



**H I V E**

**Q2/F20 Financial Results – December 2, 2019**



# 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 restructuring of the Company’s operations and sustainable future profitability; review of certain business unit profitability; improvements in GPU Ethereum mining operational efficiency; the Company’s estimated 25% reduction in operating and maintenance costs in Sweden; potential restructuring at the Company’s Iceland facility (either through improving profitability or relocating equipment located in Iceland); the review of conditions for ASIC mining (and ASIC equipment use going forward), including the expected impact of the halving of Bitcoin awards expected in May 2020; potential investments (including M&A) by the Company; shareholder returns; the impact of early investors in HIVE paring down share positions; 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 restructurings may not lead to operational advantages or profitability; the ongoing partnership with Genesis and any of the third parties for which the Company relies for its operations; early investors may continue to reduce their share positions in HIVE; 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 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 Management Discussion and Analysis for the quarter ended September 30, 2019 (“Q2 MD&A”), 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 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.

## **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 “RECONCILIATIONS OF NON-IFRS FINANCIAL PERFORMANCE MEASURES” in the Company’s Q2 MD&A.



**HIVE**

TSXV: HIVE OTCQX: HVBTF

# Today's Presenters

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**Frank Holmes**

Interim Executive Chairman

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CEO & CIO US Global



**Darcy Daubaras, CPA, CA**

Chief Financial Officer

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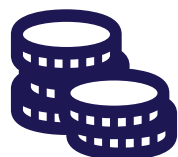
Experienced CFO of Canadian  
publicly-listed companies



# Quarterly Highlights



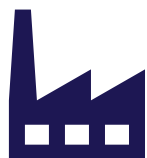
Generated record \$12.0M of income from digital currency mining with gross mining margin<sup>1</sup> of \$(0.6) million, or \$5.4M excluding non-recurring charges



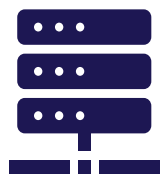
Positive cash flow and ended quarter with \$8.2 million cash position and cryptocurrency inventory of \$7.2 million



Completed transition of Sweden facility to Blockbase Group subsequent to quarter end



Assumed complete control of supply chain in Sweden, anticipated to result in ~25% reduction in operating costs at GPU mining facility



Continued progress in enhancing transparency and accountability and acquiring control of operations to drive sustainable profitability

