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**MGT Capital Investments, Inc. Q1 2018 Earnings Call  
May 17, 2018**

**Rob Lowrey, Chief Financial Officer, Treasurer & Secretary:** This is Rob Lowry CFO of MGT Capital Investments Inc, good afternoon and welcome to MGT's first quarter 2018 investor call update. Joining me on the call is Robert Ladd, our president and chief executive officer and Grace Livingston our vice president of communications. Steve Shaffer was unable to join the call due to unanticipated travel conflict.

The agenda for today's call is for Mr. Ladd to give an overview of the company status of its and the status of its cryptocurrency business to date I will then follow with financial highlights of the company's operating results for the first three months of the year followed by my presentation Grace will lead the Q&A; session before concluding the call.

Prior to starting the call, I'd like to state the following forward-looking information information set forth in this investor update call accept historical and factual information represents forward-looking statements. This includes all statements about the company's plans benefits estimates and expectations. These statements are based on current estimates and projections which involve certain risks uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Call participants are cautioned not to place undue reliance on these forward-looking statements which reflect management's analysis only as of the date hereof. The company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Call participants should carefully review the risks and uncertainties described in other documents that the company files from time to time with the US Securities and Exchange Commission included in our annual report on Form 10K quarterly reports on Form 10Q and disclosures in form AK for a complete description of forward-looking statements and risk factors faced by our business with that said I will now turn the call over to mr. Ladd for an overview of the company.

**Rob Ladd, Chief Executive Officer:** Thank you Rob, so we have characterized the first quarter as a transition quarter as we physically moved operations and tons of equipment halfway around the globe. We refer the challenge in the quarter by increased mining difficulty rates as well as a decline in the price of Bitcoin.

The good news is that we are a debt-free asset rich company with about seven thousand S9 ant miners and 10 megawatts of available electricity. Electricity is a scarce commodity these days and to have ample electricity is a big benefit. The bad news is that we continue to face logistical hurdles with respect to infrastructure, hardware and improvements. These hurdles take more time to solve and Sweden than in the US and are the cause of our slow rollout. As of today we are operating at about one-third of our theoretical capacity in Sweden and we will accelerate that as soon, as fast as possible. Rather than promise dates however only to miss we would like to assure stockholders that we are definitely moving forward it's in our self-interest everyone's self-interest to move as fast as prudent and many things unfortunately are out of our control with respect to shipments, customs, labor rates.

So the good news is that none of the hurdles are insurmountable and we have the debt-free balance sheet that insures our financial wherewithal. I know we'll get a hundred questions, the only comment we should make with respect to time line would be we're talking about weeks not days and also not months. I think with that I will turn it over to Rob Lowry our CFO.

**Rob Lowrey, Chief Financial Officer, Treasurer & Secretary:** Thanks Rob what I'll do here is talk about the financial highlights of our first quarter of 2018. Our revenue which is derived from our Bitcoin mining operations was a million dollars for the first quarter of 2018 compared to three hundred and twelve thousand dollars in the same period in the prior year and 1.8 million for the fourth quarter of 2017. As we previous disclosed you know what Rob just said the company transition the vast majority of its mining operations to Sweden from Washington State beginning in late December of 2017 and as a result had lower Bitcoin production, in addition the sharp decline in the price of Bitcoin with difficulty remaining high compounded the sequential decline of our revenue.

Operating expenses for the quarter were 5.2 million dollars compared to 3.3 million dollars in the first quarter of 2017. Operating expenses are primarily comprised of general administrative expenses which include home office expenses, employee related expenses and non-cash stock based compensation. The 1.9 million dollar increase in operating expenses over the prior year was a was primarily due to three factors, one was an increase in cost of revenues of on the \$700,000 resulting from the increase of Bitcoin mining operations as compared to the first quarter of 2017. Second item of contributing to the increase was nine hundred twenty eight thousand dollars of non-cash stock based compensation resulting from stock issued to consultants employees and directors for services rendered.

The company did not issue stock to third party consultants during the first quarter of 2017 as the company's registration statement on Form S8 did not become effective until May of 2017. The third primary increase in the operating expenses over the prior year was about a half million dollars in payroll they were related and recruiting expenses over the same period in the prior year. Steve Shaffer and Rob Lowrey were hired, Steve was hired in August of 17 and I was hired in March of 18 therefore the prior quarter or the first quarter of 2017 did not have our costs in that quarter. Non operating expenses for the first quarter of eighteen were three hundred and thirteen thousand dollars compared to two point nine million dollars in the same period in 2017.

The net loss for the quarter was four point five million compared to five point nine million in the first quarter of 2017 representing a one point four million decrease period over period. During the quarter we purchased additional mining machines for approximately seven million dollars in cash and prepaid about a million dollars in electricity and hosting fees. MGT end at the quarter with approximately half a million dollars in cash and as Rob Ladd said we are debt-free. That concludes my remarks for the third quarter offering results and I'll turn it over to Grace Livingston for Q&A.

**Grace Livingston, Vice President of Communications:** Thank You Rob. I'd like to begin by taking questions and let you guys know that unfortunately we have planned on taking live questions but are unable to do so at this time so we'll do our best to get to all the questions that we did receive via email in the time allotted.

I will begin with the questions that we received from Mr. Dan and this is in reference to Dragonmint miners. So what we have is, let me start out here. Number one, do the cost of the new Dragonmint miners compare favorably with S9's and have you open channels to inquire about purchasing the same? And has Halong stated to you when they anticipated to be able to get in supply and at the risk of alienating Bitmain do you feel the switch would be advantageous to MGTI? I'm gonna direct that towards Robert Ladd would you like to answer those questions for Mr. Dan?

**Rob Ladd, Chief Executive Officer:** I think the general comment is we like any manufacturer would love to have multiple sources of supply you'd hate to be hold beholden to one company. That being said despite all the announcements most miners that have come out or that have been speculated about or pre orderable are in the same categories vaporware in most cases. There is nothing on the market right now that is an economic alternative to an S9 and if there is we'll be in the position to acquire saying. Most importantly I think it would put Bitmain under some price umbrella so that they are not able to control the market the way they have in the past but again we're happy with the Bitmain machines and but wide open as far as looking.

**Grace Livingston, Vice President of Communications:** Thank you, next question we have is from Peter. What are your plans for future expansion and ok you've already answered there was going on from the previous questions so what are your plans for future expansion?

**Rob Ladd, Chief Executive Officer:** Just by the way most of the user reviews you see on the Dragonmint, as far as being more efficient at what they do it's it's really not the case particularly when you compare it to the cost. So with respect to future expansion I think answer it humbly by saying we want to ensure investors that we get the 7,000 machines we own up and running at full capacity it's not to say we're not looking constantly at future expansion particularly finding power at a good price where the weather is suitable and I could go on and on about the future expansion plans and number of machines but frankly we want to see and report to you that at the same time as we have future plans that our present plans have been executed.

**Grace Livingston, Vice President of Communications:** Thank you, next question we have is why did you move so many miners to Sweden even though you said that shipping was not worth it at that time Bitcoin was at a super high price due to the transfer machine stayed idle and we may have lost revenue why was this decision taken?

**Rob Ladd, Chief Executive Officer:** So I'm not sure exactly which of Steve's tweets as being potentially mischaracterized, this very simple reason is that we had no power available in Washington. Two of the counties basically shut down new applications for power our contracted power with who we thought was going to provide electricity was probably six months behind schedule so the decision was made to go where we expected to be able to plug in the machines faster so it was not really a case of taking existing operating miners out of service and moving them, we were literally moving boxes of machines.

**Grace Livingston, Vice President of Communications:** Okay and next question is when will the remaining 3,800 rigs be online? Why is this taking so long? And what's wrong with the Sweden facility?

**Rob Ladd, Chief Executive Officer:** So I think reiterate what I said as far as the timeline I would measure in weeks but not days and not months. I could give you 600 reasons why it's taking so long from fans that come in with chip leads or stress fractures or the utility guy getting sick and not coming in but that doesn't matter. I mean that we have to execute we do have to rely on other people but there's nothing fundamentally wrong with the Sweden facility. The Sweden facility can support at least triple what we have both in terms of size and power I mean the size of the facility's power, the environment financial political environment in Sweden is favorable so we don't see there's fundamental problems with Sweden in general or our facility in particular.

**Grace Livingston, Vice President of Communications:** Okay next question comes from Keith. Understand the decision to shift to the Sweden based operations due to the power delivery issues are there plans underway to expand operations further in the US or is the environment too crowded at this point?

**Rob Ladd, Chief Executive Officer:** I would say again not to talk to directly on growth until we show you our current operations up to what we do have. I think we can see opportunities that others can't. Number one the mining business is getting more and more concentrated, higher barriers to entry, bigger companies that have capital and know-how or they're going to be the ones who can grow. We by being in Sweden we actually, that presence has helped us identify several other locations which we think have comparable economics.

As I mentioned there are some US locations we're looking at that maybe were prior lumber mills or something like that, that have a lot of power at the site but might require some level of work. So again I don't want to comment too much on the future other than a general comment and despite as badly as we're all waiting a by day week by week our view and I think the viewer our stockholders should be we're in the second or third inning of Bitcoin and if we were in the ninth inning or the eighth and we had this delay I would feel much differently than I do now well it's painful the delay I know the opportunities ahead will be a lot greater.

**Grace Livingston, Vice President of Communications:** Alright thank you, our next question comes from Jesse. How many S9's are currently in operation and total peta hash?

What kind of time frame are we looking at for the rest of our S9's operational and are we planning on mining more Ethereum or Bitcoin Cash anytime in the near future?

**Rob Ladd, Chief Executive Officer:** What do they say in a lawsuit? Legal trial, asked and answered. I think yes we are operating at about one third of our capacity as far as Ethereum, Bitcoin Cash we definitely can we monitor the Bitcoin Cash versus Bitcoin equation all the time because we can use the same machines. Ethereum not super profitable right now at all a lot more flexible in terms of the machines being able to mine different coins we have not made any decision to increase that there impasse the 50 GPU rigs that we have.

**Grace Livingston, Vice President of Communications:** All right I can see that's a very popular question so we'll refrain from asking that question again. This question comes in from Chris. Can you clarify what the term hosting provider means and what goods and services MGT receives from those providers?

**Rob Ladd, Chief Executive Officer:** So basically at least what we call a hosting provider would be a landlord if you will that rents a space in their building or their entire building in our case. That provides power, temperature controls, ventilation, security, manpower on site for rebooting or repairs. So it's more than just the electricity and in fact the landlords in most jurisdictions, companies can't just resell electricity so we're actually buying, renting a space that happens to have a lot of electricity.

**Grace Livingston, Vice President of Communications:** Okay and another question from Chris is, how many bitcoins were mined in the month of April?

**Rob Ladd, Chief Executive Officer:** Don't know if we have that exact number right now but we can. We haven't decided frankly whether we're gonna report monthly the way Riot has started to do. You know quarterly reporting is there for a reason, to keep investors apprised but you know not getting into the gyrations of every day or every week but that being said I think we'll be able to get back to you with that exact number for April.

**Grace Livingston, Vice President of Communications:** Okay our next question comes from Jack. Is another 15,000 rigs in Sweden still the goal by the end of this year?

**Rob Ladd, Chief Executive Officer:** Yes, we'd like to fill the building by the end of the year. So I think that's maybe a little high it might be twelve or thirteen thousand that fit but that's roughly the goal.

**Grace Livingston, Vice President of Communications:** Okay shifting gears just a little bit here, next question that comes in. Is Sentinel being used by MGTI operations at all?

**Rob Ladd, Chief Executive Officer:** No.

**Grace Livingston, Vice President of Communications:** Okay next question, is the security phone business still in place heard in some interview of McAfee that there will be a release in six months by MGT.

**Rob Ladd, Chief Executive Officer:** Specifically no, however in the separation from McAfee MGT has retained rights or certain property and IP rights to any cell phone that McAfee might develop and this is John McAfee of course not McAfee Antivirus. So in the event that John finds others to produce his phone and release his phone our participation would be nearly as a royalty collector but we have no deal in place nor any reason to know at this moment aside from what everyone else has heard that there is a phone imminent.

