



September 9 2021

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## MARKET STATISTICS

Exchange / Symbol	Nasdaq: RIOT
Price:	\$30.39
Market Cap (mm):	\$3,080.9
Enterprise Value (mm):	\$2,917.2
Shares Outstanding (mm):	95.9
Float (%):	90.7%
Volume (3-month avg.):	10,617,000
52-week Range:	\$2.35-\$79.50
Industry:	Application Software

## CONDENSED BALANCE SHEET

(USD \$mm, except per share data)

Balance Sheet Date:	06/30/2021
Cash:	\$147.2
Cash/Share:	\$1.53
Operating Leases:	\$8.3
Equity (Book Value):	\$714.2
Equity/Share:	\$7.44

## CONDENSED INCOME STATEMENTS

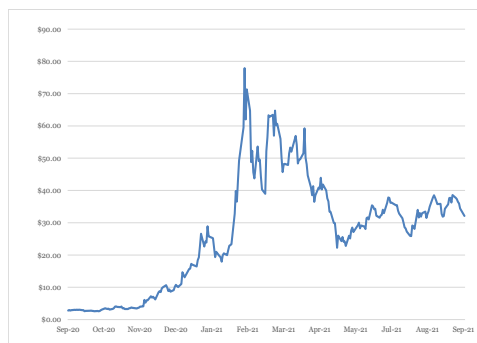
(USD \$mm, except per share data)

FY - 12/31	Revenue	EBITDA	Net Income	EPS
FY19	\$6.8	\$(10.0)	\$(20.1)	\$(1.02)
FY20	\$12.1	\$(14.8)	\$(12.7)	\$(0.30)
FY21E	\$259.5	\$122.1	\$102.8	\$1.11
FY22E	\$435.0	\$262.3	\$149.9	\$1.39

## LARGEST SHAREHOLDERS

Northern Data AG	11,800,000
The Vanguard Group, Inc.	5,729,446
Black Rock, Inc	5,560,953
Susquehanna International Group, LLP	2,471,090
Renaissance Technologies Corp	2,119,750
State Street Global Advisors	1,999,762
State Street Global Advisors	1,280,482
Geode Capital Mgmt. LLC	1,425,375
Remo Mancini	1,367,592

## STOCK CHART



## COMPANY DESCRIPTION

Riot Blockchain, Inc. ("Riot" or "the Company") focuses on cryptocurrency mining operations in North America. Riot is focused on building the infrastructure backbone of the Bitcoin mining network and supporting the Bitcoin blockchain using specialized computers or "miners" to mine Bitcoin in the United States. As of June 30, 2021, the Company operated a fleet of 16,000 miners. Riot is headquartered in Castle Rock, Colorado with mining operations in Rockdale, Texas and Massena, New York.

## COMPANY SUMMARY

- Riot is focused on building the infrastructure backbone of the Bitcoin mining network in the United States** – Bitcoin miners fulfill a critical role in maintaining the security and integrity of Bitcoin's blockchain ledger. Riot participates in Bitcoin mining through its self-mining business and through its third-party hosting business, where it hosts other institutional Bitcoin miners. The Company describes itself as a big believer in Bitcoin and its ability to reinvent global finance. Riot's deployed Bitcoin mining fleet is primarily comprised of Bitmain Tech Ltd. ("Bitmain")'s latest-generation Antminer S19 Pro models.
- Whinstone acquisition is transformational** – In May 2021, Riot closed its acquisition of Whinstone US ("Whinstone") in Rockdale, Texas. Whinstone is the largest Bitcoin mining facility in North America, with power costs among the lowest in the industry. Riot believes the acquisition gives it more control over its own destiny, providing the Company with a clear and significantly de-risked path to future growth. Whinstone's industry-leading power costs, coupled with increased scale, should allow Riot to have better control of profitability through the addition of more miners and third-party hosting clients. Upon closing the acquisition, Riot announced its intention to expand Whinstone's capacity from 300MW to 700MW. Construction is currently underway, with the incremental expansion expected to be completed by Q2 2022.
- Industry-leading hash rate** – As of September 2021, Riot's operational hash rate capacity is 2.22 exahash per second ("EH/s"). The Company is targeting 4.6 EH/s by Q4 2021 and 7.7 EH/s by Q4 2022. Driving these expectations are growth from 22,050 operational miners as of mid-Q3 2021 to a total fleet of over 81,000 Antminers to be fully deployed in Q4 2022.
- Vehicle for investors seeking exposure to Bitcoin** – Riot mines Bitcoin and holds Bitcoin on its balance sheet. In addition, as its hosting business grows in the future, Riot's hosting revenues could also act as a driver of profitability. As a result, management believes the Company serves as an excellent vehicle for investors that are seeking exposure to Bitcoin and its potential growth.
- Valuation** – We are using an EV/EBITDA range of 15.0x to 25.0x with a mid-point of 20.0x. We note that we have adjusted Riot's cash balance and shares outstanding to reflect the recent close of Whinstone in May 2021. Applying this multiple range to our F22E EBITDA, we arrive at a valuation range of \$37.75 to \$62.25, with a mid-point of \$50.00. See page 6 for further details.

## BUSINESS OVERVIEW

Riot Blockchain is focused on building the infrastructure backbone of the Bitcoin mining network in the United States and is also one of the largest Bitcoin mining companies in North America. Riot uses a fleet of Bitmain Technologies' Antminer series of miners, to solve algorithms to complete blocks to the bitcoin blockchain and is given rewards for each block solved. These "miners" are high-powered computers that solve complex computational math problems, specifically designed for completing complicated algorithms.

Riot was formed in October 2017, when Bioptix, a biological sciences technology firm changed its name to Riot Blockchain. At this time, Riot realigned itself to concentrate on the mining of cryptocurrencies, with a strategic focus on bitcoin. In 2018, Riot began mining Bitcoin at a 12 MW facility in Oklahoma, OK which it operated until mid-2020. In 2020, Riot moved its entire fleet to Coinmint's bitcoin mining hosting facility in Massena, NY, with over 51 MW of power currently live.

*Exhibit 1: Riot Blockchain's Timeline*



Source: Company Reports

In May 2021, Riot closed on the acquisition of Whinstone from Northern Data (XETRA: NB2) for 11.8M shares of Riot and \$80M cash. Management notes that in early 2020, Whinstone's management team had built Whinstone into the largest Bitcoin hosting facility in North America. Riot believes the addition of the Whinstone affords Riot more control over its own destiny, providing the Company with a clear and significantly de-risked path to future growth. Whinstone's industry-leading power costs, coupled with increased scale, should allow Riot to have better control of profitability through the addition of more miners and third-party hosting clients.

Riot Blockchain is headquartered in Castle Rock, Colorado.

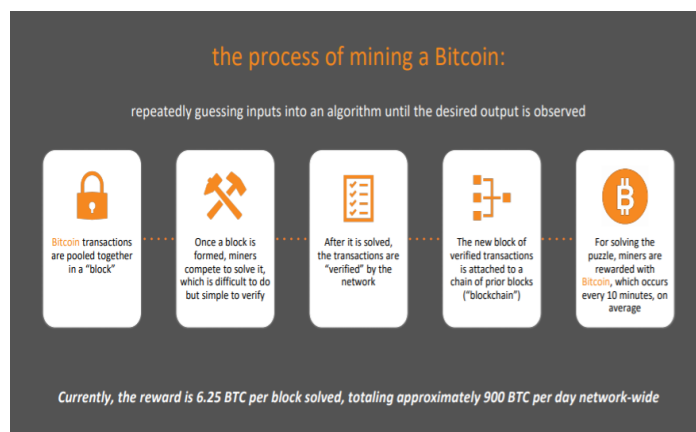
## WHAT IS BITCOIN MINING/HASH RATE?

Bitcoin is a decentralized digital asset. It is distributed through a public database known as the Bitcoin blockchain. Bitcoin can be used as a currency or exchanged for other currencies on a digital exchange. The blockchain refers to the files known as "blocks" that are connected through cryptographs, linked, and timestamped as they are added to the blockchain. Miners compete to complete the blocks by using computing power to repeatedly guess at solving complex algorithms and as an incentive to solve the algorithm's, earn rewards off blocks added to the blockchain.

The mining process involves using specialized computers known as mining rigs to solve for blocks to append to the Bitcoin

blockchain. After a block is found, or "mined", it is distributed across Bitcoin network participants for verification. Validating a block involves a confirmation of the transaction parameters and making sure that no coin is spent twice, which is a known problem with digital assets. Once validated, the mining party is rewarded with a Bitcoin (BTC) depending on the computational contribution to solving the cryptograph.

*Exhibit 2: Bitcoin Mining Process*

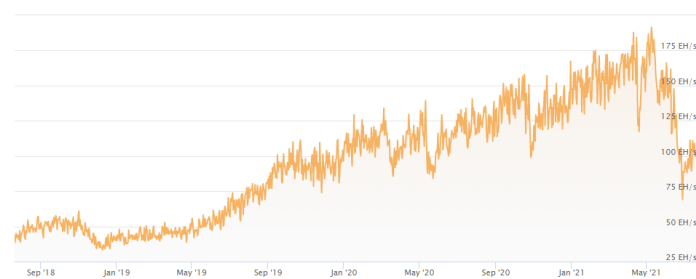


Source: Company Reports

Importantly, there is a total Bitcoin supply of 21M, and Riot is focused on the mining of these limited Bitcoins. After approximately every 210,000 blocks are added to the blockchain, the Bitcoin reward for mining one of these blocks is cut in half. The most recent halving process was on May 10, 2020, when the reward for mining one block was decreased from 12.5 Bitcoins to 6.25 Bitcoins. The process takes place about every four years. In May 2024 the reward is expected to decrease from 6.25 bitcoins per block to 3.125 bitcoins.

"Hash rate" is another important metric. Hash rate is a unit of measure to determine the number of guesses which a mining rig can compute through the mining algorithm, per second. It can also represent the total amount of power a cryptocurrency has mining on its network, as illustrated in Exhibit 3 below.

*Exhibit 3: Bitcoin 3 Year Historical Global Hash Rate*



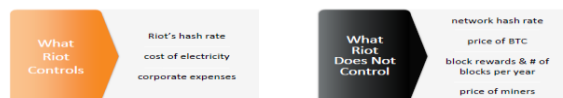
Source: Coinwarz.com

In general, miners with higher hashing power relative to other miners attempting to solve a block have a higher chance of solving the block and receiving a cryptocurrency award.

Another helpful illustration to understand revenue generation and profitability for miners is below.

#### Exhibit 4: Profitability Drivers in Bitcoin Mining

$$\text{Annual Mining Profitability} = \left( \left( \frac{\text{Riot's Hash Rate}}{\text{Network Hash Rate}} \right) \times \left( \frac{\text{Price of BTC}}{\text{Block Reward}} \right) \times \left( \frac{6.25 \text{ Blocks}}{\text{Transaction}} \right) \times \left( \frac{52,560 \text{ Blocks}}{\text{Per Year}} \right) \right) - \left( \left( \frac{\text{Price of Miners}}{\text{Cost of Electricity}} \right) \times \left( \frac{\text{Riot's Corporate Expenses}}{\text{}} \right) \right)$$



Source: Company Reports

As mentioned, the current block reward is 6.25 Bitcoins per block. The number of blocks for any given time period is driven by the Bitcoin protocol, which is fixed at 144 blocks per day and 52,560 blocks per year. Importantly, we can see what drivers Riot and other miners have direct control over vs. what miners do not control.

## MINING FACILITIES

Currently, Riot's Bitcoin mining operations are located in two facilities. The first one is in Massena, NY and is set-up as a co-location model. The other is in Rockdale, TX and came from the acquisition of Whinstone in May 2021.

#### Coinmint Massena, NY Facility

As mentioned, Riot started its mining operations in Oklahoma. However, after evaluating its lease arrangement and power consumption costs, the Company decided to explore alternative options to reduce overhead and operating costs. In April 2020, Riot entered into a co-location mining services agreement with Coinmint, LLC. This agreement allowed Riot to relocate all its miners to Coinmint's Massena, New York facility.

Coinmint provides electric power and performs all necessary maintenance to operate Riot's fleet of miners. In exchange, Coinmint receives a performance fee based on the net profitability of Riot's miners deployed at the Coinmint facility, in addition to being reimbursed for direct production expenses.

Exhibit 5: Coinmint Facility in Massena, NY



Source: Company Reports

Currently, Riot has approximately 16,100 miners deployed at the facility, with over 51 MW live with an estimated hash rate capacity during April 2021 of ~ 1.6 EH/s.

With the acquisition of Whinstone, the Company has added additional revenue streams, and provided the Company with the flexibility to move its miners from Coinmint, if applicable.

#### Whinstone Rockdale, TX Facility

The Whinstone facility is located on a 100-acre site and hosts Bitcoin mining customers in three buildings totaling 190,000 square feet. Another 240,000 square feet is under construction. It is the single largest Bitcoin mining hosting facility in North America.

The site has total power capacity of 750MW, with 300MW currently developed. The site is subject to a long-term lease agreement with electricity provided through a long-term power supply contract with the Electricity Reliability Council of Texas (ERCOT).

Importantly, Whinstone's comprehensive energy management strategy delivers industry leading energy costs of an estimated 2.5 cents per kWh.

Exhibit 6: Whinstone Facility in Rockdale, TX



Whinstone facility in Rockdale, TX

Source: Company Reports

Riot's hosting clients at Whinstone currently operate approximately 95,000 miners. As such, Riot earns hosting revenue as described above in the Coinmint co-location agreement.

