



NEWS RELEASE

TAAL ANNOUNCES 2020 FIRST QUARTER FINANCIAL RESULTS

VANCOUVER, June 17, 2020 /CNW/ – [TAAL Distributed Information Technologies Inc.](#) (CSE:TAAL | FWB:9SQ | OTC:SQRMF) (“TAAL” or the “Company”), a vertically integrated, blockchain infrastructure and service provider, enabling customized solutions to enterprise clients, today announces its financial results for the first quarter ending March 31, 2020 (“Q1-2020”). TAAL reports all amounts in Canadian dollars unless otherwise stated.

TAAL entered 2020 well capitalized following its first year of revenues driven primarily by digital asset mining operations, and with a plan for our transition to a transaction processing-based business model. TAAL committed to this transition in recognition of the considerable challenges management expects the industry will face in years to come, not least of which is the uncertainty surrounding the seminal bitcoin halving event.

In May, management announced its strategic vision (the “Strategic Vision”), outlined by newly appointed CEO, Jerry D. Chan, and his management team. The Strategic Vision provides details of how we plan to position the Company as a world-class industry leader and innovator, by taking a long-term view of the potential of blockchain technology and committing to a new business model based on transaction processing services. Accordingly, TAAL will explore making new strategic hires and acquisitions of key businesses that the Company believes will be at the forefront of transaction processing services.

The Company proposes to drive revenue by granting access to and utilization of a variety of proprietary products, platforms, licenses and services, and intends to continue to add to these product offerings. In order to deliver on these initiatives, TAAL requires a blockchain network that supports scalability, unbounded transactional volume, and profits tied to the volume of transactions processed, not to operations with the highest hashrate. Management believes that that blockchain is the Bitcoin SV (BSV) network, and TAAL will focus its attention and resources on this protocol.

The Company has already begun delivering on this Strategic Vision as highlighted in the recent announcement of its confirmation of two successive record blocks in May. Confirmation of a 309-megabyte (MB) block followed only days later by the confirmation of an even larger 369MB block demonstrate the scale and capacity of the Bitcoin SV (BSV) network, and the potential of the transaction processing business model. In these two blocks TAAL processed approximately 2.4 million transactions.

Q1-2020 Financial Highlights

- Gross revenue of \$5,968,504.
 - Revenue from digital asset mining was \$4,212,525 with site operating costs of \$4,457,943, which reflects a decline in the market price of digital assets in line with the global effect of the COVID-19 pandemic on many industries.
 - Revenue from fleet management services was \$1,630,602, consisting of fees from a management services agreement pursuant to which TAAL maintains and manages third-party hashing equipment.
 - Revenue from software development and licensing was \$125,377, generated from licensing the Company's TAAL Orchestrator software.
- Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) of \$(16,138) as compared to \$(923,590) for the comparable period in 2019, which is calculated by adjusting EBITDA to exclude share-based payments, fair value gains (losses) on re-measurement of digital assets, gains (losses) on foreign exchange, and costs associated with one-time transactions (see details below).
- Operating expenses totaling \$549,922 as compared to \$981,287 for the comparable period in 2019. The decrease in expenses is largely attributable to a gain in foreign exchange of \$1,104,465, which offset increases in selling, general and administrative expenses.
- Net loss of \$840,410 as compared to a net loss of \$1,031,777 for the comparable period in 2019, generally reflecting improvements in revenue generating lines and operations.
- Working capital of \$17,174,288 as of March 31, 2020, providing ample liquidity for the Company's business operations and for the execution of management's Strategic Vision.

Selected Quarterly Financial Information (“Figure 1”)

(In CAD dollars, except per share amounts)	Three months ended March 31,	
	2020	2019
Revenue	\$ 5,968,504	\$ -
Adjusted EBITDA	\$ (16,138)	\$ (923,590)
Net loss	\$ (840,410)	\$ (1,031,777)
Basic and diluted loss per share	\$ (0.06)	\$ (0.08)

	As at March 31,	
	March 31, 2020	December 31, 2019
Assets		
Current Assets	\$ 40,471,884	\$ 44,188,111
Total assets	\$ 53,365,277	\$ 46,776,428
Liabilities		
Current Liabilities	\$ 23,297,596	\$ 22,140,102
Shareholders' Equity		
Total Shareholder's Equity	\$ 30,067,681	\$ 24,636,326
Total Liabilities & Shareholder's Equity	\$ 53,365,277	\$ 46,776,428

	Three months ended March 31,	
	2020	2019
Net loss	\$ (840,410)	\$ (1,031,777)
Interest income	(30,264)	(88,733)
Depreciation and amortization	155,146	-
EBITDA	(715,528)	(1,120,510)
Revaluation of digital assets	1,818,152	-
Gain on sale of digital assets	(141,985)	-
Share-based payments	127,688	57,000
(Gain) loss on foreign exchange	(1,104,465)	697
Share of loss on joint venture	-	135,362
Loss on acquisition on joint venture	-	84,361
Gain on sale of marketable securities	-	(80,500)
Adjusted EBITDA	\$ (16,138)	\$ (923,590)

This release should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and corresponding management discussion and analysis for the three months ended March 31, 2020 filed on SEDAR and posted on the Company's website. The Audit Committee of the Board of Directors of the Company has reviewed and approved the financial contents of this press release.

About TAAL Distributed Information Technologies Inc.

TAAL delivers value-added blockchain services, providing professional-grade, highly scalable blockchain infrastructure and transactional platforms to support businesses building solutions and applications upon the Bitcoin SV platform, and developing, operating, and managing distributed computing systems for enterprise users.

For a more complete business and financial profile of the Company, please view the Company's website at www.taal.com and public documents posted under the Company's profile on www.sedar.com.

The CSE accepts no responsibility for the adequacy or accuracy of this release.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements included in this news release constitute "forward-looking information" as defined under applicable Canadian securities legislation. The words "will", "intends", "expects" and similar expressions are intended to identify forward-looking information, although not all forward-looking information will contain these identifying words. Specific forward-looking information contained in this news release includes, but is not limited to statements regarding: the development of advanced blockchain transactional systems and the Bitcoin SV platform, TAAL's expectations with respect to the future of transaction processing and TAAL's strategic vision and related objectives. These statements are based on factors assumptions related to historical trends, current conditions and expected future developments. Since forward-looking information relates to future events and conditions, by its very nature it requires making assumptions and involves inherent risks and uncertainties. TAAL cautions that although it is believed that the assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that actual results may differ materially from expectations. Material risk factors include the future acceptance of Bitcoin SV and other digital assets and risks related to information processing using those platforms, the ability for TAAL to leverage intellectual property into viable income streams and other risks set out in Item 20 Risk Factors of TAAL's Form 2A – Listing Statement dated July 31, 2018 and elsewhere in TAAL's continuous disclosure filings available on SEDAR at www.sedar.com. Given these risks, undue reliance should not be placed on the forward-looking information contain herein. Other than as required by law, TAAL undertakes no obligation to update any forward-looking information to reflect new information, subsequent or otherwise.

NON-IFRS FINANCIAL MEASURES

The terms "EBITDA" (earnings before interest, taxes, depreciation, and amortization) and "Adjusted EBITDA" (which is calculated by the Company by adjusting EBITDA to exclude share-based payments, fair value losses or gains on re-measurement of the value of digital assets, write-offs, and costs associated with one-time transactions) are not recognized measures under International Financial Reporting Standards ("IFRS"). There is no standardized measure of "Adjusted EBITDA" and consequently, TAAL's method of calculating this measure may differ from methods used by other companies and therefore may not be comparable to similar measures presented by other companies. A reconciliation of "Adjusted EBITDA" to Net Loss is set out above in Figure 1.

SOURCE Taal Distributed Information Technologies Inc.

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