



Riot Platforms: Bitcoin Cycle Timing & AI Diversification

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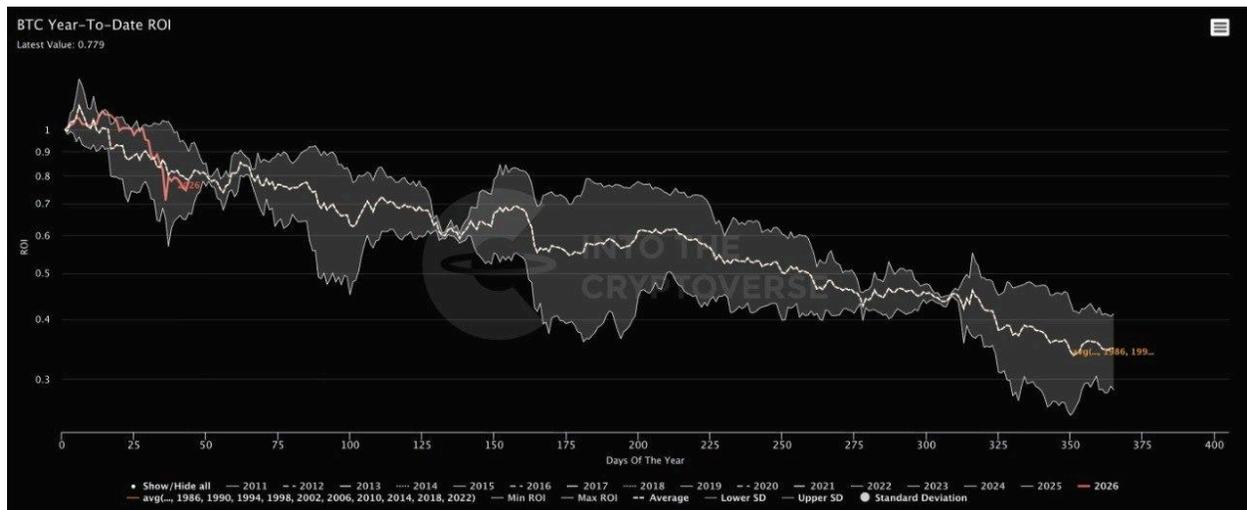
Riot Is Not Just a Bitcoin Miner Anymore

Historically, Riot was valued as a leveraged Bitcoin proxy with revenue directly tied to BTC's price. However, the emerging story highlights Riot's large scale energy infrastructure serving multiple purposes.

Mining is one use of power. AI data centers may become another. The market may still primarily value Riot as a miner.

Bitcoin Cycle Timing Drives Everything

Bitcoin historically moves through reflexive expansion and contraction phases. Our base case projects a repeat of historical midterm year performance. Therefore, we expect an overall market bottom in Q4 of 2026 with Bitcoin testing the low 40,000s.



BTC (Red) vs. Average Performance in Midterm Years

On average, BTC doesn't bottom until Q4 of the midterm election year. It's logical to assume Riot will follow this historical framework along with BTC.

Projected framework:

- We expect a stressed environment into late 2026.
- Bitcoin potentially revisits \$30k to \$40k.
- Miner margins compress below the cost of production.

Typical effects:

- Treasury sales.
- Equity dilution.
- Negative sentiment.

Historically these environments precede recovery. Entry timing matters more than long term narrative.

Mining Economics Are Extremely Convex

Based on current outputs averaged across market cycles here are the base assumptions used in Riot's Mining Business:

- ~7,000 BTC annual production.
- ~\$85k average cost per coin.

This table compares Riot Platforms' two primary potential revenue engines. Bitcoin mining provides cyclical upside tied directly to Bitcoin price. AI infrastructure leasing introduces contracted revenue tied to power demand and data center customers.

Category	Bitcoin Mining	AI Infrastructure Leasing
Primary Revenue Driver	Bitcoin Price	Long-Term Power Contracts
Revenue Volatility	Very High	Moderate to Low
Upside Potential	Extreme During Bull Markets	Limited but Stable
Estimated EBITDA Potential	~\$280M at \$125k BTC ~\$770M at \$200k BTC ~\$1.1B+ at \$250k BTC	~\$25–40M at 500MW ~\$50–80M at 1GW ~\$100M+ at 2GW

Even at the most optimistic estimates, revenue from infrastructure leasing is projected to reach 100m annually at 2GW compared to 280m annually from mining at a BTC price of 125k. AI infrastructure leasing does not replace mining upside. It potentially stabilizes earnings during unprofitable mining environments.