## BUSINESS MODEL AND GROWTH STRATEGY

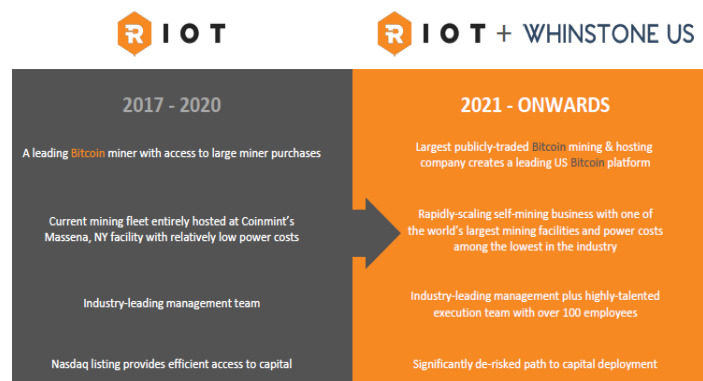
Riot's mission is to become one of the most relevant and significant companies supporting the Bitcoin network and greater Bitcoin ecosystem. As such it describes itself as a Bitcoin Company that is a big believer in Bitcoin and its ecosystem. The Company mines and holds Bitcoin on its balance sheet, and through this focus, the Company believes it is a great vehicle for investors to gain exposure to Bitcoin.

The Company's main revenue generation comes from either its own mining operations ("self-mining") in the Coinmint facility or the Whinstone facility, or through hosting 3<sup>rd</sup> party miners at its Whinstone facility. Additionally, after successfully receiving a Bitcoin reward from self-mining or from its hosting performance fee, Riot retains the Bitcoin on its balance sheet. Management has

historically retained most of the Company's accumulated Bitcoin, but continually monitors the market to strategically manage its balance sheet. All the retained Bitcoins are put into a secure cryptocurrency wallet, used specifically to store digital assets.

Riot believes its acquisition of Whinstone is transformational as it provides the Company with additional scale and creates the largest publicly traded Bitcoin mining and hosting company, increases the Riot's ability to expand its own mining business with one of the largest mining facilities in North America, and with power costs that are among the lowest in the industry, and due to its scale, allows better access to capital.

Exhibit 7: Transformational Acquisition

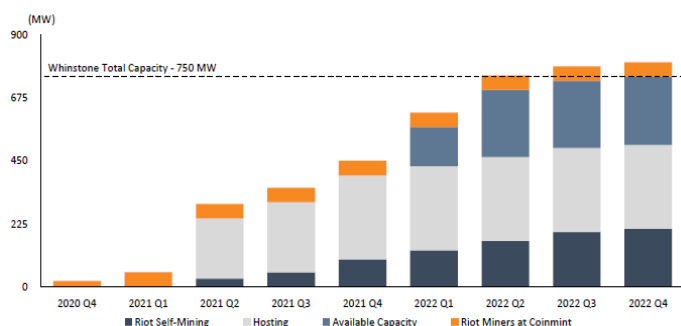


Source: Company Reports

### Increase Mining Capacity

The more miners that Riot can deploy ultimately influences the number of blocks that Riot is able to potentially solve per day. By increasing the number of miner's and hence its computing power, or hash rate, Riot should be able to successfully increase its percentage of bitcoins mined per day. Riot Blockchain uses the state-of-the-art Bitmain's Antminer S19 pro model, which has industry leading computational power.

Exhibit 8: Industry Leading Mining Capacity



Source: Company Reports

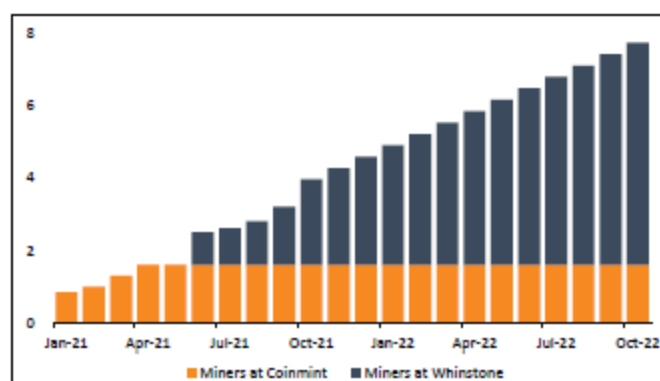
As seen above, with Whinstone operating as part of Riot, the Company has expanded its potential footprint and flexibility to grow its self-mining capacity. At Whinstone, Riot is focused on expanding the facility to its full 750MW potential. As it expands, it expects to fill the Bitcoin mining capacity through (1) self-mining, or (2) hosting 3<sup>rd</sup> party miners.

At Q4 2020 end, Riot used approximately 7,000 miners. Through the deployment of purchase orders, this increased to 16,146 operational miners as of Q2 2021. Through additional long-term purchase orders, Riot is forecasting a total fleet of over 81,000 Antminers to be fully deployed in Q4 2022. The delivery of these new miners is expected to positively impact Riot's hash rate.

