

August 10, 2020



## Riot Blockchain Reports Second Quarter 2020 Financial Results, Recent Operational & Financial Highlights

- Increased revenue to \$4.3 million from \$3.8 million for the six-month period ended June 30, 2020, compared to the same six-month period in 2019.
- Increased mining margin to 33.5% for the six-month period ended June 30, 2020, compared to 20.5% during the same six-month period in 2019.
- Bitcoin mining hash rate capacity to increase to 566 PH/s by October of 2020 from 101 PH/s in 2019 as the Company utilizes next-generation Bitmain S19 and S19 Antminer Pros.
- Excluding stock-based compensation, decreased SG&A expenses to \$3.6 million for the six months ended June 30, 2020, as compared to \$5.1 million during the same six-month period in 2019.
- Increased corporate liquidity to \$16.4 million in cash and cryptocurrencies, as compared to \$11.3 million as of December 31, 2019.

CASTLE ROCK, Colo., Aug. 10, 2020 /PRNewswire/ --**Riot Blockchain, Inc.** (NASDAQ: RIOT) ("**Riot**" or the "**Company**"), one of the few Nasdaq listed public cryptocurrency mining companies in the United States, reported financial results for the quarter and year to date periods ended June 30, 2020. The financial statements are available on Riot's [website](#) and [here](#).



Riot continues to make substantial progress. During the period ended June 30, 2020, Riot

announced that its Bitcoin mining capacity would increase by 129% over its first quarter 2020 hash rate to 566 PH/s by the fourth quarter of 2020, pending the receipt and deployment of additional miners which have been purchased. Riot also relocated its entire mining operation to a lower-cost facility during the second quarter and oversaw the termination of the SEC investigation as announced during the first quarter.

Despite experiencing downtime associated with the move to a lower-cost facility and the Bitcoin halving event that occurred in May 2020, Riot's revenues for the six-month period ended June 30, 2020 increased by 11% as compared to the same six-month period in 2019. SG&A expenses excluding stock-based compensation also decreased by 29%. In addition, the Company's working capital, liquidity and total stockholders' equity positions all continued to improve as compared to the beginning of 2020.

### **Recent Operational Highlights**

- Purchased 3,040 next-generation Bitmain S19 and S19 Pro Antminers in the second quarter of 2020, which are expected to increase the Company's current aggregate operating hash rate by 129% to approximately 566 PH/s, pending the receipt and deployment of the additional new miners during the third and fourth quarters of 2020. To date, a total of 1,432 next-generation S19s have been received and deployed, with additional batches expected in August and October.
- During April 2020, Riot entered into a co-location mining agreement with Coinmint, which is expected to improve the Company's operational efficiencies, and completed the relocation and deployment of 5,040 miners to Coinmint's facility in Massena, New York.
- The Oklahoma mining facility was closed, and the lease terminated as of June 30, 2020.

### **Recent Financial Highlights**

- Produced 508 newly minted bitcoins (BTC) during the six-month period ended June 30, 2020, despite experiencing downtime associated with relocating to Coinmint's facility in the second quarter of 2020 and the Bitcoin halving event that occurred in May 2020.
- As of June 30, 2020, improved working capital to \$15.9 million from \$9.3 million as of December 31, 2019 and decreased total liabilities to \$2.1 million from \$4.1 million during the same period.
- As of June 30, 2020, increased total stockholders' equity to \$27.8 million from \$26.2 million at December 31, 2019.
- As of June 30, 2020, invested \$7 million in next-generation miners that will be received in the second half of 2020.

### **June 30, 2020 financial results**

For the six-month period ended June 30, 2020, cryptocurrency mining revenues increased to \$4.3 million as compared to \$3.8 million in the same six-month period in 2019. Mining revenues decreased to \$1.9 million in the three-month period ended June 30, 2020, as compared to \$2.4 million in the same three-month period in 2019. Revenue changes were impacted by downtime associated with the Q2 2020 relocation of all mining operations from the Oklahoma City facility to Coinmint's lower-cost facility, increases in the difficulty index associated with solving mining algorithms, as well as the halving event that occurred on May

11, 2020.

For the six-month period ended June 30, 2020, mining revenue margin improved to 33.5% as compared to 20.5% during the same six-month period in 2019. Mining margin revenue is computed as mining revenues in excess of cost of revenues (excluding depreciation and amortization which is separately stated).

Selling, general, and administrative ("SG&A") expenses totaled \$6.0 million in the six months ended June 30, 2020, as compared to \$5.4 million in the same six-month period in 2019. Excluding stock-based compensation, SG&A expenses decreased by 29% to \$3.6 million for the six-month period ended June 30, 2020, as compared to \$5.0 million during the same six-month period in 2019. Stock-based compensation expense totaled \$2.4 million for the six-month period ended June 30, 2020, as compared to \$0.4 million for the same six-month period in 2019. SG&A expenses remained consistent at \$2.2 million for each of the three-month periods ended June 30, 2020 and June 30, 2019.

Net loss for the six-month period ended June 30, 2020 was \$14.9 million, compared to a net loss of \$14.8 million, in the same six-month period in 2019. Net loss for the three months ended June 30, 2020 was \$10.6 million, compared to a net loss of \$1.3 million in the same three-month period in 2019. Substantially impacting the net loss for each of the three-month and six-month periods ended June 30, 2020 was a \$9.4 million expense taken due to a 100% impairment of the Company's investment in Coinsquare, net of a \$1.3 million gain on extinguishment of debt. Both the \$9.4 million Coinsquare expense and the \$1.3 million gain on debt extinguishment are classified as non-recurring events. Impacting the net loss for the three-month and six-month periods ended June 30, 2019 was a net total expense of \$0.5 million and \$11.0 million, respectively, from the net valuation changes in notes and warrants, Tess deconsolidation gain, and gain on extinguishment of debt.

As at June 30, 2020, the Company had \$16.4 million in cash and cryptocurrencies, as compared to \$11.3 million at December 31, 2019.

**COVID-19 Update:** As published in its previous disclosures, Riot is continuing to closely monitor COVID-19 and its potential impact on the Company's workforce, operations, finance, and liquidity. To date, the impact of COVID-19 has remained minimal.

### **About Riot Blockchain**

Riot Blockchain (NASDAQ: RIOT) specializes in cryptocurrency mining with a focus on bitcoin. Riot also holds non-controlling investments in blockchain technology companies. Riot is headquartered in Castle Rock, Colorado, and the Company's primary mining facility is located in Massena, New York under a colocation 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," "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 Securities and Exchange Commission, 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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