The estimated cost of production for one Bitcoin is roughly 89,000 usd. With a price below these levels, Riot can pivot to AI infrastructure leasing until Bitcoin mining becomes economical.

Energy Is Riot's Real Asset

The scarce resource is not ASIC machines which are used to mine BTC. It is power access, transmission capacity, land, and infrastructure. Both businesses compete for the same input. Energy allocation becomes management's core decision.

AI Data Center Leasing Changes the Risk Profile

Mining has high upside but comes with high volatility. AI leasing has lower upside but more consistent contracted revenue.

Energy Pricing Could Flip Profitability

If energy costs significantly rise, mining margins compress quickly.

If AI contracts pay premium pricing per megawatt hour, leasing power may become more profitable than mining Bitcoin. Management could shift power allocation dynamically. In this scenario Riot becomes an energy allocation platform. Not just a Bitcoin miner.

Dilution Is the Largest Structural Risk

Historical share expansion has been significant.

Future outcomes depend on:

- BTC treasury sales.
- Debt financing.
- Equity issuance discipline.

Even strong EBITDA does not guarantee strong per share returns.

Per share economics matter.

Variant Perception

The current consensus view for Riot is a highly dilutive miner, Bitcoin proxy with volatile commodity exposure. However the variant possibility is Riot becoming a flexible energy infrastructure platform with AI optionality to reduce cyclical reliance on BTC price stability. Execution will determine the outcome.

Enterprise Value

Current valuation of Riot is 6B with notable competitors such as CIFR at 6B and IREN at 13B. Iren has significantly diversified and is already ahead of Riot in terms of infrastructure execution, hence the significant valuation disparity.

Riot Valuation depends on Bitcoin price regime, earnings (EBITDA) multiple applied and dilution trajectory.

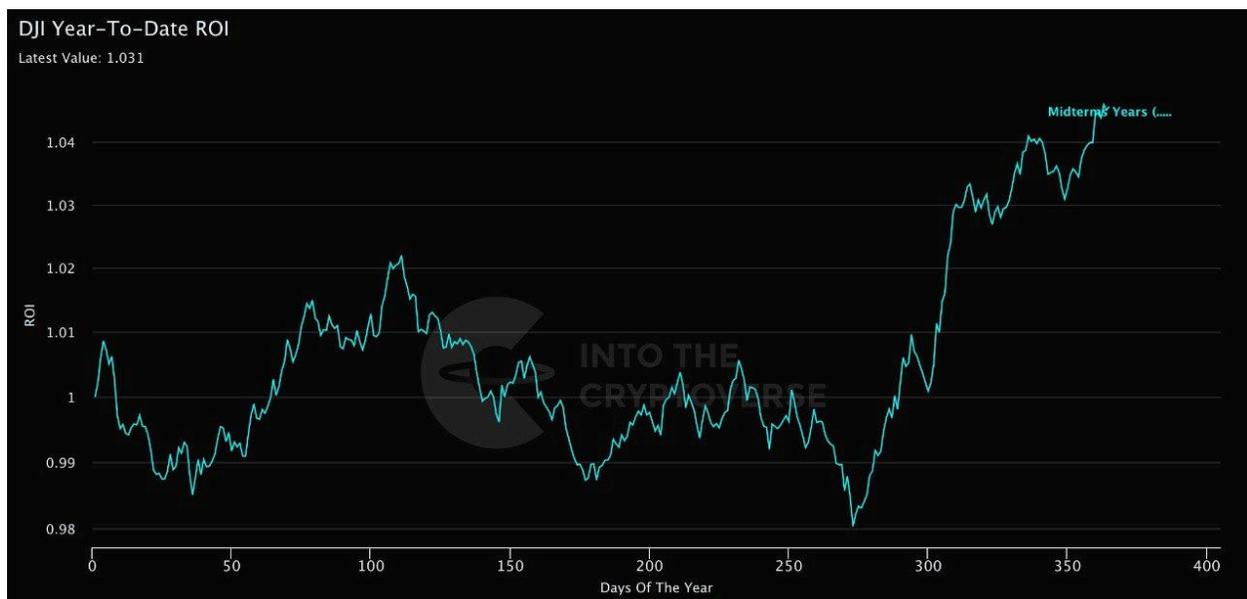
In Q3 2025, