

INITIATION OF RESEARCH
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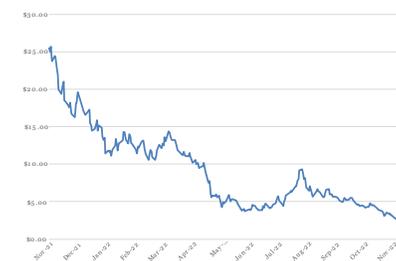
MARKET STATISTICS

Price	\$2.02
52-Week Range	\$1.98 - \$19.18
Daily Vol. (3 Month Avg.)	0.0036M
Market Cap (\$M)	\$167.3
Enterprise Value (\$M)	\$189.6
Shares Outstanding (M)	83.03
Float (M)	99.6
Insider Ownership	18.42%
Institutional Ownership	18.85%

FINANCIAL SUMMARY

Cash (\$M)	\$ 8.14
Cash/Share	\$ 0.10
Debt (\$M)	\$ 36.4
Equity (\$M)	\$ 228.5
Equity/Share	\$ 2.77

FYE: DEC	2021	2022	2023 E
(in \$M)			
Rev	\$67.7	\$211.2	\$121.2
Chng %		212%	-43%
EBIDTA	\$55.3	\$156.3	\$45.1
EPS	\$ 0.12	\$ 1.02	\$ (2.14)
EV/R	2.9x	0.9x	1.6x
EV/EBIDTA	3.6x	1.3x	4.4x


COMPANY DESCRIPTION

HIVE Blockchain Technologies Ltd is a Canada-based Company within the blockchain sector that is focused on the mining and sale of digital currencies. The Company owns green energy-powered data centers in Canada, Sweden, and Iceland which produce minted digital currencies. The Company's digital currencies consist of Bitcoin (BTC). The Company also owns a data center campus in New Brunswick. The Company's geographic segments include Canada, Sweden, Iceland, and Bermuda.

HIVE BLOCKCHAIN TECHNOLOGIES LTD. (NASDAQ: HIVE)
Company Summary

Leader in Bitcoin (BTC) Mining: HIVE is the first publicly traded cryptocurrency miner and was listed in 2017 on the TSX Venture Exchange. We estimate the Company is generating over 9.5 Bitcoin per day, over 8 from ASIC and over 1 from GPU, (~\$149,600/day) using ASIC processor & over 1 BTC equivalent per day (~\$18,700/day) while using GPU fleet as of November 2, 2022. This would translate to \$177,650 revenue in crypto every day using November month spot prices. Due to recent price volatility for forward run rate calculations, we will use the trailing 30-day average of \$18,700 BTC price for our revenue assumptions.

High Operating Efficiency: The Company is a market leader of BTC mined per exahash (EH) with 122 BTC mined per EH per month as of September 30, 2022. A modern and regularly updated mining fleet supports the Company's production efficiency.

Post-Merge Repurposing: Historically, HIVE generated significant revenues and profits from mining Ethereum (ETH), which was 3x more profitable than mining BTC. On 9/15/22, ETH "merged" with Beacon Chain, transitioning from a Proof-of-Work to Proof-of-Stake framework and making ETH mining unprofitable. Due to the "merge", HIVE repurposed their GPU fleet to mine altcoins (cryptos outside of BTC) and has maintained profitability mining these coins. This report has a focus section that reviews the transitional month post-merge (See page 9)

ESG Oriented: The Company has a green energy focus that includes hydroelectric and geothermal energy that powers their mining facilities. The Company owns green energy-powered data center facilities in Canada, Sweden, and Iceland which produces minted digital currencies.

Positioned to Benefit from Price Correction: The Company mines and holds Bitcoin, leading to large revenue swings. There are many secular drivers which support upward bias to spot prices, including a limited supply curve, increased institutional interest, and steady progress in regulatory acceptance for Bitcoin.

Vehicle for Investors Seeking Exposure to Crypto: The company generates revenue by mining cryptocurrency. HIVE mines and holds Bitcoin on its balance sheet. As a result, we believe the Company serves as an excellent vehicle for investors that are seeking exposure to cryptocurrency and its potential growth.

Improving Mining Capacity: The Company has invested heavily in upgrading its mining fleet. HIVE is one of just four miners who will partner on the new BTC ASIC chip being launched by Intel.

Valuation: We are using three methods to value the Company based on our 2022 estimates:

- **EV/EBITDA:** Applying an EV/EBITDA multiple range of 5x to 7x, with a midpoint of 6x, results in a price range of \$2.47 to \$3.57, with a midpoint of \$3.02.
- **EV/Revenues:** Applying an EV/Revenue multiple range of 2x to 4x, with a midpoint of 3x, results in a price range of \$2.67 to \$5.62, with a midpoint of \$4.15.
- **EV/Exahash (EH):** Using an alternative approach, applying an EV/PH range of 200x to 400x, with a midpoint of 300x, results in a price range of \$2.41 to \$5.09, with a midpoint of \$3.75. BTC mined and BTC/PH used to compute Peta Hash for all the company is as of September 30, 2022.

Business Overview

HIVE Blockchain Technologies is a Canadian-based sustainable cryptocurrency mining Company with mining facilities in Canada, Sweden, and Iceland. As HIVE has expanded and upgraded its mining fleet, the Company has become one of the most efficient miners, producing an average of 9 BTC per day in September 2022 at a rate of 122 BTC per EH/s. HIVE went public in 2017 under the “HIVE” ticker on the TSX Venture Exchange and has since listed on the Nasdaq as well as the Berlin and Frankfurt Stock Exchanges.

Exhibit 1: Hive by the Numbers



Source: Company Reports earnings call

HIVE's cryptocurrency mining operations are all powered by green energy, hydroelectric or geothermal, with the major data centers being:

- 1) A Bitcoin mining operation in New Brunswick, Canada, currently equipped with approximately 17,300 new generation ASIC mining rigs with an aggregate operating hash rate of approximately 1,480 petahashes per second (PH/s), utilizing approximately 60 megawatts (MW) of power capacity.
- 2) A Bitcoin mining operation at a leased facility in Quebec, Canada, currently equipped with approximately 7,100 new generation ASIC mining rigs with an aggregate operating hash rate of approximately 530 PH/s, utilizing approximately 27 MW power but with an available power capacity of 30 MW.
- 3) In Sweden, a leased facility equipped with power capacity of 32MW, of which 25MW are GPUs which produce approximately 350 PH/s of Bitcoin mining capacity, 5.5MW are ASICs which produce 130 PH/s of Bitcoin mining capacity, and the remainder is cooling and operations. In northern Sweden there is an additional 4MW data center HIVE operates which produces approximately 60 PH/s.
- 4) In Iceland HIVE has a 5 MW hosted data center which produces 110 PH/s and another 5 MW hosted facility which produce 101 PH/s.

All the mining power is being utilized by HIVE to generate mining rewards that are paid in Bitcoin and that are generally retained in secure storage.

HIVE demonstrated its adaptability in 2021 by executing numerous collaborations and agreements to expand its business. HIVE joined the NVIDIA Partner Network and made some significant equipment purchases from top vendors like Bitmain, MicroBT, & Canaan, which will greatly enhance its BTC and altcoin mining capacity.

Overall, HIVE has made substantial efforts to scale its business and targets at achieving EBITDA positive business. The fundamental principles, expansion plans, and green power agreements offer HIVE favorable

crypto mining economics and a compelling value proposition in the market. The Company recently announced a deal with Intel and the Intel miners will start arriving in the second half of 2022 and the current hash rate is poised to grow.

The company currently has a significant Bitcoin treasury, and they have not pledged or staked BTC or ETH as collateral against debt or other obligations of any kind. This strategy is well suited for investors that believe in the long-term future of Bitcoin and want direct exposure to the digital asset market.

Exhibit 2: LEADING KPI: BEST UPTIME (OPERATING EFFICIENCY) BITCOIN PER EXAHASH

**BTC PRODUCED AND BTC PER EXAHASH
Q2 2023 EFFICIENCY ANALYSIS**

	AUGUST 2022			SEPTEMBER 2022			OCTOBER 2022		
	Total Hashrate	BTC Produced	BTC Per EH	Total Hashrate	BTC Produced	BTC Per EH	Total Hashrate	BTC Produced	BTC Per EH
HIVE	3,720	519	140	3,240	396	122	2,670	307	115
ARBK	2,500	235	94	2,500	215	86	2,500	204	82
BITF	3,900	534	137	4,200	481	115	4,200	486	116
CLSK	3,400	395	116	4,160	448	108	5,100	532	104
CORZ	12,690	1,334	105	13,000	1,213	93	14,400	1,295	90
HUT	2,980	375	126	3,070	277	90	3,070	299	97
MARA	3,200	184	58	3,800	360	95	7,000	615	88
RIOT	4,800	374	78	5,600	355	63	6,900	509	74

Source: Company Reports

HIVE Revenue Model

The Company recognizes revenue from the provision of transaction verification services, known as cryptocurrency mining, for which the Company receives digital currencies and records them at their fair value on the date received. As with any mining Company, the spot price volatility of BTC can have a material impact on revenue generated in any given period. Mining revenue is also dependent on HIVE's hash rate and the BTC and other altcoin network hashrates.

The Company's generates revenue from mining Bitcoin using ASICs and GPUs. During the quarter that ended September 2022, the Company generated \$29.6 million in mining revenue. The company currently holds 3342 BTC worth \$64.9 million of digital currencies with cash of \$8.1 million in hand as of September 30, 2022.

Exhibit 3: Digital Currencies

	September 30, 2022	March 31, 2022
Bitcoin	\$ 64,305,707	\$ 117,669,390
Ethereum	468,257	52,301,707
Ethereum Classic	156,524	29,315
Total	\$ 64,930,488	\$ 170,000,412

Source: Company reports, Financial statements

The Company's revenue is generated through HIVE's profitable self-mining. The Company's sites in Canada, Sweden, and Iceland all achieve profitable self-mining using green energy, such as hydroelectric and geothermal. For its ASIC and GPU miners, HIVE has created an internal data center design with dependable uptime performance, affordable cooling, and direct grid connections. HIVE does not rely on external hosting for any of its operations, excluding its Icelandic data center. As of November 2022, the Company had a combined BTC mining hashrate of 2.8 EH/s, comprised of 2.45 EH/s from ASIC Mining & and 0.35 from GPU BTC Mining.

In the 5 months from June to November, HIVE has increased BTC ASIC hashrate by 9% & BTC overall hashrate has increased by 24%.

Exhibit 4: Gross Mining Margin QOQ Stats

Calculation of Gross Mining Margin:	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue (1)	\$ 29,596,579	\$ 44,178,526	\$ 49,783,515	\$ 68,844,789	\$ 53,573,052
Less:					
Operating and maintenance costs:	(13,656,022)	(17,161,751)	(26,910,860)	(6,526,317)	(7,593,349)
Gross Mining Margin	\$ 15,940,557	\$ 27,016,775	\$ 22,872,655	\$ 62,318,472	\$ 45,979,703
Gross Mining Margin %	54%	61%	46%	91%	86%

Source: Company Reports

Profitability is determined by taking income (the Company's share of network hashrate * block reward * price of BTC) and deducting expenditures (the cost of the miner + power + any other corporate expenses). The hashrate of the network, the cost of miners, the cost of Bitcoin, and the block reward are the variables. HIVE focuses largely on increasing hashrate and reducing electricity costs to achieve a lower breakeven BTC and ETH pricing and larger profitability.

Multiple Growth Drivers for HIVE

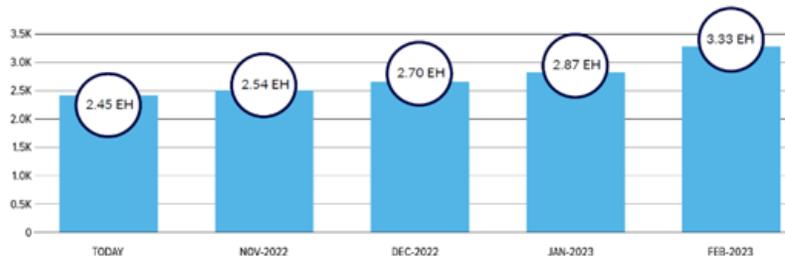
Increasing Mining Capacity & Growing Hashrate:

HIVE continued to scale up its operations and has completed an additional 10MW in New Brunswick, and 4MW in Quebec for incoming ASICs, to bring total operating power capacity to 144MW across all operational sites in Fall 2022.

HIVE entered an at-the-market equity offering agreement in 3Q22 to sell up to \$100 million of company shares to support the growth of its mining operations. As of September 30, 2022, the Company has issued an aggregate of 198,058 common shares, generating \$788,977. The proceeds will be used to capitalize on opportunities which may exist or may be brought to its attention relating to distressed asset sales of mining equipment throughout the mining ecosystem.

Exhibit 5: Growth Outlook

GPU AND ASIC COMBINED FOR BTC HASHRATE HIVE 2023 ASIC HASHRATE GROWTH OUTLOOK



36% Increase in contracted and fully funded, in production, includes the Hive Buzzminer powered by Intel block scale ASIC chip

**In addition to these figures the hive has approximately 350 Petahash a Bitcoin mining capacity from its GPU fleet*

Source: Company Reports

Key Data Points:

- As of Oct 12, 2022, HIVE HODLs 3350 BTC & 356 ETH or 3390 BTC equivalent on its balance sheet and operates 2.63 EH/s in BTC equivalent mining capacity during the month from ASIC mining operations and 0.34 EH/s from GPU operations.
- Exhibit 5 above shows growth in hashrate from contracted deliveries of ASICs of the new HIVE Buzzminer powered by Intel ASICs. In addition to this projected ASIC capacity, HIVE has hash rate from its GPU fleet equivalent to approximately 350 PH/s (or 0.35 EH/s). We expect HIVE will operate at approximately 3.7 EH/s in BTC equivalent hashrate by calendar Q1 2023 (including both ASICs and GPUs).
- The company has a robust growth pipeline at its New Brunswick, Iceland, and Sweden facilities, with capacity expanding to approximately 150MW by Fall 2022. Using low-cost renewable energy sources and fast ramping up both its operational BTC hashrate are the main goals of HIVE's site expansions.

HIVE Current Production Update:

As of November 2, HIVE is producing an average of over 9.5 Bitcoin per day from ASIC and GPU production comprised of over 8 Bitcoin per day from ASIC fleet and over 1 Bitcoin per day from GPU fleet

Exhibit 6: Efficiency Analysis

Self Mining Updates - Sept 2022											
	ARGO	HIVE	Cleanpark	Bitfarms	HUT 8	MARATHON	IO T	Core Scientific	IrisEnergy	DIGIST	DMG
Aug 31, 2022 Total HR PH/s	2,500	2,280	3,400	3,900	2,980	3,200	4,800	12,690	2,204	650	767
Sept 30, 2022 Total HR PH/s	2,500	2,280	4,160	4,200	3,070	3,800	5,600	13,000	2,204	650	770
Average HR Sept 2022	2,500	2,210	3,780	3,950	3,025	3,500	5,200	12,845	2,729	650	650
Bitcoin Mined Sept 2022	215	269	448	481	277	360	355	1,213	325	70	77
Sept 30, Hodi \$M	\$9.9	\$65.6	\$11.5	\$43.0	\$163.0	\$207.3	\$131.7	\$20.4	\$0.0	\$3.1	\$6.68
Bitcoin mined per 1 EH/s	86	122	119	122	92	103	68	94	119	107	118
Bitcoin Mined Aug/day	7.6	9.4	12.7	17.2	12.1	5.9	12.1	43.0	9.7	2.2	2.2
Bitcoin Mined Sept/day	7.2	9.0	14.9	16.0	9.2	12.0	11.8	40.4	10.8	2.3	2.6
Day on Day change %	-5.5%	-4.3%	17.2%	-6.9%	-23.7%	102.2%	-1.9%	-6.0%	11.6%	6.2%	15.3%
Sept Self Mining Revenue \$M	\$4.18	\$7.08	\$8.71	\$9.35	\$5.38	\$7.00	\$6.90	\$23.57	\$6.32	\$1.36	\$1.50
Rank by Production EH/s	10	2	4	1	9	7	11	8	3	6	5

Anthony POver @cazenove_uk

Source: Anthony Power

The Company has received 140 PH/s of MicroBT M30S++ miners. These machines have been partially installed with approximately 66 PH/s of remaining as of press time. It is expected that this will increase HIVE's ASIC hashrate to approximately 2.44 EH during the month of November once installed. In addition to the GPU based mining which provides an equivalent 0.39 EH of Bitcoin hashrate, HIVE's expected total Bitcoin hashrate from ASICs and GPUs will be over 2.7 EH by the end of November.

Exhibit 7: Growth Outlook



Source: Company Presentation

ESG Focus:

Currently, HIVE operates 60 MW in New Brunswick and a 26 MW facility in Quebec for mining Bitcoin in Canada. New Brunswick has a total capacity of 70MW, ready for new ASICs to arrive. Lachute has a total capacity of 30MW. New Brunswick/Quebec is a desirable site for expansion and flexibility for future operations, since it offers competitive costs for renewable energy, and skilled labor.

In addition, HIVE runs a 34MW mining plant in Sweden. Hydroelectricity provides power for Sweden's GPU infrastructure. The Company just finished an expansion, and by the Fall of 2022, more MWs will be operational.

Lastly, the Company is operating a 10MW mining facility in Iceland. Iceland was HIVE's first mining facility and is the only site to rely on third-party hosting to operate. Iceland offers mild year-round temperatures to reduce cooling costs and is powered by geothermal sources.

Increasing Supplier Arrangements to Drive Growth:

In preparation for its new sites coming online, HIVE has made significant investments to grow and optimize its fleet into 2022. In 2021, HIVE joined the NVIDIA Partner Network and also entered purchase agreements with MicroBT and Bitmain to enhance its mining fleet. These deals secured a large amount of top-of-the-line ASIC and GPU miners in preparation for expansion across its sites in North America and Europe.

Exhibit 8: Mining Capacity Current & Future



Source: Company Reports

HIVE announced a supply agreement with Intel Corporation to purchase new high-performing ASIC chips that will be incorporated into state-of-the-art miner, which HIVE is developing and manufacturing. The product is named the HIVE Buzzminer, using the Intel BlockScale ASICs.

A joint statement from HIVE and Intel - “We’re thrilled to see the world’s first Intel Blocksacle ASIC-powered systems go live with the new HIVE Buzz Miner. Blocksacle was designed to optimize both energy efficiency and hashrate throughput, enabling partner systems that can help mining companies achieve both sustainability and hashrate objectives. At Intel, we’re excited by the potential of HIVE’s Buzz Miner system – developed in close collaboration with HIVE’s engineering team – and we’re looking forward to continued deployment of these systems in the years ahead”.

Exhibit 9: Contracted Expansion

INTEL DEAL

HIVE announced a supply agreement with Intel Corporation to purchase new high performing ASIC chips that will be incorporated into state-of-the-art mining equipment that will be custom built for HIVE.



Source: Company Presentation

Undervalued to its peers

Historically, HIVE was operating its Ethereum mining fleet that generated approximately 3 to 4 times more revenue per MW, compared to Bitcoin ASIC mining, and reported higher gross margins compared to their peers. HIVE has consistently led the industry with the highest Bitcoin per Exahash production figures. Despite this, the Company has been valued within the lowest multiples in its peer group.

HIVE has strategically located its facilities in various mining friendly jurisdictions (in terms of coins mined, geographic locations, and equipment) which reduces risk. The Company follows an accelerated depreciation policy, depreciating their equipment over 2 years and continuing to invest in newer technology-based equipment miners. The Company has roughly 20 employees in managing its fleet, generating the highest revenue/employee compared to its peers.

The table below from Anthony Powers in Exhibit 11, ranks all Bitcoin miners in terms of their monthly production in Bitcoin per Exahash, which is the industry leading KPI to determine uptime (operational efficiency). HIVE has led the industry peers, and is ranked #1 in year to date, with January to October 2022 results having been tabulated by Anthony Powers.

Exhibit 10: Bitcoin Valuation Over Peers

Miner Valuation											
	QIRGO	HIVE	CleanSpark	Bitfarms	HUT8	MARATHON	IOT	DMG	IrisEnergy	DMG	DMG
Market Cap	\$96.0	\$269.4	\$137.8	\$189.6	\$315.9	\$1178.6	\$1034.6	\$437.7	\$186.4	\$20.8	\$32.1
Enterprise Value (EV)	\$208.7	\$250.6	\$117.0	\$238.1	\$153.8	\$1767.3	\$775.8	\$1818.4	\$126.5	\$11.8	\$28.1
Cost per current PH/s	\$83,497	\$109,899	\$28,114	\$56,686	\$50,105	\$465,070	\$138,534	\$139,878	\$57,395	\$18,191	\$36,494
Dec 31, Cost per PH/s	\$54,932	\$58,272	\$21,035	\$39,680	\$43,949	\$174,977	\$62,063	\$105,111	\$26,915	\$7,883	\$28,101
Net Assets	\$201	\$260	\$377	\$335	\$395	\$659	\$1,289	\$416	\$437	\$59	\$73
EV/Net Assets	1.04	0.96	0.31	0.71	0.39	2.68	0.60	4.37	0.29	0.20	0.38
Ranking	9	8	3	7	5	10	6	11	2	1	4

Anthony POver @cazenove_uk

Source: Anthony Power

Exhibit 11: HIVE Efficiency in BTC Production over Peers

2022 Bitcoin mined per EH/s by month											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Performance
											% Rank
HIVE	155	129	143	130	126	131	138	140	122	115	100% 1
IrisEnergy	157	130	142	132	130	127	138	137	119	115	99.8% 2
Bitfarms	134	130	145	135	129	120	135	141	122	116	98% 3
CleanSpark	153	128	141	133	127	128	135	125	119	115	98% 4
DMG	153	125	139	130	126	113	115	113	94	95	91% 5
HUT8	141	120	137	121	118	121	116	127	92	97	90% 6
DMG	141	125	135	147	79	116	79	134	118	113	89% 7
DMGHOST	149	116	132	112	108	111	99	105	107	115	87% 8
IOT	141	119	125	113	101	93	74	83	68	81	75% 9
MARATHON	130	97	113	77	66	36	103	94	103	114	70% 10
QIRGO	100	84	95	96	71	87	103	99	86	82	68% 11

Anthony POver @cazenove_uk

Source: Anthony Power

Post – Merge Review (Month Following Ethereum Merge)

The Ethereum Foundation finalized the Merge, bringing an end to Proof-of-Work as the consensus layer for the Ethereum network and signaled the end of GPU based Ethereum mining on September 15, 2022. HIVE has been positioning itself for the eventuality of Ethereum transitioning from Proof-of-Work to Proof-of-Stake and the Company notes it has sold substantively all its Ethereum. HIVE has focused on reoptimizing its GPU fleet to mine altcoins.

Prior to the Merge the Company was generating approximately the same ETH/USD value of 7 Bitcoins per day. Post Merge, the Company is generating approximately 1.6 Bitcoins per day from the same equipment. With Bitcoin price at approximately \$20,000 during this period of time, this is the difference of generating approximately \$140,000 USD from 25MW of GPU mining operations in Ethereum mining, and \$30,000 USD from these same 25MW of GPU mining operations, but instead mining alt-coins and then converting to Bitcoin.

The below exhibit explains what the financial impact on HIVE has been after the merge. Daily revenue decreased from \$350,000 to \$201,000. Revenue/MW has been dropped from \$2,692/MW levels to \$1,546/MW levels.

The below exhibit explains what the financial impact on Hive after the merge event.

Exhibit 12: Revenue Pre merge

Particulars	Average Daily Revenue- June 22 Qtr	Mining Grid (MW)	Revenue/ MW
BITF	464,611	158	2940.6
HIVE	490,873	130	3775.9

Pre-Merge: BTC & ETH		Post-Merge: BTC and Alt Coins		Assumes BTC Only	
105 MW MINING BTC	81%	105 MW MINING BITCOIN	81%	105 MW MINING BTC	81%
25 MW MINING ETH	19%	25 MW MINING GPU	19%	25 MW MINING ALSO MINING BTC	19%
\$171,000 BTC MINING REVENUE	53%	\$171,000 BTC MINING REVENUE	85%	\$171,000 BTC MINING REVENUE	81%
\$150,000 ETH MINING REVENUE	47%	\$30,000 GPU MINING REVENUE	15%	\$40,714 BTC MINING REVENUE	19%
130 MW		130 MW		130 MW	
\$ 321,000 TOTAL DAILY REVENUE		\$ 201,000 TOTAL DAILY REVENUE		\$ 211,714 TOTAL DAILY REVENUE	
\$ 2,469 Revenue/MW		\$ 1,546 Revenue/MW		\$ 1,629 Revenue/MW	

Note: These three scenarios assume HIVE keeps and sells BTC. In the Pre-merge Scenario (September month) Data for bitcoins mined per day & mining revenue per bitcoin is taken same as of October month & not the actual one for comparative purposes. It is pertinent to mention here that bitcoin difficult has also increased in the Q123 for all bitcoin miners & therefore Revenue per MW has also reduced

Source: Stonegate Research

The drop further to \$1,546 MW post merge is line with competitors operating at \$1,629 Revenue/MW.

It is pertinent to mention here that the decrease of revenue is only on 25MW of capacity operating the GPU fleet/ The HIVE Revenue/MW earned on the rest of the 105MW grid remains unchanged, that is the ASIC Bitcoin mining fleet, which has industry leading efficiency in Bitcoin per Exahash per month.

Financial Overview

During the quarter ended September 30, 2022, the company reported revenue of \$29.6 million down 45% from the same quarter prior year. The company achieved gross mining margin of \$15.9 million for the quarter, a 65% decrease over the prior quarter of \$46.0 million, the Company’s gross mining margin of 53.9%, versus 85.8% from the prior quarter. Adjusted EBITDA is \$18.8 million for Q2 & Adjusted EBIDTA margin stood at 63.6% vs 86.1% reported in Q2 2022.

Exhibit 13: Balance Sheet Stats



Source: Company Presentation

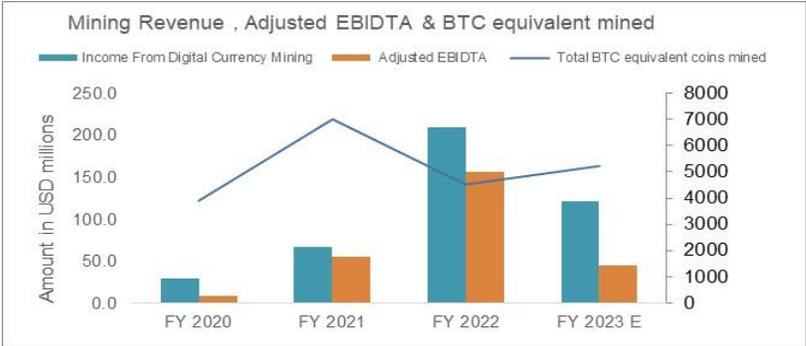
Exhibit 14: Margin Statistics



Source: Company Presentation and Stonegate Research

The company mined 858 Bitcoin and over 7,309 Ethereum during the three-month period ended September 30, 2022. The company also reported Digital currency assets of \$64.9 million, as of September 30, 2022. The Bitcoin equivalent produced was 1,380 Bitcoin equivalent.

Exhibit 15: Bitcoin Equivalent Mining Statistics



Source: Stonegate Research

GP Margins:

We analyzed each of the factor in the following way:

- 1) **Network Difficulty:** Network difficulty factors are a significant variable in the Company's gross profit margins. The Bitcoin network difficulty saw a 9.4% increase go into effect at the end of August, and there was a further increase of approximately 3.5% in mid-September. Furthermore, the Bitcoin network difficulty saw a total 17% increase during the month of October. Bitcoin mining difficulty has increased substantively in the recent months; on average this would result in approximately 11.3% less Bitcoin production, all factors being equal in a month over month, comparison from August to September.
- 2) **Digital Currency Rewards:** Block difficulty denotes a relative measure of how difficult it is to find a new block. The difficulty is adjusted periodically as a function of how much hashing power has been deployed by the network of miners. The block reward is how new bitcoin is "minted" or brought into the economy. These rewards, which started at 50 Bitcoin at inception of the network in 2009, halve every 210,000 blocks, with the halving that occurred on May 11, 2020, resulting in a reward of 6.25 Bitcoin per block vs 12.5 immediately prior to the halving. The next halving which will reduce the reward to 3.125 Bitcoin per block is currently projected to happen in April or May 2024.

Risks:

Capital Intensive – Cryptocurrency mining is a capital-intensive industry. Participants are required to use significant capital to acquire new miners and to expand their hash rate capacity to compete with other large-scale miners.

Highly Competitive Industry – Industry participants in Bitcoin are competing to solve a block on the blockchain. There is no guarantee that an industry participant will win its expected Bitcoin reward. Additionally, as the price of cryptocurrencies goes up, a new market participant may be attracted to cryptocurrency mining. The addition of more miners can potentially reduce the current hash rate of existing miners.

Unregulated Cryptocurrency Exchanges – In general, cryptocurrency exchanges are not well-regulated markets. Industry participants are dependent on underregulated third-party providers to establish a market price for Bitcoin or other cryptocurrencies. HIVE relies on well-performing cryptocurrency markets for its revenue generation.

Digital Currency Volatility– HIVE's operating results are directly tied to the price of Bitcoin. The price of Bitcoin has historically experienced significant volatility. If the market price for Bitcoin drops significantly, operating results may suffer.

Supplier Risk – Historically, HIVE has purchased its miners from a single manufacturer. If the Company is unable to obtain the necessary miners or obtain its miners at an appropriate price, its operating results could suffer.

Regulatory Changes – Any regulation of cryptocurrency limiting or barring its use can potentially reduce the demand for these digital assets, and lead to a loss in the overall value of the asset. In general, most countries do not have a high degree of regulation in place for digital asset exchanges, creating the opportunity for more restrictive regulations.

Environmental Risks – Future regulation over the environmental impact of both cryptocurrency mining and the manufacturing of new miners could restrict HIVE's mining activities or affect the availability of new miners.

Significant Need for Power – The process of mining digital assets requires a significant amount of electrical power to run its miners. An inability to secure the necessary electrical power or the ability to access electrical power at acceptable costs could negatively impact operations.

VALUATION SUMMARY

HIVE's revenues are closely tied to the price of BTC. We have included a sensitivity analysis in exhibit 16, to determine a potential annual run rate for the next twelve months of revenue and EBITDA assuming a 45% Gross Mining Margin and a BTC price of \$18,700 (based on a 30-day moving average). HIVE has historically generated higher margins relative to its peers yet has traded at a significant discounted valuation. We believe HIVE should trade at or above industry peers.

We are using three methods to value the Company based on our 2022 estimates:

EV/EBITDA: Applying an EV/EBITDA multiple range of 5x to 7x, with a midpoint of 6x, results in a price range of \$2.47 to \$3.57, with a midpoint of \$3.02.

EV/Revenues: Applying an EV/Revenue multiple range of 2x to 4x, with a midpoint of 3x, results in a price range of \$2.67 to \$5.62, with a midpoint of \$4.15.

EV/Exahash: Using an alternative approach, applying an EV/PH range of 200x to 400x, with a midpoint of 300x, results in a price range of \$2.41 to \$5.09, with a midpoint of \$3.75. BTC mined and BTC/PH used to compute petahash for all the company is as of September 30, 2022.

Exhibit 16: Valuation Summary

Bitcoin Price Sensitivity Analysis						
BTC Price	18,700	10,000	15,000	20,000	25,000	30,000
Revenue NIM (\$m)	81.8	44.1	65.8	87.4	109.1	130.8
EBITDA NIM (\$m)	24.3	7.0	16.9	26.9	36.9	46.8
EBITDA %	30%	16%	26%	31%	34%	36%

*Current 30 day trailing average highlighted

HIVE Blockchain Technologies Ltd.
(all figures in USD M, except for per share information)

Company Name	Symbol	Price (1)	EV	MC	ROA	Gross Margin FY	EH	EV/EH		P/B	EV/Rev (2)			EV/EBITDA (2)		
								2022	2022		2021	2022E	2023E	2021	2022E	2023E
Bitcoin Mining Companies																
Core Scientific, Inc.	CORZ	\$ 0.14	1,084	48	6%	44%	13	84.0x	0.0x	2.0x	1.6x	1.3x	6.5x	5.5x	4.0x	
Argo Blockchain	ARBK	\$ 6.68	4,308	4,279	1%	NA	3	1723.0x	0.4x	2.8x	2.1x	2.0x	2.7x	10.9x	4.9x	
Bitfarms Ltd.	BITF	\$ 0.60	193	131	14%	66%	4	49.0x	0.3x	1.1x	1.2x	NM	2.1x	8.3x	NM	
Hut 8 Mining Corp.	HUT	\$ 1.16	241	228	7%	51%	3	80.1x	0.5x	1.4x	1.5x	1.9x	3.2x	6.5x	10.7x	
CleanSpark Inc	CLSK	\$ 2.13	156	139	-6%	72%	4	41.4x	0.3x	3.2x	1.1x	0.7x	NM	3.6x	1.8x	
Marathon Digital Holdings Inc.	MARA	\$ 6.46	1,477	750	-6%	-32%	3	422.7x	1.0x	9.8x	10.8x	2.6x	NM	NM	6.0x	
Riot Blockchain	RIOT	\$ 4.05	433	668	-1%	62%	5	82.9x	0.3x	2.0x	1.6x	1.0x	59.6x	NM	2.8x	
								Average Median		0.4x	3.2x	2.9x	1.6x	14.8x	7.0x	5.0x
										0.3x	2.0x	1.6x	1.6x	3.2x	6.5x	4.5x
Hive Blockchain Technologies	HIVE	\$ 2.09	198	175	16%	78%	2	89.6x	0.5x	2.9x	0.9x	1.6x	3.6x	1.3x	4.4x	