### Hash Rate Growth

As of mid-Q3 2021, Riot's fleet of 22,050 Bitmain Antminer machines had a hash rate capacity of 2.22 EH/s. After its acquisition of Whinstone, coupled with its growth initiatives to deploy more Antminer machines, the Company is guiding towards 4.6 EH/s by Q4 2021 and 7.7 EH/s by Q4 2022.

Exhibit 9: Hash Rate (EH/s) Forecasted Growth



Source: Company Reports

### Pilot Projects

Riot is continuously exploring new mining technology to maintain its leading market position. As such, the Company is currently working on a few projects that could potentially yield significant results.

- December 2020 pilot project announced using up to 8MW to assess the potential for higher productivity and lower cost mining opportunities.
- Partnership announced with Lancium, LLC to evaluate smart response software that can redirect power back to the grid at any time when it proves to be more profitable. Expectation of reducing energy costs within ERCOT.
- Partnership with Enigma Digital Assets AG to evaluate next generation of immersion cooling technology. 1<sup>st</sup> phase to evaluate cooling the mining machines thereby extending miner life and opportunity to increase mining hash rate.

Riot expects initial results of its pilot projects by year-end 2021.

## RISKS

**Capital intensive** – Cryptocurrency mining is a capital-intensive industry. Participants are required to use significant capital to acquire new miners and to expand its own 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, 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. Riot relies on well performing cryptocurrency markets for its revenue generation.

**Digital currency volatility**– Riot'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, Riot has purchased its miners for 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 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 manufacture of new miners could restrict Riot'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 ability to access electrical power at acceptable costs, could negatively impact operations.

## VALUATION

We are using a multiple analysis to help frame valuation. We note that the market for cryptocurrencies and publicly traded companies that are leveraged to this ecosystem, is still emerging. As such, cryptocurrency prices are significantly volatile. As many of the comparable companies operating results are tied directly to the price of cryptocurrencies, stock prices and operating results are volatile.

Below are some key assumptions to our earnings model.

- \$40,000 price for Bitcoin.
- Riot exits Q421 with ~46,000 mining rigs, with a hash rate of 4.6EH/s, in-line with Company guidance.
- Riot exits Q422 with ~81,000 mining rigs, with a has rate of 7.7 EH/s, in-line with guidance.
- Network hash rate average of ~136.7EH/s for F21 with a low of 125 EH/s in Q421; and a ramp from 175 EH/s in Q1F22 to 250 EH/s in Q4F22 for an average of 225 EH/s in F22 driven by announced industry wide EH being added.
- ~75% gross margin over the forecast period.
- Initial ramp of SG&A to support growth and the Whinstone acquisition, but at a lower rate of growth than revenue.

### Exhibit 10: Comparable Analysis

#### Comparative Analysis

(all figures in \$ USD M, expect per share information)

Company Name	Symbol	Price (1)	Mrkt Cap	EV	EV/Sales (2)			EV/EBITDA		
					2020	2021E	2022E	2020	2021E	2022E
<b>Miners</b>										
Marathon Digital Holdings, Inc.	MARA	\$ 37.29	\$ 3,924.6	\$ 3,587.1	NM	15.6x	5.1x	NM	19.9x	7.2x
Cipher Mining Inc.	CIFR	\$ 12.17	\$ 2,902.9	\$ 2,903.3	N/A	N/A	N/A	NM	N/A	N/A
Hut 8 Mining Corp.	HUT	\$ 10.23	\$ 1,444.4	\$ 1,375.9	42.7x	10.1x	5.5x	121.8x	20.0x	9.7x
HIVE Blockchain Technologies Ltd.	HIVE	\$ 3.21	\$ 1,274.1	\$ 1,279.7	39.0x	22.7x	8.5x	NM	N/A	N/A
Bitfarms Ltd.	BITF	\$ 5.94	\$ 1,010.2	\$ 995.8	28.5x	6.0x	4.4x	171.5x	N/A	N/A
Argo Blockchain plc	ARB	\$ 1.80	\$ 686.5	\$ 697.0	26.7x	6.4x	5.8x	67.5x	10.5x	7.2x
Bit Digital, Inc.	BTBT	\$ 11.09	\$ 644.5	\$ 616.2	29.3x	N/A	N/A	138.6x	N/A	N/A
Support.com, Inc.	SPRT	\$ 23.16	\$ 467.8	\$ 429.3	9.8x	N/A	N/A	NM	N/A	N/A
Digihost Technology Inc.	DGHI	\$ 1.74	\$ 133.7	\$ 116.3	32.4x	4.3x	1.5x	NM	N/A	N/A
Average					29.8x	10.8x	5.1x	124.8x	16.8x	8.0x
Median					29.3x	8.2x	5.3x	130.2x	19.9x	7.2x
<b>Crypto Digital Wallets</b>										
Coinbase Global, Inc.	COIN	\$ 258.20	\$ 56,278.0	\$ 53,778.9	42.2x	7.8x	8.8x	89.6x	16.0x	21.5x
Voyager Digital Ltd.	TSX:VOYG	\$ 13.85	\$ 2,403.6	\$ 2,340.3	NM	13.8x	4.4x	NM	36.0x	12.2x
VPC Impact Acquisition Holdings	VIH	\$ 10.36	\$ 285.1	\$ 284.3	N/A	N/A	N/A	N/A	N/A	N/A
Safello Group AB (publ)	OM:SFL	\$ 1.51	\$ 30.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average					42.2x	10.8x	6.6x	89.6x	26.0x	16.9x
Median					42.2x	10.8x	6.6x	89.6x	26.0x	16.9x
Riot Blockchain, Inc.	RIOT	\$ 30.39	\$ 3,080.9	\$ 2,917.2	241.5x	11.2x	6.7x	NM	23.9x	11.1x