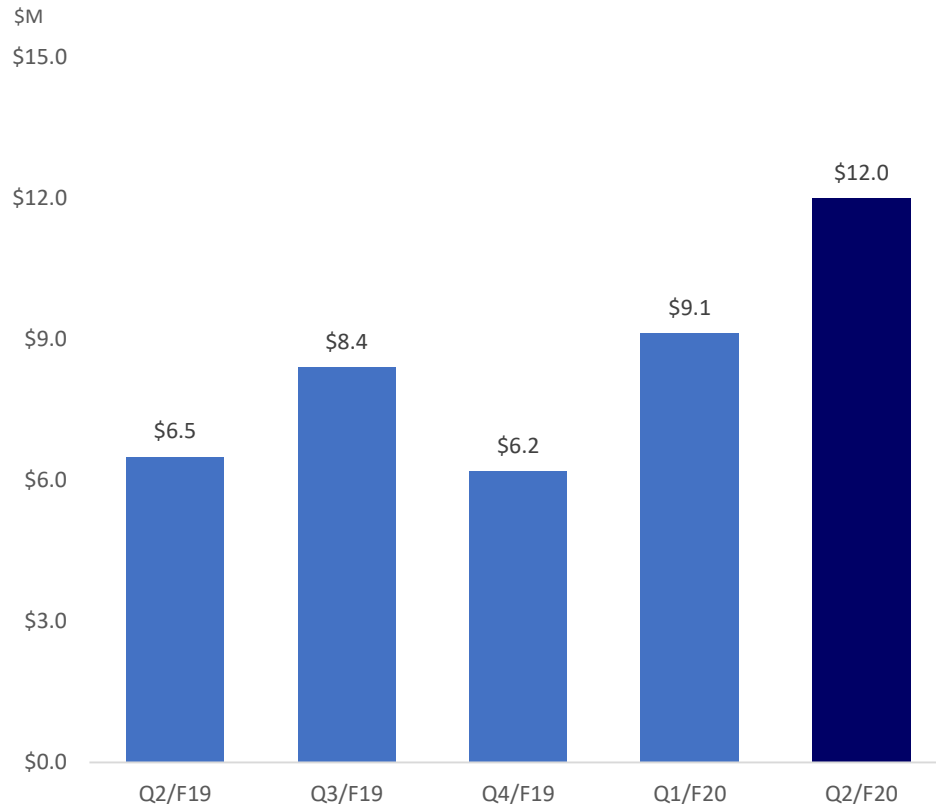


<sup>1</sup> Non-IFRS measure; refer to Disclaimers





# Income From Digital Currency Mining

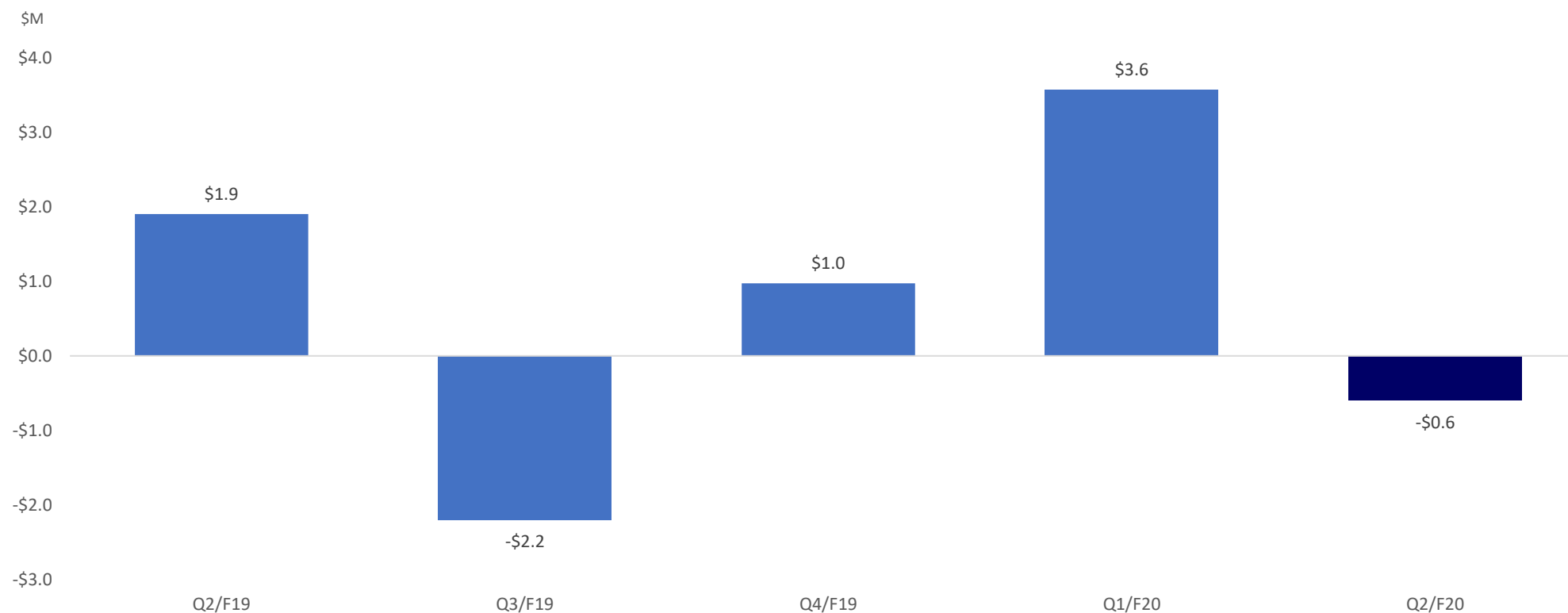


- Income from mining of newly minted digital currencies:
  - 586 Bitcoin
  - 20,649 Ethereum
  - 32,692 Ethereum Classic
- Year-over-year (YoY) income increase driven by expansion into Bitcoin mining in Q3/F19
- Mining output of Ethereum increased YoY but was offset by 38% decline in average coin price

Sequential improvements in income from digital currency mining



# Gross Mining Margin<sup>1</sup>

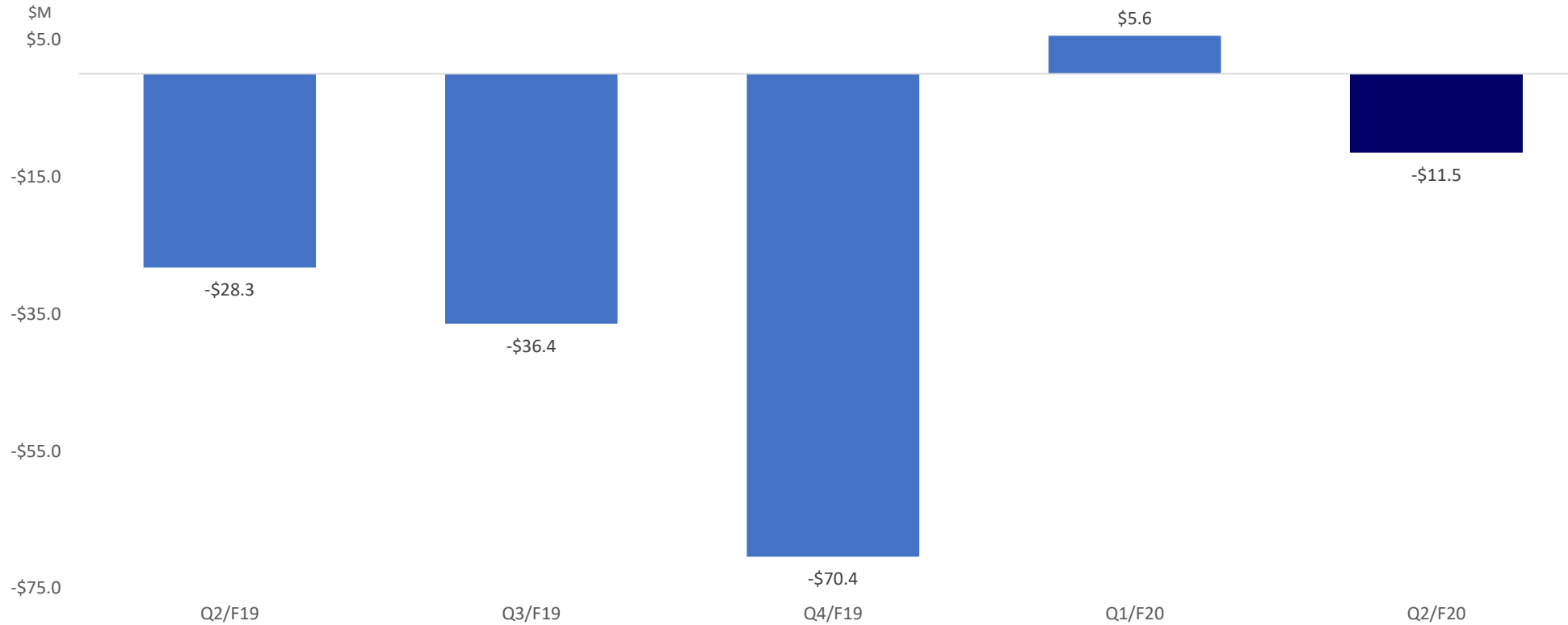


Reported gross mining margin negatively impacted by non-recurring charges

<sup>1</sup> Non-IFRS measure; refer to Disclaimers



# Net Income (Loss)



Net loss negatively impacted by non-recurring charges and non-cash expenses



# Financial Position at September 30, 2019 \$M

<b>Cash on hand</b>	<b>\$8.2</b>
<b>Amounts receivable &amp; prepaids</b>	<b>\$1.0</b>
<b>Digital currencies</b>	<b>\$7.2</b>
<b>Total current assets (incl cash)</b>	<b>\$16.4</b>
<hr/>	
<b>Total current liabilities (incl. debt)</b>	<b>\$9.5</b>
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<b>Funding operations through sale of coins</b>	<input checked="" type="checkbox"/>
<b>Solid financial position</b>	<input checked="" type="checkbox"/>

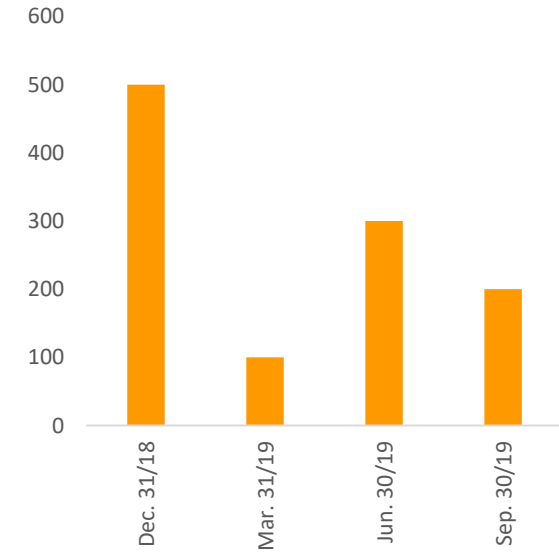
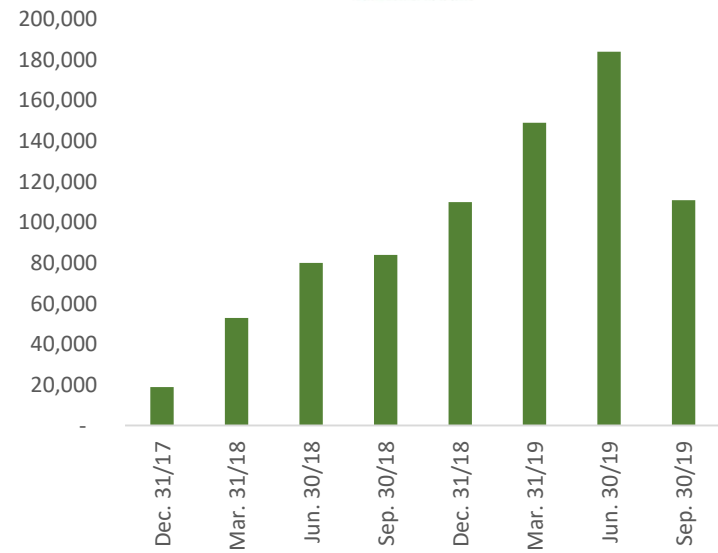
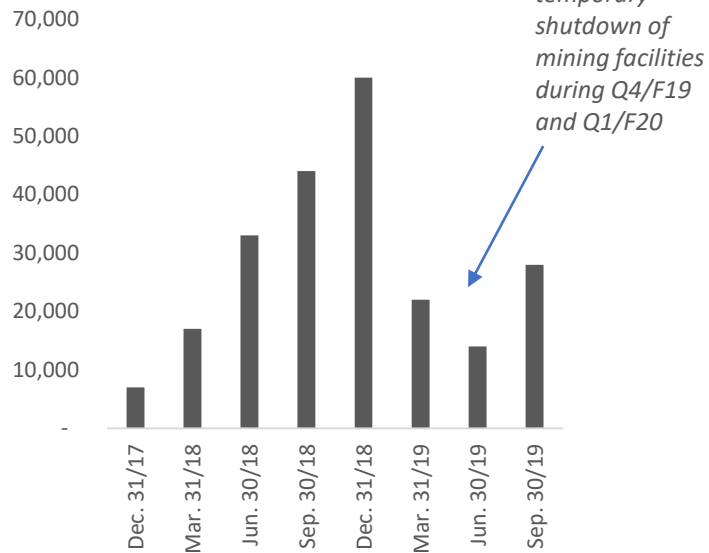


Positive cash flow generation in Q2/F20 contributed to already strong balance sheet





# HIVE Coin Inventory, Net of Sales

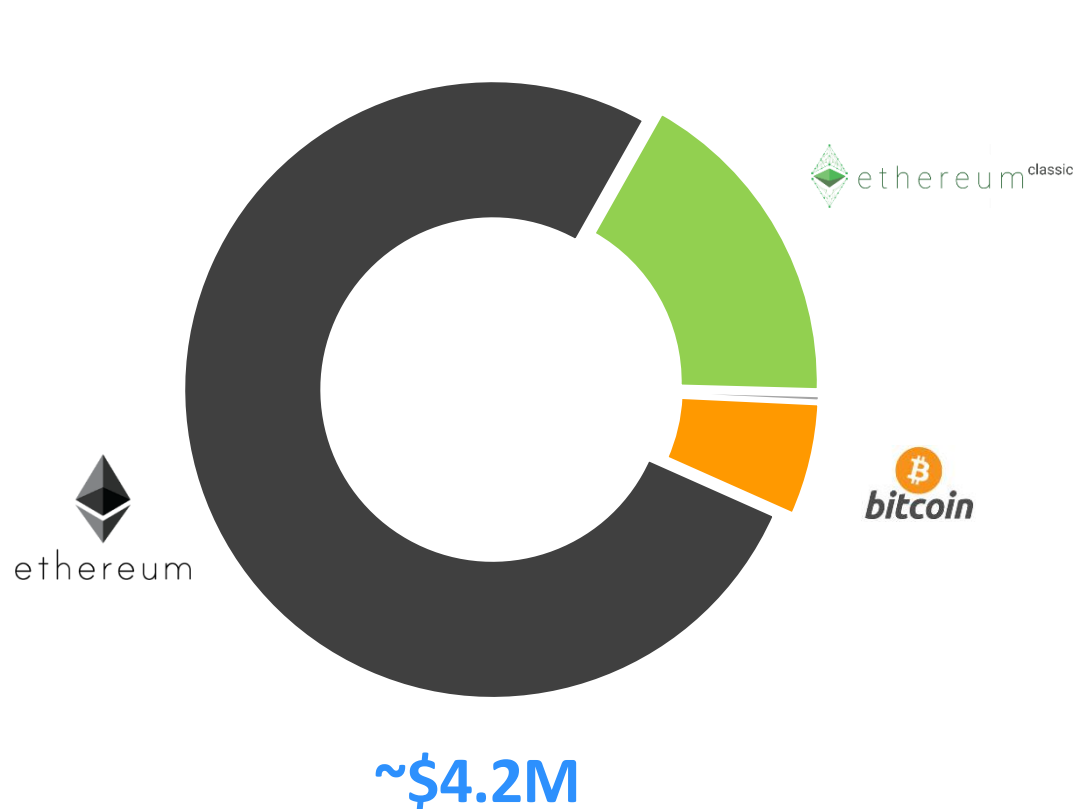


HIVE commenced mining of Bitcoin on October 1, 2018

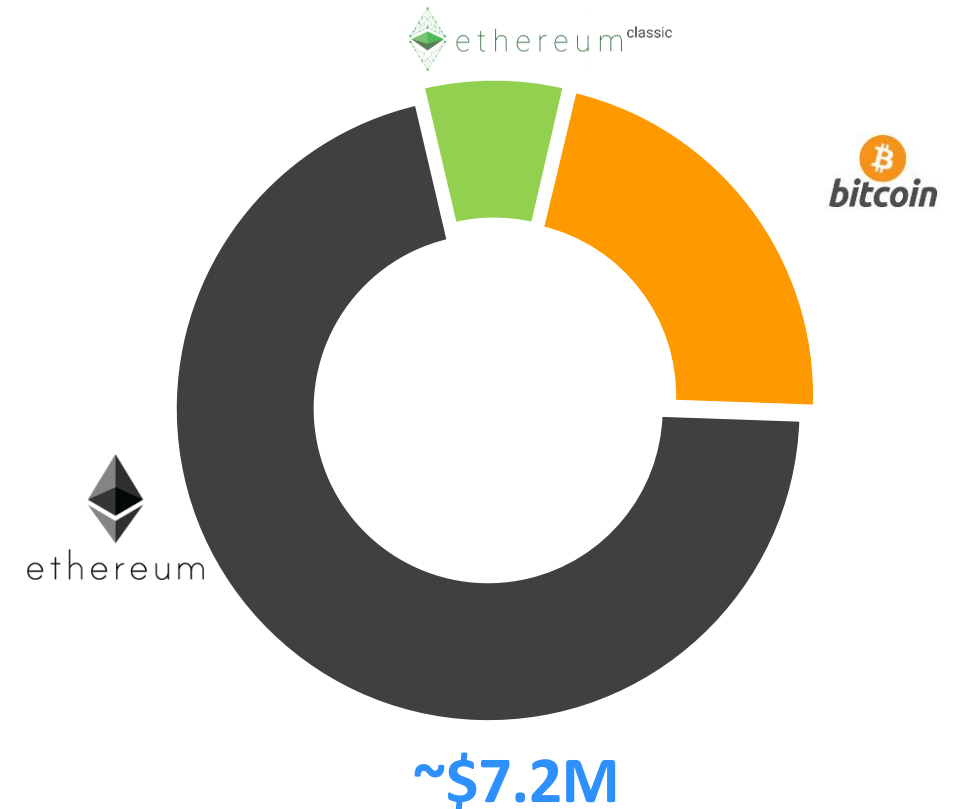


# HIVE Coin Inventory (\$M)

as at March 31, 2019



as at Sept. 30, 2019



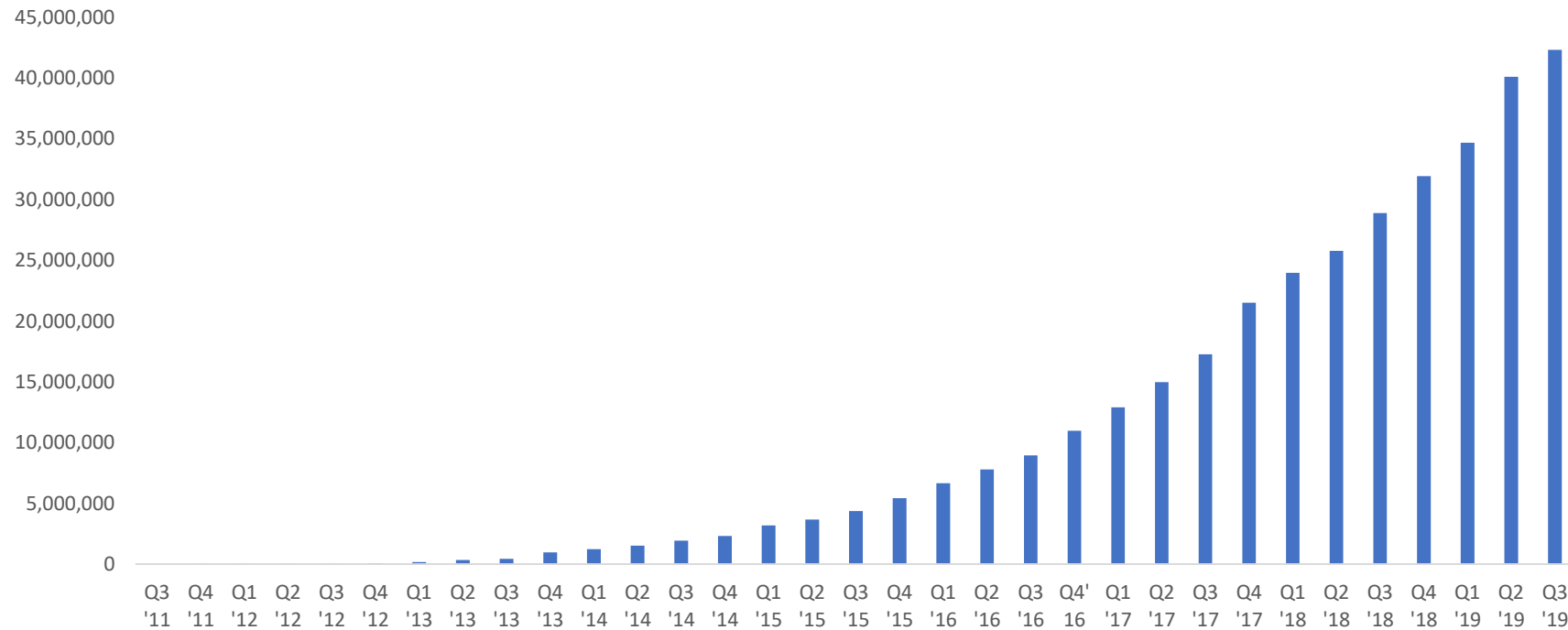
Growing coin portfolio and higher prices increased digital assets since end of last fiscal year

Note: Ethereum pricing as at March 31, 2019 and Sept. 30, 2019 was approximately \$142 and \$180 respectively; Ethereum Classic pricing as at March 31, 2019 and Sept. 30, 2019 was approximately \$5 and \$5 respectively; Bitcoin pricing as at March 31, 2019 and Sept. 30, 2019 was approximately \$4,105 and \$8,294 respectively



# 42M Crypto Wallets Created So Far

Number of Blockchain wallet users



Source: ©Statista 2019

- The number of Blockchain wallets has been growing since the creation of the Bitcoin virtual currency in 2009, reaching over 42 million Blockchain wallet users at the end of September 2019.
- Blockchain is the technology that made Bitcoin popular and is a critical part of most cryptocurrencies.

Continued growth in wallets despite coin price declines since peaks in late '17/early '18



# Major Events Moving the Price of Bitcoin

## Bitcoin Price Through 9/30/2019

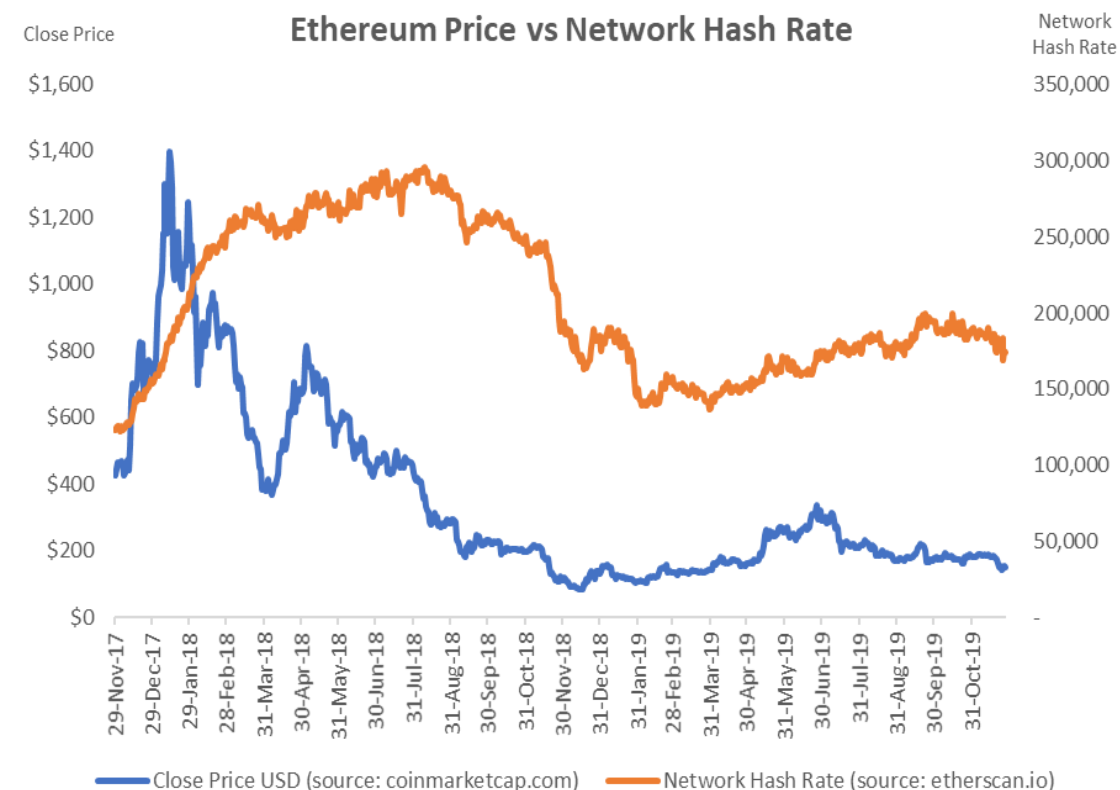
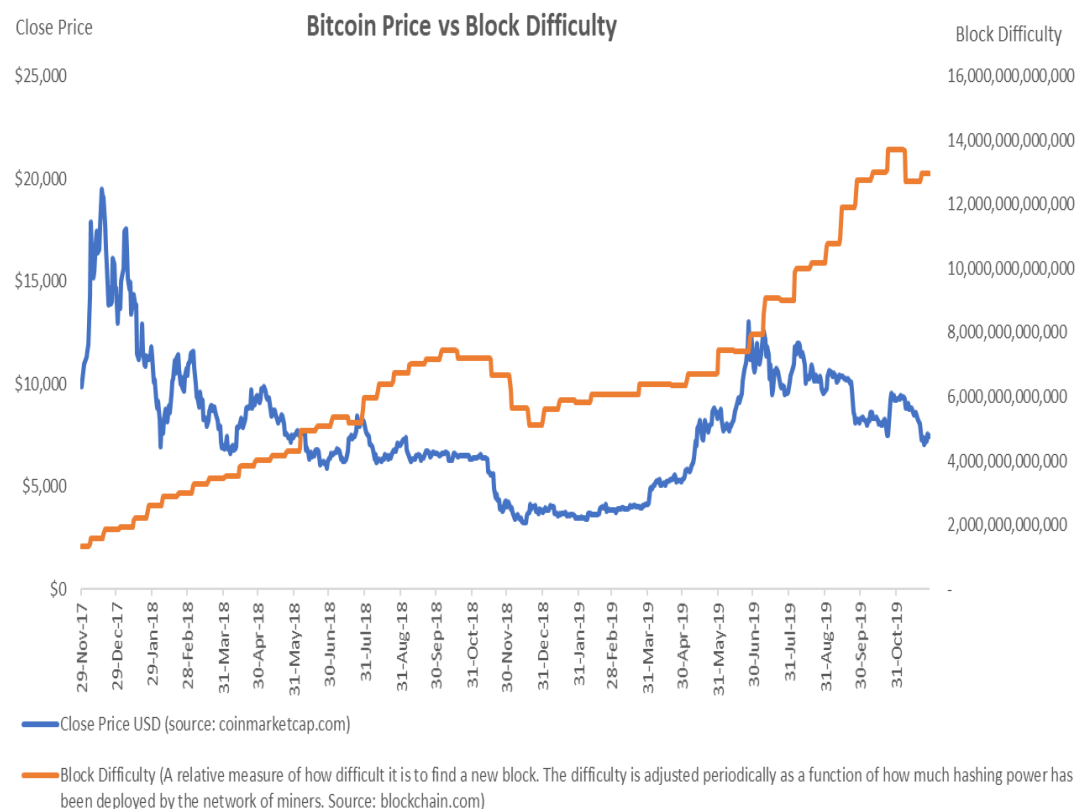


Source: Coindesk.com, U.S. Global Investors

Trend Towards Institutional Adoption of Blockchain and Cryptocurrencies



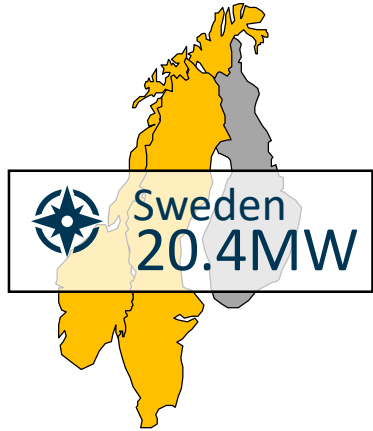
# Mining Margins Negatively Impacted Since June 30



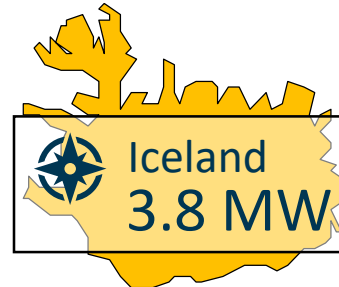
Coin prices declined while mining difficulty increased



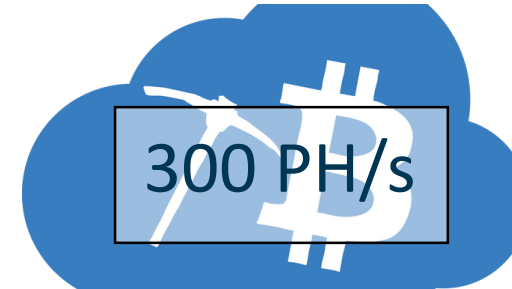
# Initiatives to Drive Profitability



- Anticipated 25% reduction in future mining operations costs from management changes:
  - Transitioned to new service provider Blockbase from Genesis
  - Entered into direct agreements with local energy suppliers



- Now focused on achieving similar result for GPUs in Iceland
  - Exploring ways to reduce costs or relocate equipment to lower cost jurisdiction



- Suspended 200 PH of cloud mining as the current quarter has become unprofitable for mining
  - Reviewing market conditions and the anticipated impact on legacy ASIC miners from the halving of Bitcoin rewards expected in May 2020, to determine plans for this equipment



- Have healthy net cash balance and digital currencies assets
  - Reviewing best investment opportunities, including M&A
  - Appointed to BoD Dave Perrill, CEO of Compute North, to help execute next stage of our growth strategy

Current management restructuring operations to manage market conditions and drive sustainable profitability





# Crypto Assets Remain Highly Volatile

**10-Day Standard Deviation For One Year  
as of September 30, 2019**

**S&P 500**

**±3%**

**Gold**

**±2%**

**Bitcoin**

**±14%**

**Ethereum**

**±15%**

Note: Standard deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is also known as historical volatility