I think on that same topic while we all love John you know as most everyone knows Mr. McAfee does not speak for our company in any capacity.

**Grace Livingston, Vice President of Communications:** We have another question from Chris says does MGT still have an active cryptocurrency advisory board?

**Rob Ladd, Chief Executive Officer:** No and I believe the website page had been taken down and that board as well as the crypto board were I want to call them friends of McAfee that you know early on had decided to serve. While illustrious names you know there really wasn't once that we took advantage of nor that we could really do with them given all the different factions in Bitcoin.

**Grace Livingston, Vice President of Communications:** Next question we have is what is the plan for up listing seeing no news on that does it need at least the four dollar price maintained for a certain period to up list?

**Rob Ladd, Chief Executive Officer:** So we are in the process of applying for up listing. We believe the \$4 price is the price we need and that's not a certain period but it's kind of an instant price, there are some exceptions at two and three dollars that we may or may not fit into however if we do need the four dollar price and as everyone hates the word but if a reverse split is required to get there for that reason of up listing and we feel that the negative perception of a reverse split is, is overcome by that reason but up listing remains a top priority for us.

**Grace Livingston, Vice President of Communications:** The next question is do you have a marketing plan the company has zero name brand recognition and poor public marketing something needs to be done investors should not have to wait for updates.

**Rob Ladd, Chief Executive Officer:** Well I'm not sure exactly what that means however we do and will spend money on brand recognition and all the things you say potentially up listing which should or will come with a new name and ticker symbol things like that just you know very basic things. However don't want to understate results versus you know flashy brand name you know again our goal right now is a hundred percent to get our machines up and running and when we have something very good to say then the cost of the brand strategy would make more sense.

**Grace Livingston, Vice President of Communications:** Okay we only have time for let's say probably about two more questions so I'm actually going to direct the next two questions to Mr. Lowrey. This question comes in from Mr. Chris. Why is MGT using shares today to pay for goods and services rather than debt which can be paid for later with the sale of stock at higher prices as was done in December 2017?

**Rob Lowrey, Chief Financial Officer, Treasurer & Secretary:** Okay management's plan is to increase its cryptocurrency operation and increase cash flow to pay for operating expenses as Rob has indicated you know given the operational delay management had to use its shares to pay for goods and services and as opposed to issuing convertible debt given the volatility of our stock price and the vaulty of the stock price although the stock price was high in December it's unpredictable as we know and it could be more expensive.

**Grace Livingston, Vice President of Communications:** What kind of consulting services were paid with the 800,000 in stock in q1?

**Rob Lowrey, Chief Financial Officer, Treasurer & Secretary:** Yes, as disclosed in Q1 can put those into three or four buckets the consulting services were primarily comprised of Vista Business Development Services relating to securing the company's management agreements and other business development opportunities. Bucket number one, bucket number two, marketing communication social media consulting and website maintenance and then number three, Finance and Accounting support.

**Grace Livingston, Vice President of Communications:** All right, thank you so much gentlemen I will now turn it back to mr. Lowry so that you can conclude this quarterly earnings report.

**Rob Lowrey, Chief Financial Officer, Treasurer & Secretary:** All right thanks Grace and thanks Rob

**Rob Ladd, Chief Executive Officer:** Actually I'll interrupt for one second, it's Rob Ladd. There was one other question regarding and I know that the certain investors have asked regarding our \$800,000 per month lease which was for the space in Sweden which would have included 15 megawatts. So I think just as a general point people should know that we're not paying for electricity we don't use. So I just want to bring that out not getting too specific but I know I gotten several calls from people saying "whats this 800 a month you're paying" and again that's you know that's theoretical on full production.

**Grace Livingston, Vice President of Communications:** Would you like to add anything else?

**Rob Lowrey, Chief Financial Officer, Treasurer & Secretary:** No, I think that's a great point Rob because you know someone could pick up and ask that question based on what's disclosed in the 10Q so thank you for that. So this concludes our prepared comments for you know MGT first quarter 2018 investor call update. Thank you to all participants that emailed in

and to those that presented questions we appreciate your continued support and have a good afternoon.