Particulars	Valuation Range		
	2.0x	3.0x	4.0x
EV/Rev			
FY 2023 Revenue	\$121.15	\$121.15	\$121.15
EV	242.30	363.45	484.61
Net Debt	22.26	22.26	22.26
Equity Value (in \$ million)	220.0	341.2	462.4
No of Shares (in million)	82.25	82.25	82.25
Per Share Value	\$ 2.68	\$ 4.15	\$ 5.62

Particulars	Valuation Range		
	5.0x	6.0x	7.0x
Desired EV/EBITDA			
Adjusted EBITDA FY 2023	\$45.14	\$45.14	\$45.14
EV	225.72	270.87	316.01
Net Debt	22.26	22.26	22.26
Equity Value (in \$ million)	203.5	248.6	293.8
No of Shares (in million)	82.25	82.25	82.25
Per Share Value	\$ 2.47	\$ 3.02	\$ 3.57

Particulars	Valuation Range		
	100.0x	150.0x	200.0x
EV/PH			
Current Sept PH	\$2.20	\$2.20	\$2.20
EV	220.49	330.74	440.98
Net Debt	22.26	22.26	22.26
Equity Value (in \$ million)	198.2	308.5	418.7
No of Shares (in million)	82.25	82.25	82.25
Per Share Value	\$ 2.41	\$ 3.75	\$ 5.09

Source: Stonegate Research

BALANCE SHEET

HIVE Blockchain Technologies Ltd.					
Consolidated Balance Sheets (\$Ms)					
Fiscal Year: March					
ASSETS	FY 2020	FY2021	FY 2022	Q1 Jun-22	Q2 Sep-22
Assets					
Cash	5.1	40.3	5.3	4.0	8.1
Amounts recievables and prepaids	9.7	8.8	8.0	7.7	9.2
Investments	0.0	1.0	17.0	7.9	6.5
Digital Currencies	3.5	57.5	170.0	71.4	64.9
Total Current Assets	18.3	107.5	200.3	91.0	88.7
Property & Equipment	-	-	177.5	171.2	132.0
Net Property & equipemnt	-	-	177.5	171.2	132.0
Data Centre Equipment	6.4	21.6	-	-	-
Cloud mining rights	0.0	0.0	-	-	-
Right of use asset	2.2	3.0	12.6	11.3	9.9
Deposits	1.9	45.5	59.7	43.7	45.8
Invetments in sublease	0.2	0.1	0.0	0.0	-
Goodwill	-	0.6	0.3	0.3	0.2
Long Term recievables	-	-	1.8	1.8	1.8
Other assets	10.8	70.8	74.4	57.0	57.6
Total Assets	29.1	178.3	452.3	319.2	278.4
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts Payable and accrued liabilities	2.1	3.5	12.4	16.3	10.4
Loans Payable	2.7	4.4	1.2	1.2	1.2
Taxes Payable	0.8	0.1	0.1	0.0	-
Current portion of lease liability	1.6	1.9	2.2	2.0	1.9
Current portion of Term Loan	-	-	9.4	8.8	7.9
Current income tax liability	-	-	0.9	0.9	2.3
Total Current Liabilities	7.2	9.9	26.2	29.2	23.7
Long Term Liabilities					
Lease Liability	0.8	1.2	10.5	9.3	8.2
Convertible Loan - Liability component	-	6.3	5.6	5.4	5.2
Convertible loan- derivative component	-	9.4	5.0	0.6	0.8
Loans Payable	-	17.1	14.5	13.1	12.0
Term Loan	-	-	0.0	0.0	-
Deferred Tax Liability	-	-	1.5	1.5	-
Total Long Term Liabilities	0.8	34.0	37.1	30.0	26.2
Total Liabilities	8.0	43.9	63.2	59.2	49.9
Shareholders' Equity					
Share Capital	188.5	259.9	413.7	413.7	414.5
Equity reserve	0.0	0.0	12.2	13.2	15.0
Accumulated other comprehensive income	5.7	5.2	23.4	10.8	10.2
Accumulated deficit (Earnings)	-173.2	-130.6	-60.2	-177.7	(211.2)
Special Warrants	-	-	-	0.0	-
Total Stockholders Equity	21.1	134.5	389.1	260.0	228.5
Total Liabilities and Shareholders' Equity	29.1	178.3	452.3	319.2	278.4
Ratios					
Liquidity					
Current Ratio	2.5x	10.9x	7.7x	3.1x	3.7x
Quick Ratio	2.5x	10.9x	7.7x	3.1x	3.7x
Working Capital	11.09	97.68	174.1	61.7	65.0
Leverage					
Net Debt to Equity	-20.7%	-4.7%	7.8%	9.4%	7.9%
Net Debt to Capital	-26.0%	-4.9%	7.2%	8.6%	7.3%
Capital Usage- Annualized					
A/R Turns	3.0x	7.7x	26.5x	22.5x	13.8x
Days Sales Outstanding	121.8	47.3	13.8	16.2	26.4
A/P Turnover	9.7x	4.8x	3.8x	1.2x	1.2x
Dayes Payables outstanding	37.5	76.6	95.6	305.0	303.9

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

HIVE Blockchain Technologies Ltd.
Consolidated Statements of Income (in M \$, except per share amounts)
Fiscal Year: March

