



**HIVE**

CORPORATE PRESENTATION

October 16, 2020



**HIVE**

TSXV: HIVE  
OTCQX: HVBTF FSE: HBF

# Disclaimers

In this presentation, "HIVE" or the "Company" refers to HIVE Blockchain Technologies Ltd (TSXV HIVE).

## **Currency**

All amounts are in US dollars, unless otherwise indicated.

## **Forward Looking Information**

Except for the statements of historical fact, this presentation contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates and projections as at the date of this presentation. "Forward-looking information" in this presentation includes information about potential increase in transparency, accountability and profitability of the Company; anticipated cost reduction and expansion capacity; anticipated increase in bitcoin spending; potential price increases in bitcoin due to recent halving; the potential for the Company's long term growth; the business goals and objectives of the Company, and other forward-looking information includes but is not limited to information concerning the intentions, plans and future actions of the parties to the transactions described herein and the terms thereon.

Factors that could cause actual results to differ materially from those described in such forward-looking information include, but are not limited to, the efficiencies obtained through recent restructurings may not lead to operational advantages, cost reductions or profitability; partnerships with any of the third parties for which the Company relies for its operations; the digital currency market; the Company's ability to successfully mine digital currency; the Company may not be able to profitably liquidate its current digital currency inventory, or at all; a decline in digital currency prices or other market factors may have a significant negative impact on the Company's operations; the volatility of digital currency prices; and other related risks as more fully set out in the Company's continuous disclosure filings at [www.sedar.com](http://www.sedar.com).

This presentation also contains "financial outlook" in the form of gross mining margins, which is intended to provide additional information only and may not be an appropriate or accurate prediction of future performance, and should not be used as such. The gross mining margins disclosed in this

presentation are based on the assumptions disclosed in this presentation and the Company's continuous disclosure filings at [www.sedar.com](http://www.sedar.com), which assumptions are based upon management's best estimates but are inherently speculative and there is no guarantee that such assumptions and estimates will prove to be correct.

The forward-looking information in this presentation reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. In connection with the forward-looking information contained in this presentation, the Company has made assumptions about the Company's ability to realize operational efficiencies going forward into profitability; profitable use of the Company's assets going forward; the Company's ability to profitably liquidate its digital currency inventory as required; the Company's ongoing partnerships with third parties; historical prices of digital currencies and the ability of the Company to mine digital currencies consistent with historical prices; and there will be no regulation or law that will prevent the Company from operating its business. The Company has also assumed that no significant events occur outside of the Company's normal course of business. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

## **Non-IFRS Measures**

The Company has presented certain non-IFRS measures in this document. The Company believes that these measures, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. Reconciliations to nearest IFRS measures are included in the Company's continuous disclosure filings at [www.sedar.com](http://www.sedar.com).



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# Today's Presenters



**Frank Holmes**

Interim Executive Chairman

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CEO & CIO US Global



**Darcy Daubaras, CPA, CA**

Chief Financial Officer

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Experienced CFO of Canadian  
publicly-listed companies



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# Operational Update



# Q1 F2021 Highlights



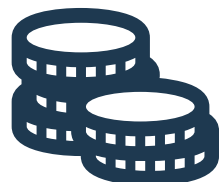
- **Assumed control of Iceland data centre operations in June 2020**

- Marks last step in 18-month process to take full control of HIVE's global data centre operations from former strategic partner
- Anticipated to result in 50% reduction in operational costs in Iceland beginning H2 CY2020
- Currently upgrading and expanding data centre operations
- Had completed similar transition at flagship Sweden facility in prior quarters



- **Diversified business by acquiring Bitcoin mining operation in Canada in April 2020**

- Have begun scaling up facility with next generation mining equipment coinciding with Bitcoin rewards halving



- **Third straight quarter of profitability**

- Driven by Ethereum mining increase and operational efficiencies
- Enabling investment in new Bitcoin mining operation

- **Increased tangible assets**

- Ongoing capital investments
- Appreciation of digital currency portfolio due to increases in the price of Ethereum and Bitcoin



# HIVE Blockchain Investment Highlights



## Opportune timing

- Only large public company mining Ethereum at industrial scale
- Newly acquired Bitcoin mining facility powered by green energy scaling up with next generation equipment



## Large, growing industry

- Blockchain expected to have transformational impact on business over next decade
- Bitcoin and Ethereum top public blockchain networks



## Poised to benefit

- Healthy balance sheet
- Significant operational restructuring over past 18 months to increase transparency, accountability and profitability across operations
- Largest, and one of most liquid, public companies in the space with no AML concerns



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# Financial Review

# Ethereum mining increases counter shutdown of Bitcoin cloud mining agreements

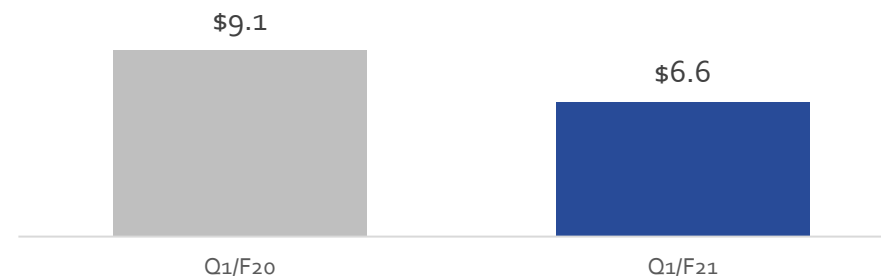


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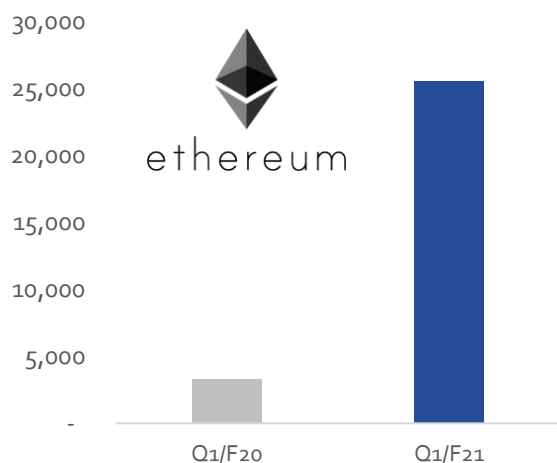
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- YoY increase in Ethereum mining driven by reboot of Sweden facility operations in July 2019 after being offline during H1 CY2019
- YoY decline in Bitcoin mining driven by shutdown of prior cloud mining agreements in Q3 F2020 due to unprofitability
- Bitcoin mining re-launched initially at small scale in Q1 F2021 following acquisition of new data centre in Canada

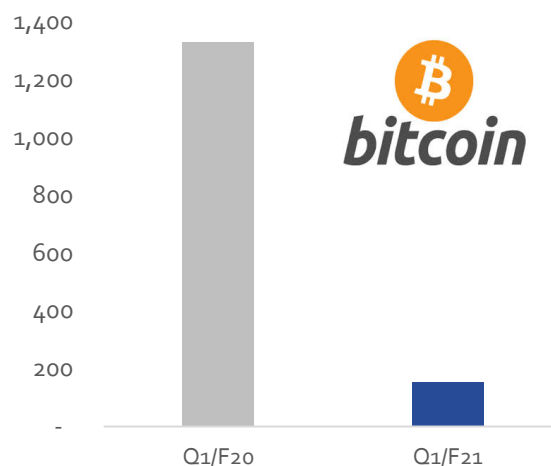
Income from Digital Currency Mining (\$ M)



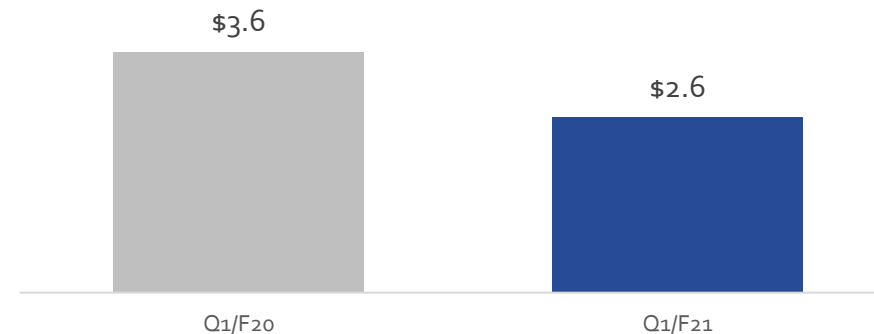
Ethereum mined



Bitcoin mined



Gross Mining Margin (\$ M)





# Ethereum mining margins drive profits in quarter

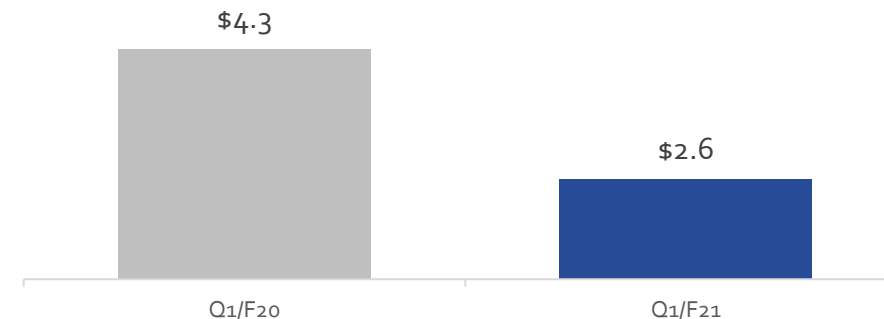


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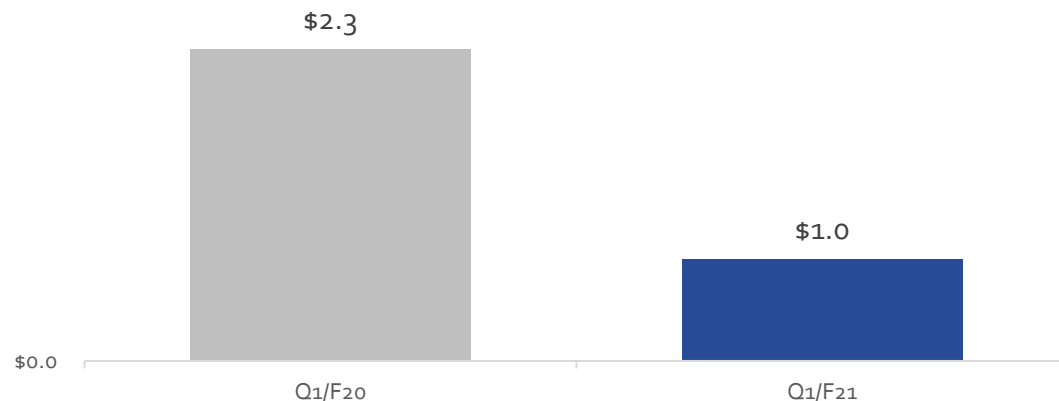
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- Ethereum mining margins enabled acquisition and initial scaling of Bitcoin mining operation to diversify business
- HIVE has recorded three consecutive quarters of positive Adjusted EBITDA and profitability
- YoY decline in profitability driven by \$6M gains recorded in Q1 F20 related to investments and digital currencies

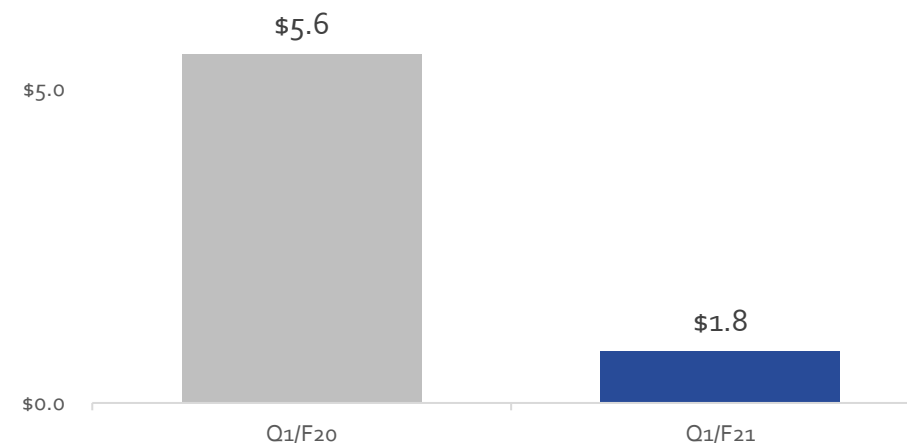
Adjusted EBITDA (\$ M)



Gross Profit (\$ M)



Net Income (\$ M)



# Healthy balance sheet

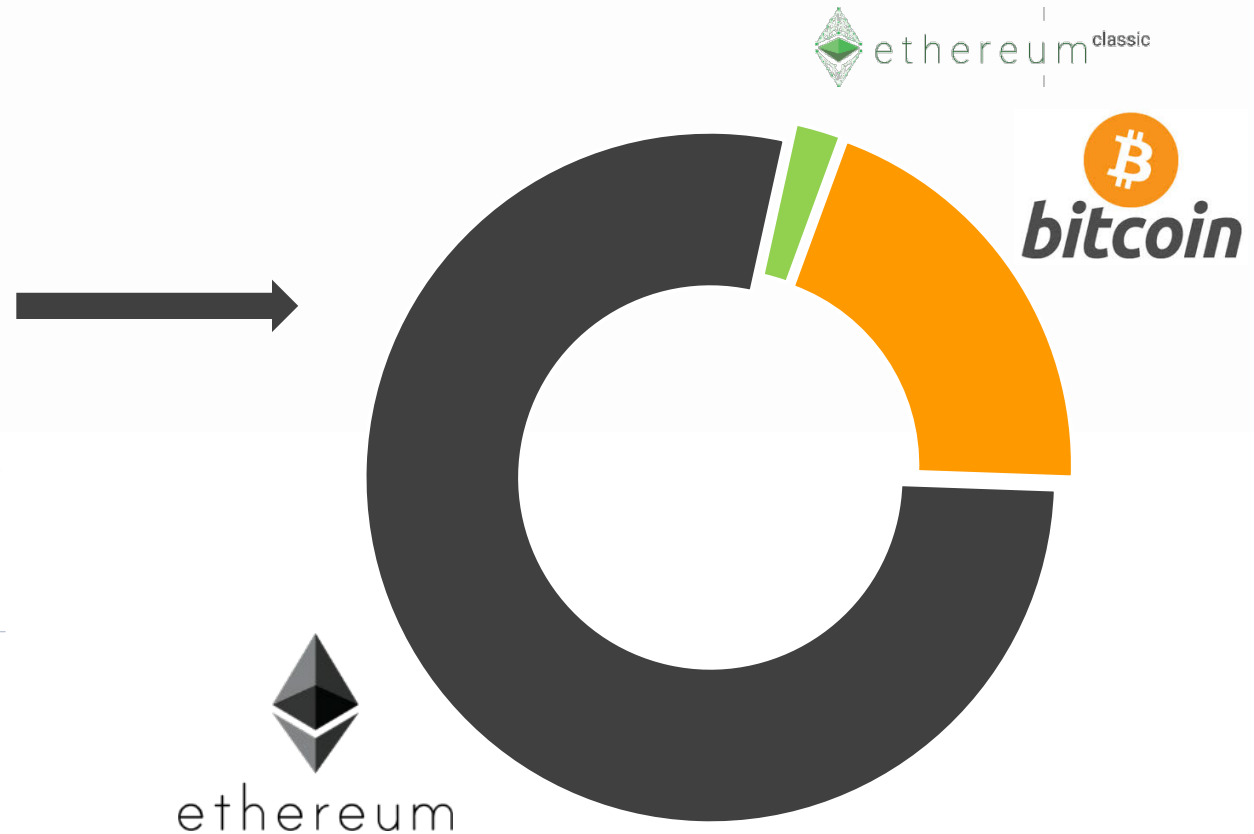
(\$ M, as at June 30, 2020)



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Cash on hand	\$1.2
Amounts receivable & prepaids	\$12.5
Digital currencies	\$6.6
<b>Total current assets</b>	<b>\$20.3</b>
<b>Total current liabilities</b>	<b>\$9.5</b>
Funding operations through sale of coins	<input checked="" type="checkbox"/>
Solid financial position	<input checked="" type="checkbox"/>





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# HIVE Update

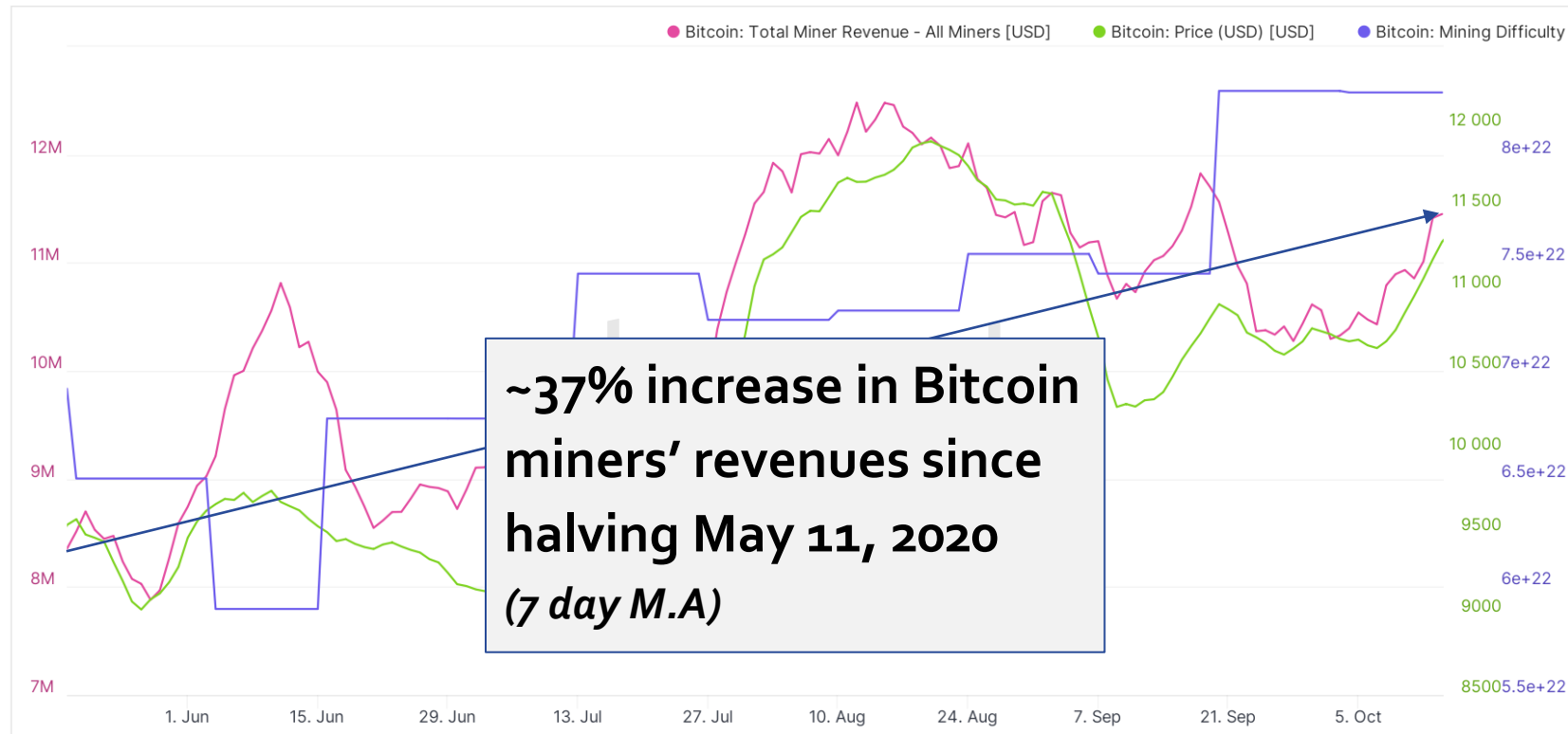
# Bitcoin miners' revenues have increased since the halving May 11



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Bitcoin: Total Miner Revenue - All Miners vs. Bitcoin: Price (USD) vs. Bitcoin: Mining Difficulty



- Price increase in BTC has driven significant increase in revenues for Bitcoin mining industry
- However, difficulty increase due to increased computing power from next gen equipment coming online has countered price increases, neutralizing per capita profitability
- High efficiency and continued price increases will therefore be important to support increased mining profitability

# Previous halvings of new bitcoin production led to exponential price increases



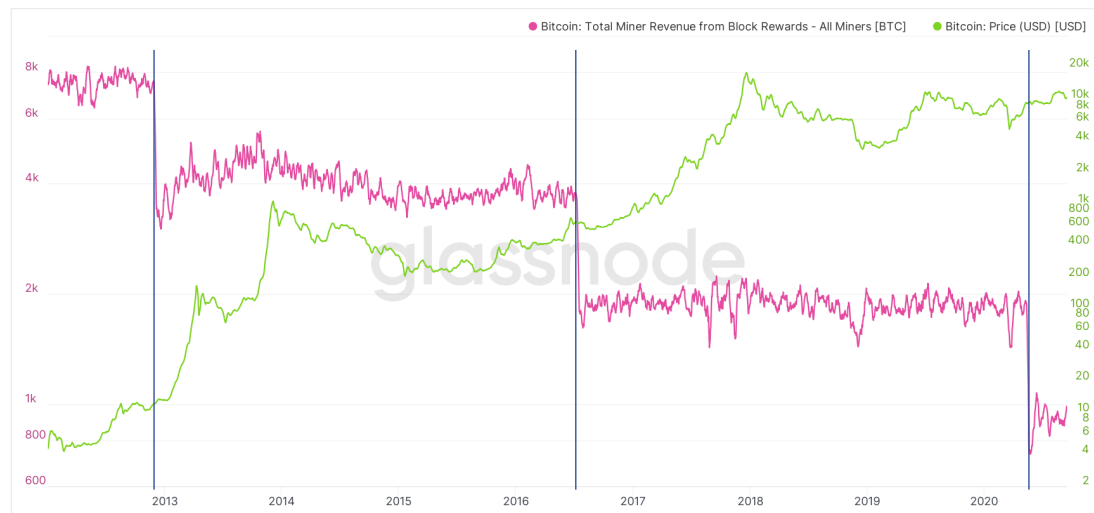
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- BTC price is up ~33% since halving of BTC mining rewards May 11, 2020
- Bitcoin rewards for miners have halved twice previously in 2012 and 2016 when the price of Bitcoin was approximately \$12 and \$650 respectively, and prices rose significantly in the ensuing 18 months

- Various methods used to forecast bitcoin pricing; stock-to-flow methodology has gained attention for historical correlation though past performance is not a guarantee of future accuracy

Bitcoin: Total Miner Revenue from Block Rewards - All Miners vs. Bitcoin: Price (USD)

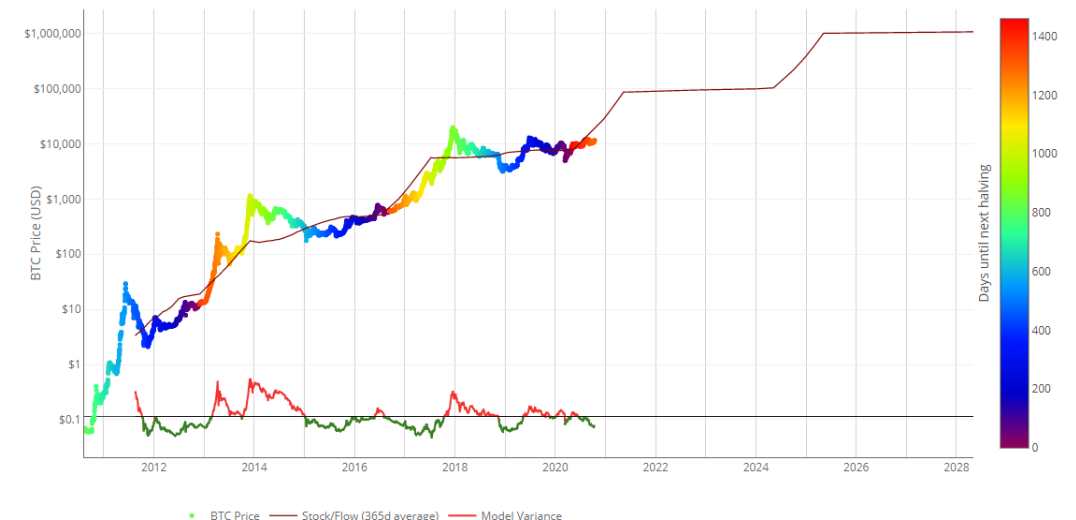


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## Stock-to-Flow Model

Source: lookintobitcoin.com

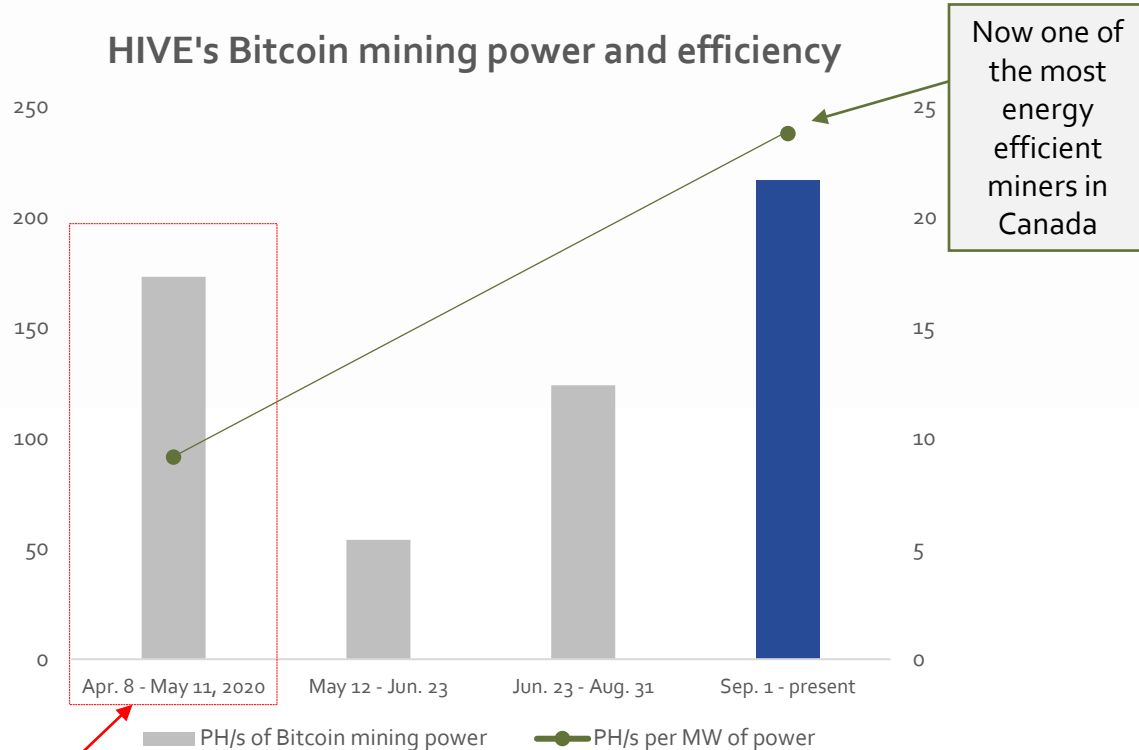


# HIVE's Bitcoin mining facility scaling up with next generation equipment



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## Bitcoin mining capacity opportunity

- Scaling up mining power at 30MW capacity Quebec operation
- Now one of the most efficient public miners in terms of PH/s per MW used
- ~3,000 new generation ASIC mining rigs installed since Bitcoin halving acquisition utilizing ~9 MW
- Significant available power capacity to scale up mining hashpower and leverage fixed costs



Legacy miners taken out of production as planned following halving of Bitcoin rewards for miners May 11, and replaced immediately with higher efficiency next generation miners

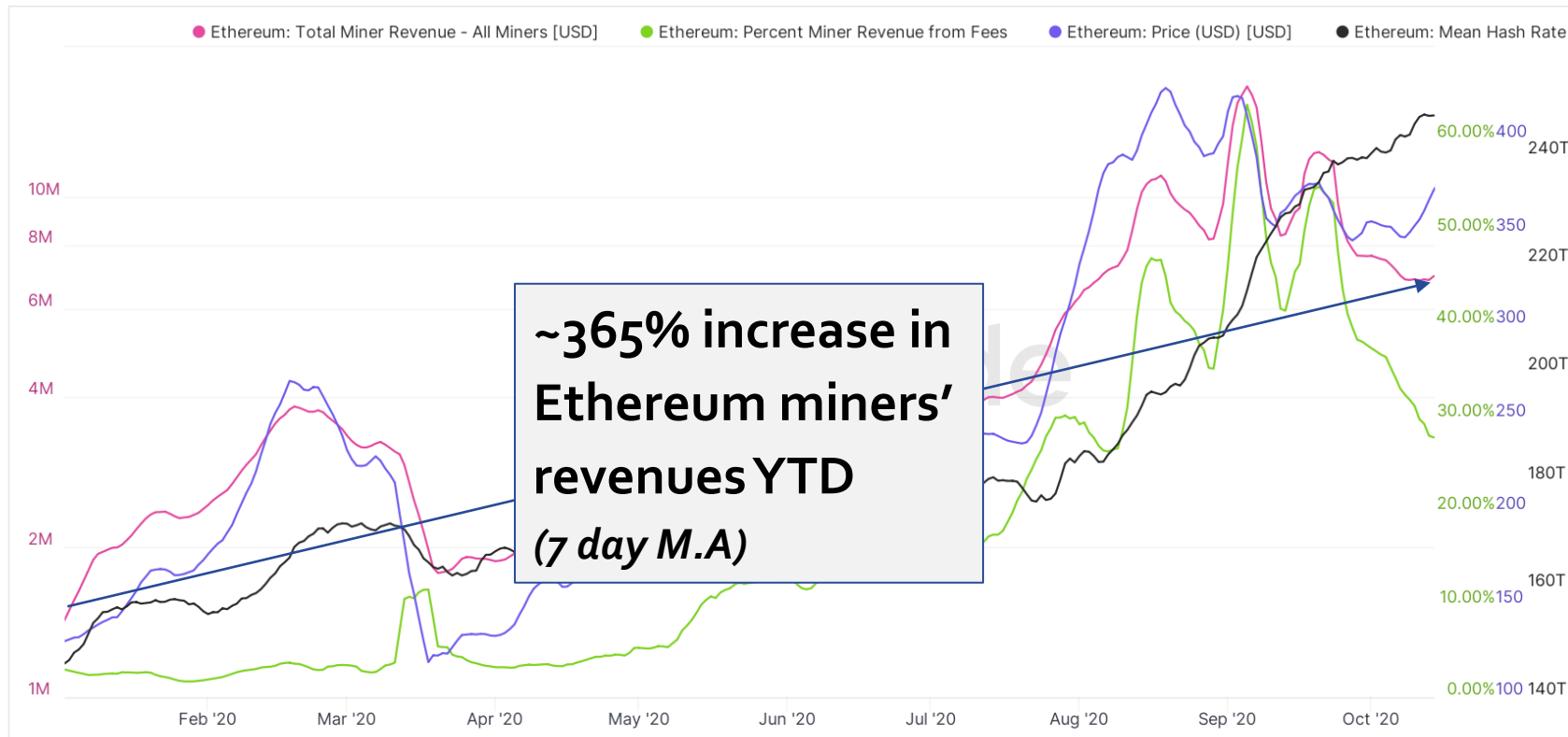
# Price increases and DeFi has driven significant YTD increase in Ethereum mining revenues



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Ethereum: Total Miner Revenue - All Miners vs. Ethereum: Percent Miner Revenue from Fees vs. Ethereum: Price (US...



- Ethereum mining profitability has improved significantly YTD due to combination of:
  1. 290% increase in ETH price
  2. Increase in ETH going to miners due to sharp increase in transaction fees driven by DeFi
- These have helped offset the increase in network hash rate from new computing power mining Ethereum

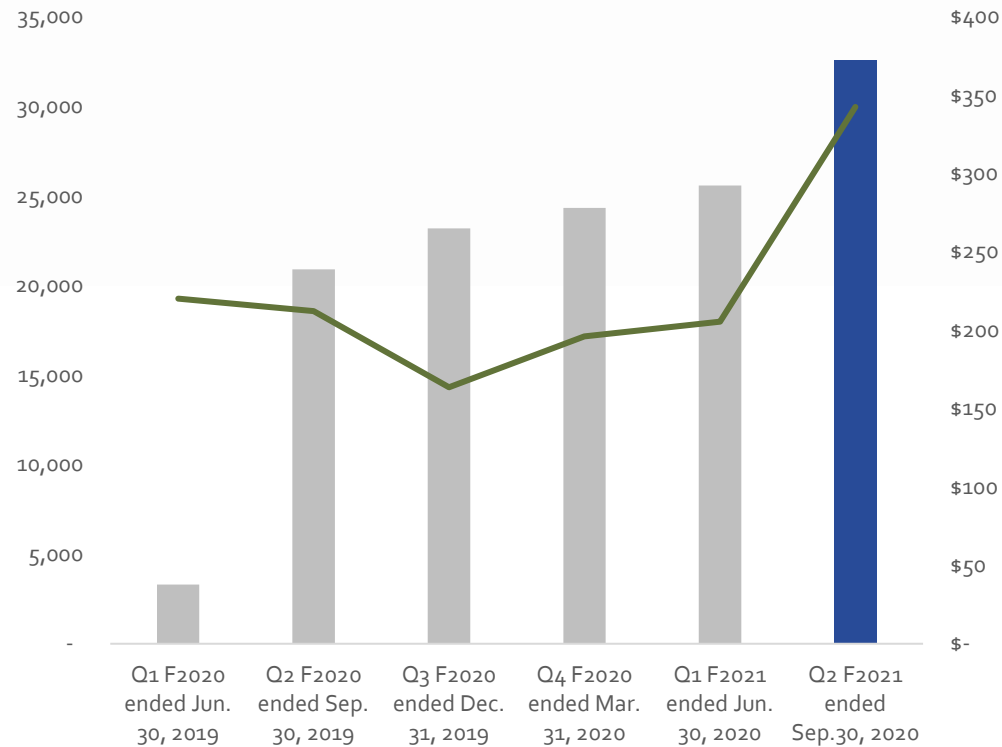
# HIVE mined record Ethereum in most recent quarter



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Ethereum mined by HIVE vs Average Price (US\$)



## Record mining output

- Record number of Ethereum received by HIVE in Q2 F2021 driven by the massive demand for transactions on Ethereum, including by stablecoins and DeFi applications (e.g. staking, pooling, and lending), resulting in higher fees for miners

## Improved cash flows

- HIVE significantly increased cash flows from Ethereum mining in Q2 F2021 driven by the combination of:
  1. Increased Ethereum production
  2. Significant rise in the price of Ethereum
  3. Lowered cost to mine Ethereum of ~\$150, due to operating savings achieved after assuming control of data centre operations

## Supporting capital upgrades

- HIVE has been utilizing such cash flows to support its recently acquired data centre operation in Canada and upgrade and expand its Ethereum mining equipment
  - Upgrade project completion aiming for end of year though challenges are being presented by global supply chain interruption from COVID-19



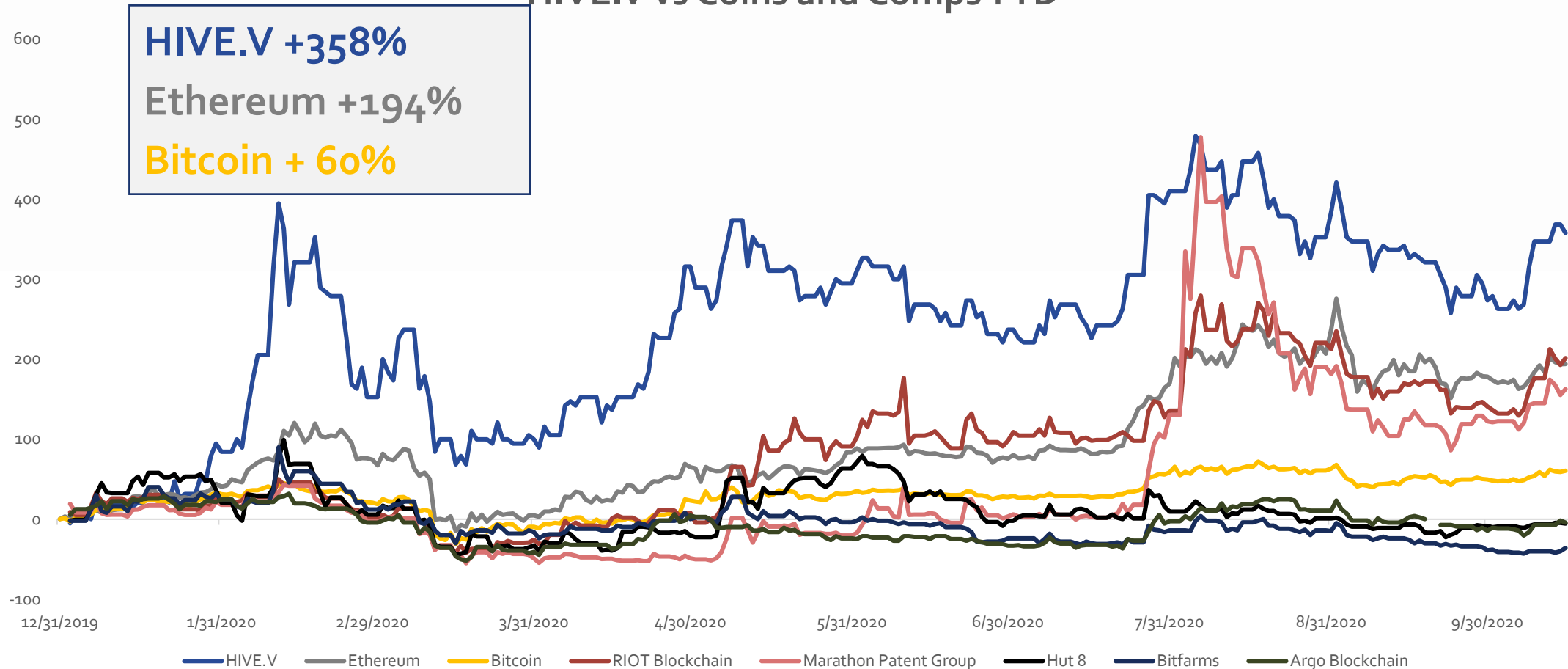
# HIVE has outperformed coins and comps YTD



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## HIVE.V vs Coins and Comps YTD



Source: Thomson Eikon, October 15, 2020 (rebased to 0 as at Dec. 31, 2019)



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September 15, 2020

# APPENDIX

# Appendix: Capital Structure



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## TICKER

TSX.V: HIVE

OTC BB: HVBTF

German Exchanges: HBF

## KEY COMMON SHAREHOLDERS

Genesis Mining Ltd. – 16.0%

Directors and Officers – 4.2%

## ISSUED AND OUTSTANDING BASIC COMMON SHARES

345.7M<sup>1</sup>

## WARRANTS    OPTIONS    RSUs

1.25M

17.0M

2.4M

As of October 15, 2020; shareholder data based on public filings