(1) Previous day's closing price

(2) Estimates are from Capital IQ

Source: Capital IQ, Stonegate Capital Partners

Based on current comparable multiples, along with Riot's growth potential, we believe using an EV/EBITDA range of 15x to 25x is appropriate. Applying this multiple range to our F22E EBITDA, we arrive at a valuation range of \$37.75 to \$62.25, with a mid-point of \$50.00

### Exhibit 11: Valuation Range

	EV/EBITDA		
2022 E	15.0x	20.0x	25.0x
EBITDA	262.3	262.3	262.3
EV	3,933.9	5,245.2	6,556.5
Cash	147.2	147.2	147.2
Debt & Leases	8.3	8.3	8.3
Market Value	4,072.8	5,384.1	6,695.4
S/O	107.7	107.7	107.7
Price	\$ 37.80	\$ 49.97	\$ 62.14

Source: Stonegate Capital Partners

## BALANCE SHEET

**Riot Blockchain, Inc.**  
**Consolidated Balance Sheets (\$ Ms)**  
**Fiscal Year: December**

ASSETS	FY2019	FY2020	Q1 Mar-21	Q2 Jun-21
<b>Assets</b>				
Cash and Cash Equivalents	7.4	223.4	241.0	147.2
Accounts Receivable	-	-	-	0.0
Prepaid Expenses and Other Current Assets	1.3	1.3	0.6	1.1
Investments in Marketable Equity Securities	-	-	-	24.8
Cryptocurrencies	3.8	11.6	34.6	48.3
<b>Total Current Assets</b>	<b>12.6</b>	<b>236.3</b>	<b>276.2</b>	<b>221.3</b>
Property and Equipment, net	5.1	10.1	28.3	128.8
Right of Use Assets	0.4	-	-	6.4
Deposit on Equipment	1.4	33.1	70.7	78.9
Long-term Investments	9.7	0.3	0.3	0.3
Derivative Assets	-	-	-	30.4
Patents-net	0.5	0.3	0.4	89.7
Goodwill	-	-	-	267.4
Security Deposit	0.7	-	-	-
Future Power Credits	-	-	-	83.1
<b>Total Assets</b>	<b>30.4</b>	<b>280.1</b>	<b>375.9</b>	<b>906.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Accounts Payable	0.7	0.7	2.9	28.6
Accrued Expenses	2.2	1.6	4.4	4.5
Operating Lease Liability-current Portion	0.4	-	-	1.7
Deferred Revenues-current Portion	0.1	0.1	0.1	2.7
<b>Total Current Liabilities</b>	<b>3.4</b>	<b>2.4</b>	<b>7.4</b>	<b>37.5</b>
<b>Long Term Liabilities</b>				
Deferred Revenues Less Current Portion	0.8	0.7	0.7	20.8
Operating Lease Liability - Less Current Portion	-	-	-	6.6
Contingent Consideration Liability - Future Power Credits	-	-	-	83.1
Deferred Tax Liability	-	-	-	41.5
Other Long-Term Liabilities	-	-	-	2.7
<b>Total Long Term Liabilities</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>154.7</b>
<b>Shareholders' Equity</b>				
Preferred Stock Convertible	0.0	0.0	0.0	0.0
Common Stock - Par Value	243.5	507.0	590.2	917.2
Accumulated Deficit	(217.2)	(229.9)	(222.4)	(203.0)
<b>Stockholders Equity</b>	<b>26.2</b>	<b>277.1</b>	<b>367.8</b>	<b>714.2</b>
Minority Interest	(0.0)	-	-	-
<b>Total Stockholders Equity</b>	<b>26.2</b>	<b>277.1</b>	<b>367.8</b>	<b>714.2</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>30.4</b>	<b>280.1</b>	<b>375.9</b>	<b>906.4</b>