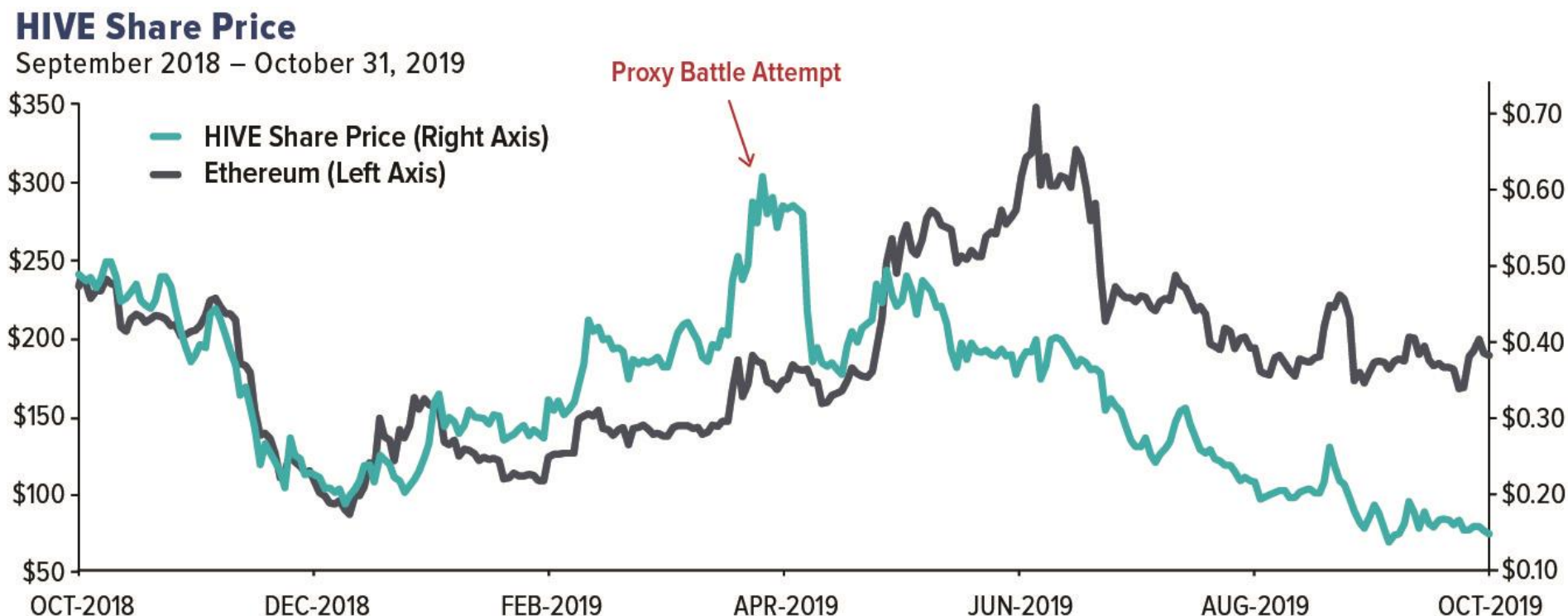


HIVE

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# HIVE Share Price Since Senior Management Change

- Large, early investors in HIVE have divested ~45M shares
- Decrease in market cap resulted in large Blockchain ETF selling ~11M shares



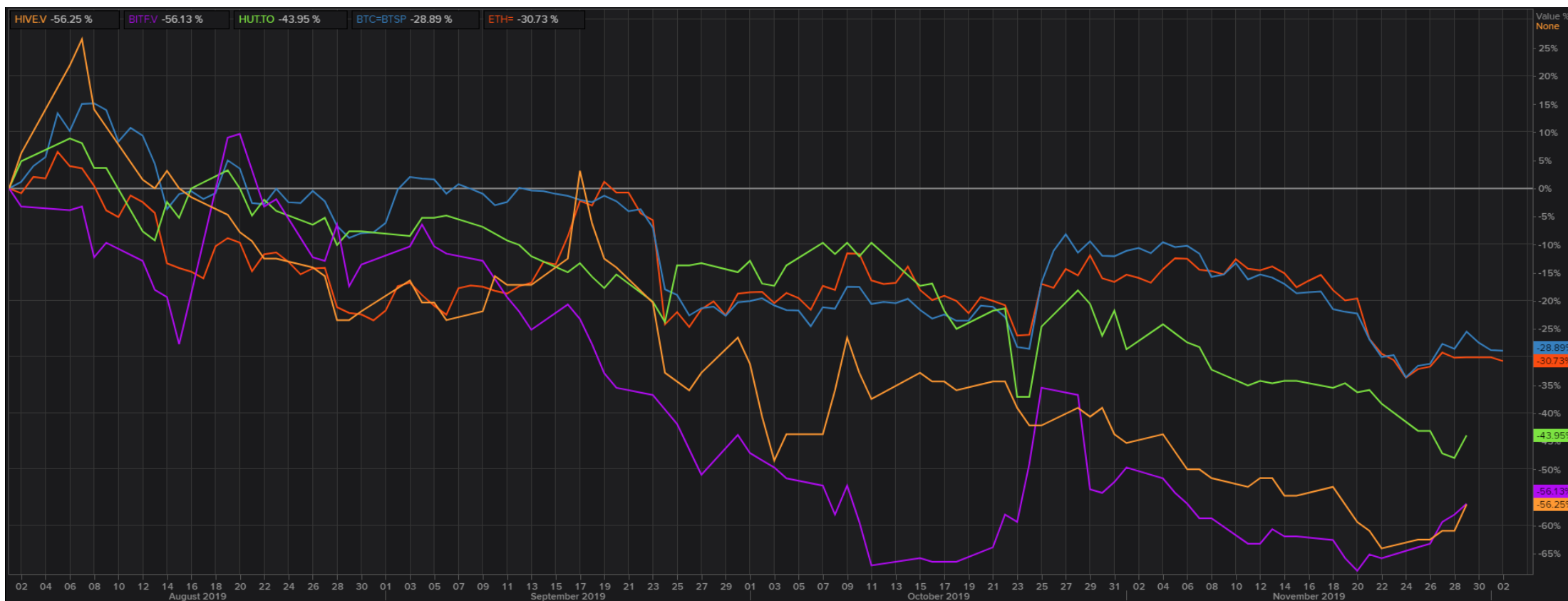
Past performance is no guarantee of future results. Source: Bloomberg, U.S. Global Investors



HIVE

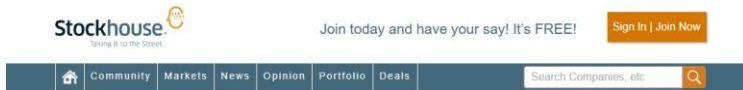
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# Cryptocurrency Miners Have Underperformed Coins



Source: Thomson Reuters Eikon

# HIVE Media Presence



LIVE PODCAST with Legendary Investment Guru Frank Holmes

**Forbes**



**Bloomberg**



**BARRON'S**



EARLY INVESTING





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