	FY 2020	FY 2021	FY 2022	Q1 Jun-22	Q2 Sep-22	Q3 E Dec-22	Q4 E Mar-23	FY 2023 E
Income From Digital Currency Mining	29.22	66.70	209.61	44.18	29.60	20.25	26.65	120.68
Hosting Revenue	-	1.00	1.58	-	-	0.20	0.27	0.47
Total revenues	\$ 29.2	\$ 67.7	\$ 211.2	\$ 44.2	\$ 29.6	\$ 20.5	\$ 26.9	\$ 121.2
Operating and mining costs	(20.7)	(16.6)	(47.3)	(17.2)	(13.7)	(11.1)	(14.7)	(56.6)
Gross Mining Margin	8.5	51.1	163.9	27.0	15.9	9.3	12.3	64.5
Gross Mining Margin %	29.1%	75.5%	77.6%	61.2%	53.9%	45.5%	45.5%	53.3%
General and Administrative	(4.7)	(5.1)	(11.0)	(3.4)	(3.2)	(3.2)	(3.2)	(13.1)
Share-based compensation	(0.7)	(1.7)	(6.8)	(1.0)	(1.9)	(0.5)	(0.7)	(4.1)
Depreciation	(6.3)	(10.9)	(67.0)	(25.8)	(24.3)	(26.5)	(26.8)	(103.3)
Operating Income	(3.2)	33.4	79.2	(3.1)	(13.6)	(20.9)	(18.4)	(56.0)
Operating Margin %	-11.0%	49.3%	37.5%	-6.9%	-45.8%	-102.3%	-68.4%	-46.2%
Revaluation of Digital Currencies	(1.2)	24.7	0.0	(72.2)	(2.4)	-	-	(74.5)
Gain on Sale of Digital Currencies	1.4	8.0	0.1	(0.1)	0.0	-	-	(0.1)
Foreign Exchange	1.3	1.3	3.3	(3.7)	7.1	-	-	-
Realised Gain/loss on Investments	1.3	0.0	-	(8.7)	-	-	-	(8.7)
Unrealized Gain/loss on investments	-	0.8	(0.8)	4.4	(1.0)	-	-	3.4
Change in Fair Value of derivative Liability	-	(0.9)	10.8	-	(0.2)	-	-	(0.2)
Change in Fair Value of Contingent consideration	-	-	1.4	-	-	-	-	-
Impairment expenses	-	-	(13.3)	(11.0)	(26.2)	-	-	(37.3)
Gain/ Loss on sale of subsidiary	-	(23.4)	3.2	-	-	-	-	-
Gain on sale of mining Assets	-	-	2.2	-	0.0	-	-	0.0
EBIT	(0.4)	43.9	85.9	(94.3)	(36.2)	(20.9)	(18.4)	(173.3)
EBIT Margin %	-1.4%	64.9%	40.7%	-213.4%	-122.4%	-102.3%	-68.4%	-143.0%
Finance Expenses	(0.4)	(1.2)	(3.9)	(1.0)	(0.9)	(0.9)	(0.9)	(3.8)
Net Income (Loss) before tax	(0.8)	42.7	82.0	(95.3)	(37.2)	(21.9)	(19.3)	(177.1)
Tax Expense	(0.8)	(0.2)	(2.4)	-	0.1	0.6	0.6	1.3
Net Income (loss) for the period	(1.7)	42.5	79.6	(95.3)	(37.0)	(21.2)	(18.8)	(175.7)
Adjusted EBITDA	\$7.76	\$55.28	156.3	11.2	\$18.8	\$6.1	\$9.0	\$45.14
Adjusted EBITDA Margin %	26.6%	81.7%	74.0%	25.4%	63.6%	29.7%	33.5%	37.3%
Basic EPS (loss)	\$ (0.01)	\$ 0.12	\$ 1.02	\$ (1.16)	\$ (0.45)	\$ (0.26)	\$ (0.23)	\$ (2.14)
Diluted EPS (loss)	\$ (0.01)	\$ 0.12	\$ 0.94	\$ (1.16)	\$ (0.45)	\$ (0.26)	\$ (0.23)	\$ (2.14)
Basic shares outstanding	326.9	347.1	77.7	82.2	82.3	82.3	82.3	82.3
Diluted shares outstanding	326.9	366.4	84.8	82.2	82.3	82.3	82.3	82.3

Margin Analysis

Gross Margin	29.1%	75.5%	77.6%	61.2%	53.9%	45.5%	45.5%	53.3%
Operating Margin	-11.0%	49.3%	37.5%	-6.9%	-45.8%	-102.3%	-68.4%	-46.2%
EBIT DA Margin	26.6%	81.7%	74.0%	25.4%	63.6%	29.7%	33.5%	37.3%
Pre-Tax Margin	-2.8%	63.1%	38.8%	-215.6%	-125.6%	-106.9%	-71.8%	-146.2%
Net Income Margin	-5.7%	62.8%	37.7%	-215.6%	-125.1%	-103.8%	-69.7%	-145.1%
Tax Rate	99.8%	-0.4%	-2.9%	0.0%	-0.4%	-2.9%	-2.9%	-0.8%

Growth Rate Y/Y

Total Revenue		131.7%	212.0%	13.3%	-44.8%	-70.3%	-45.9%	-42.6%
Total cost of revenues		-20.0%	185.1%	175.9%	79.8%	70.7%	-45.5%	19.8%
Selling, General and Administrative		8.5%	113.0%	45.4%	22.9%	13.1%	3.0%	19.4%
Depreciation		73.6%	512.7%	273.3%	152.7%	76.8%	-24.6%	54.2%
Operating Income		-1138.9%	137.2%	-114.4%	-142.1%	-148.9%	7.9%	-170.6%
Pre-Tax Income		-5230.6%	92.2%	-804.3%	-162.1%	-134.0%	-65.2%	-315.8%
Net Income		-2658.3%	87.2%	-804.3%	-161.9%	-133.0%	-67.6%	-320.7%
EPS		-2509.6%	735.9%	-3325.4%	-387.5%	-256.0%	-69.4%	-308.5%
Share Count- fully diluted		12.1%	-76.9%	-79.2%	-79.5%	-80.0%	-3.0%	-3.0%

(1) Excludes 1x items
 (2) Using applicable tax rate

Source: Company Reports, Stonegate Capital Partners estimates

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