Source: Company Reports, Stonegate Capital Partners

## INCOME STATEMENT

### Riot Blockchain, Inc.

#### Consolidated Statements of Income (in \$ Ms, except per share amounts)

Fiscal Year: December

	FY 2019	FY 2020	FY 2021E	FY 2022E
<b>Revenue:</b>				
Revenue, Net - Cryptocurrency Mining	6.7	12.0	238.5	394.9
Revenue, Net - Data Center Hosting	-	-	20.9	40.0
License Fees	0.1	0.1	0.1	0.1
<b>Total Revenues</b>	<b>6.8</b>	<b>12.1</b>	<b>259.5</b>	<b>435.0</b>
<b>Costs &amp; Expenses:</b>				
Cost of Revenues - Cryptocurrency Mining	6.1	6.3	77.4	108.8
Cost of Revenues - Data Center Hosting	-	-	21.7	40.0
Selling, General and Administrative	9.2	10.3	21.0	24.0
Depreciation and Amortization	0.1	4.5	30.6	75.0
Acquisition Related Costs	-	-	17.0	-
Change in Fair Value of Derivative Asset	-	-	(17.5)	-
Change in Fair Value of Contingent Consideration	-	-	0.2	-
Impairment of Cryptocurrencies	0.8	1.0	17.5	-
Impairment of Property and Equipment	-	-	-	-
Impairment of Goodwill	-	-	-	-
Impairment of Intangible Rights Acquired	0.7	-	-	-
Impairment of Long-term Investments	-	9.4	-	-
<b>Operating Income (Loss)</b>	<b>(10.1)</b>	<b>(19.3)</b>	<b>91.6</b>	<b>187.3</b>
<b>Other Income (Expense):</b>				
Loss on Issuance of Convertible Notes, Common Stock & Warrants	(6.2)	-	-	-
Change in Fair Value of Warrant Liability	(2.9)	-	-	-
Change in Fair Value of Convertible Notes	(3.9)	-	-	-
Non-compliance Penalty for SEC Registration Requirement	-	-	-	-
Reversal of Registration Rights Penalty	-	1.4	-	-
Gain on Deconsolidation of Tess	1.1	-	-	-
Gain on Sale of Equipment	-	0.0	-	-
Realized Gain on Sale/exchange of Cryptocurrencies	0.7	5.2	0.0	-
Loss on Extinguishment of Bonds Payable	-	-	-	-
Interest Expense	(0.1)	-	-	-
Interest Income	-	0.1	0.3	0.1
Investment Income/(Loss)	-	-	-	-
Other Income/expense	0.9	(0.0)	28.1	-
<b>Earnings before Taxes</b>	<b>(20.4)</b>	<b>(12.7)</b>	<b>120.0</b>	<b>187.3</b>
Provision for Income Tax	0.1	-	(17.1)	(37.5)
<b>Net Income (Loss)</b>	<b>(20.3)</b>	<b>(12.7)</b>	<b>102.8</b>	<b>149.9</b>
Minority Interest (After Tax)	0.3	(0.0)	-	-
Earnings of Discontinued Operations	-	-	-	-
<b>Net Income (Loss)</b>	<b>(20.0)</b>	<b>(12.7)</b>	<b>102.8</b>	<b>149.9</b>
Basic EPS - Continuing Operations	(1.02)	(0.30)	1.11	1.40
Basic EPS - Discontinued Operations	-	-	-	-
<b>Basic EPS - Total</b>	<b>\$ (1.02)</b>	<b>\$ (0.30)</b>	<b>\$ 1.11</b>	<b>\$ 1.40</b>
<b>Diluted EPS</b>	<b>\$ (1.02)</b>	<b>\$ (0.30)</b>	<b>\$ 1.11</b>	<b>\$ 1.39</b>
Basic Wtd Avg Shares Outstanding	19.6	42.0	92.6	107.1
Diluted Wtd Avg Shares Outstanding	19.6	42.0	93.0	107.6
<b>EBITDA</b>	<b>(10.0)</b>	<b>(14.8)</b>	<b>122.1</b>	<b>262.3</b>

Source: Company Reports, Stonegate Capital Partners estimates

## IN THE NEWS

**August 23, 2021** – Riot Blockchain Reports Record Second Quarter 2021 Financial Results, Current Operational and Financial Highlights.

