\$ 24,546	\$ —
Costs of revenues	61,906	32,998	—
Power curtailment credits	(15,354)	(6,514)	—
Cost of revenues, net of power curtailment credits	46,552	26,484	—
Data Center Hosting revenue in excess of cost of revenues, net of power curtailment credits	\$ (9,690)	\$ (1,938)	\$ —
Data Center Hosting revenue in excess of cost of revenues, net of power curtailment credits, as a percentage of revenue	(26.3)%	(7.9)%	—
Total power curtailment credits	(27,345)	(6,514)	—



Source: Riot Blockchain, Inc.