



# HIVE

## HIVE BLOCKCHAIN TECHNOLOGIES LTD.

October 8, 2019

### HIVE Blockchain Reports \$5.6 Million of Net Income, Positive Cash Flow and Releases First Quarter Financial Results

**Zug, Switzerland and Vancouver, Canada** – HIVE Blockchain Technologies Ltd. (TSX.V:HIVE) (OTCQX:HVBTF) (the “Company” or “HIVE”) announces its results for the first quarter ended June 30, 2019 (all amounts in US dollars, unless otherwise indicated).

“I am pleased to report a healthy first quarter of positive net income and positive cash flow,” said Frank Holmes, Interim Executive Chairman of HIVE. “The financial results reflect our relentless efforts to restructure the Company to ensure transparency and accountability and to strengthen our operational control of HIVE and improve our operational efficiency. These improvements along with a record quarter of mining Bitcoin enabled us to navigate successfully the significant year-over-year decline in the price of Ethereum. The Company ended the first quarter on solid financial footing with nearly \$22 million of current assets, including nearly \$8 million of cash.”

“Despite positive financial results, 2019 has been a challenging year for HIVE as we were forced to defend against a proxy battle,” added Mr. Holmes. “However, we prevailed and the Company is benefitting from improved transparency, including new direct contracts with local suppliers rather than through our service provider, and financial controls. We expect further continued improvements throughout the fiscal year.

“Our Swedish facility was shut down through much of the first half of the calendar year, a period of low Ethereum prices. We successfully rebooted the facility in July and are already seeing improvements in efficiency from our new strategic partnership with Blockbase Group announced in August, with transition anticipated to be complete in the near future.”

“Blockchain technology and cryptocurrencies continue to evolve,” noted Mr. Holmes. “I am proud of the progress that we have made as industry leaders. We remain at the forefront of an emerging industry and our financial results speak to the operational improvements that we have made at the Company. With an improved cost structure and stabilization of the asset class, I remain confident that HIVE is very well positioned to benefit from positive momentum in the blockchain ecosystem.

“We are hopeful these operational improvements will ultimately be reflected in our share price,” concluded Mr. Holmes. “For most of our history as a public company, there has been a significant correlation between cryptocurrency prices and HIVE’s share price as investors have used us as proxy for cryptocurrencies. Unfortunately, that correlation was impacted negatively following the proxy battle in the spring. This was amplified recently by large selling volume by a large blockchain industry ETF. This ETF uses rules-based investing and had to divest its shares in HIVE due to portfolio rules requiring issuers to have a market capitalization above \$100 million. However, these shares have now been absorbed by new buyers. The ETF will be able to reacquire their position, as they have with other companies, when our market cap rises back above \$100 million.”

#### **Q1 2020 Highlights**

- Generated income of \$9.1 million, with a gross mining margin of \$3.6 million from mining of digital currencies;

- Mined 1,331 newly minted Bitcoin during the period
- Mined approximately 35,000 Ethereum Classic and over 3,200 newly minted Ethereum during the period
- Earned net income of \$5.6 million for the period.

## **Financial Review**

For the quarter ended June 30, 2019, HIVE's gross mining margin was 39%. First quarter income from digital currency mining was produced from an average of 3.8 MW of GPU production capacity, and 300 PH of Cloud Mining capacity, as at June 30, 2019. Below is an analysis of the Company's income and gross mining margin:

	<b>Three months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Income from digital currency mining</b>	\$ 9,123,630	\$ 10,660,664
Operating and maintenance costs of digital currency mining	(5,554,975)	(4,219,483)
<b>Gross Mining Margin<sup>1</sup></b>	3,568,655	6,441,181
<b>Gross Mining Margin %<sup>1</sup></b>	39%	60%
Depreciation	(1,252,957)	(4,684,456)
<b>Gross Profit</b>	2,315,698	1,756,725
Revaluation of digital currencies <sup>2</sup>	2,893,831	(1,336,918)
Gain on sale of digital currencies	743,125	61,672
General and administrative expenses	(1,299,115)	(1,539,540)
Foreign Exchange	(1,110,419)	(1,477,583)
Share-based compensation	(293,880)	(98,001)
Unrealized gain on investments	2,359,508	-
Finance expense	(53,965)	(38,794)
Tax expense (recovery)	-	(50,000)
<b>Gain (loss) from continuing operations</b>	\$ 5,554,783	\$ (2,722,439)
<b>EBITDA<sup>3</sup></b>	\$ 4,502,197	\$ 2,050,811
<b>Adjusted EBITDA<sup>3</sup></b>	\$ 1,902,246	\$ 3,485,730
<b>Diluted income (loss) per share</b>	\$ 0.02	\$ (0.01)
Net cash inflows (outflows) from operating activities	\$ 844,340	\$ 8,277,266
Net cash inflows (outflows) from investing activities	\$ -	\$ (7,305,432)
Net cash inflows (outflows) from financing activities	\$ 272,328	\$ 214,040
As at	<b>June 30, 2019</b>	<b>March 31, 2019</b>
Total assets	\$ 33,170,539	\$ 27,761,197
Total non-current liabilities	\$ 356,089	\$ -

(1) Gross mining margin equates to income from digital mining less operating and maintenance costs and is a non-IFRS measure; see Non-IFRS Measures in MD&A for reconciliation

- (2) Revaluation is calculated as the change in value (gain or loss) on the coin inventory. When coins are sold, the net difference between the proceeds and the carrying value of the digital currency (including the revaluation), is recorded as a gain (loss) on the sale of digital currencies
- (3) EBITDA and Adjusted EBITDA are non-IFRS measures; see Non-IFRS Measures in MD&A for reconciliation

## **Financial Statements and MD&A**

The Company's Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis (MD&A) thereon for the three months ended June 30, 2019 will be accessible on SEDAR at [www.sedar.com](http://www.sedar.com) under HIVE's profile and on the Company's website at [www.HIVEblockchain.com](http://www.HIVEblockchain.com).

## **Webcast Details**

Management will host a webcast on Wednesday, October 9, 2019 at 8:30am Eastern Time to discuss the financial results for the three months ended June 30, 2019. Presenting on the webcast will be Frank Holmes, Interim Executive Chairman and Darcy Daubaras, Chief Financial Officer. Webcast details will be provided in a separate news release.

## **About HIVE Blockchain Technologies Ltd.**

HIVE Blockchain Technologies Ltd. is a growth oriented, TSX.V-listed company building a bridge from the blockchain sector to traditional capital markets. HIVE owns state-of-the-art GPU-based digital currency mining facilities in Iceland and Sweden, which produce newly minted digital currencies like Ethereum continuously as well as cloud-based ASIC-based capacity which produces newly minted digital currencies like Bitcoin. Our deployments provide shareholders with exposure to the operating margins of digital currency mining as well as a growing portfolio of crypto-coins.

For more information and to register to HIVE's mailing list, please visit [www.HIVEblockchain.com](http://www.HIVEblockchain.com). Follow [@HIVEblockchain](https://twitter.com/HIVEblockchain) on Twitter and subscribe to [HIVE's YouTube channel](https://www.youtube.com/channel/UC...).

On Behalf of HIVE Blockchain Technologies Ltd.

*"Frank Holmes"*

Interim Executive Chairman

For further information please contact:

Frank Holmes  
Tel: (604) 664-1078

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.*

## **Forward-Looking Information**

*Except for the statements of historical fact, this news release 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 news release. "Forward-looking information" in this news release includes information about 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 ongoing partnership with Genesis; 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 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 Filing Statement of the Company dated and other documents disclosed under the Company's filings at [www.sedar.com](http://www.sedar.com).*

*This news release 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 news release are based on the assumptions disclosed in this news release and the Company’s Management Discussion and Analysis for the quarter ended June 30, 2019, 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 news release 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 news release, the Company has made assumptions about the Company’s ability to profitably liquidate its digital currency inventory as required; the Company’s ongoing partnership with Genesis and new partnership with Blockbase; historical prices of digital currencies and the ability of the Company to mine digital currencies will be 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.*