**July 8, 2021** – Riot Blockchain Announces June Production and Operations Updates

**Jun 10, 2021** – Riot Blockchain Announces May Production and Operations Updates

**May 26, 2021** – Riot Blockchain Completes Acquisition of Whinstone US, Creating Leading North American Bitcoin Mining Company

**May 24, 2021** – Riot Blockchain Announces Appointment of Benjamin Yi as Executive Chairman and Appointments of New Director and New Lead Independent Director

**May 17, 2021** – Riot Blockchain Reports First Quarter 2021 Financial Results, Current Operational and Financial Highlights

**May 10, 2021** – Riot Blockchain Announces April Production and Operational Updates

**April 12, 2021** – Riot Blockchain Announces March Production and Operational Updates

**April 8, 2021** – Riot to Acquire Whinstone, Creating a US-Based Industry Leader in Bitcoin Mining

**April 7, 2021** – Riot Blockchain Announces Milestone Purchase Order of 42,000 S19j Antminers, Growing Total Hash Rate to 7.7 EH/s Upon 2022 deployment.

**April 6, 2021** – Riot Blockchain Announces Appointment of Megan Brooks as Chief Operating Officer, and Appoints to the Roles of VP, Capital Markets and VP, Finance

**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

**March 15, 2021** – Riot Blockchain Announces Production and Operations Updates and Purchase of Bitmain S19j Antminers for October 2021 Delivery

**February 11, 2021** – Riot Blockchain Achieves Milestone of 1 EH/s in Hash Rate Capacity with Receipt and Deployment of 2,002 S19 Pro Antminers

## CORPORATE GOVERNANCE

**Jason Les – Chief Executive Officer** - Jason is the driving force behind the Company's mission to become one of the most relevant and significant companies supporting the Bitcoin network. He has been deeply involved with Bitcoin since 2013, with significant experience in cryptocurrency mining, and as an engineer studying protocol development, and contributing to open-source projects. Jason was also a founding partner of Binary Digital, a software-development company where he led the engineering team and coordinated project development for artificial intelligence, reverse engineering, and inter-software compatibility projects. Additionally, Jason's background includes over a decade of unique experience as a former professional heads-up poker player during which he has successfully competed in high-stakes games online, in addition to the most prestigious, high-stakes tournaments in the world. In 2015 and 2017, he was selected as a human benchmark for testing the world's best poker artificial intelligence in what was dubbed "Man vs Machine" at Carnegie Mellon University in 2015 and 2017. Jason holds a Bachelor of Science in Information & Computer Science from UC Irvine.

**Jeffrey G. McGonegal - Chief Financial Officer** - Jeff is the longest-standing member of Riot's executive team and resumed his duties as the Company's permanent CFO in February 2021. During 2019 and 2020 he had served as Riot's CEO. Jeff brings decades of experience and steadfast leadership to the Company, both critical characteristics in emerging industries such as Riot's. In addition, he brings extensive hands-on experience in working with growing companies, achieving enhanced value for shareholders. His career has spanned over forty years in senior leadership roles working as an audit partner with a national accounting firm, in addition to roles as an executive within multiple public entities. He has in-depth expertise in matters pertaining to mergers and acquisitions, as well as SEC public reporting compliance, private offerings, IPOs, secondary offerings, and exploring and analyzing financing alternatives. Jeff started his public accounting career with BDO USA, LLP. From 1974 to 1997, he was an accountant with BDO USA, LLP, most recently serving as Managing Partner of the BDO office in Denver, Colorado. He holds a Bachelor of Arts degree in accounting from Florida State University and became a Certified Public Accountant in 1975, now retired.

**Megan Brooks – Chief Operating Officer** - Megan Brooks' experience includes over 20 years in operations, risk management, and finance with seven years of executive management. Brooks has a B.S. in Finance, along with a Masters Certificate of Accountancy from University of Houston, C.T. Bauer College of Business, certification in risk management and is a licensed Risk Manager. Brooks is highly experienced in emerging industries and navigating new regulatory territories. As Chief Operating Officer of Riot, she brings comprehensive experience in operations, finance, and risk management to the Riot Team. Brooks oversees Riot's operations, including mining, IT/Cybersecurity, SoX control design/implementation, and initiatives related to future expansion. During her time in the risk management/insurance industry Brooks received a global award for Power 50 "One to Watch List" and has written numerous pieces for global publications. Brooks worked with emerging insurance domiciles and regulatory bodies to design and implement guidelines/legislature for financial reporting, solvency, and asset portfolios. Further she provided tax planning, audit management, investment solutions, lending, and reinsurance programs for clients across multiple industries from real estate to manufacturing.

### Board of Directors:

**Benjamin Yi** – *Executive Chairman*

**Hubert Marleau** – *Lead Independent Director*

**Hannah Cho** – *Independent Director*

**Lance D'Ambrosio** – *Independent Director*

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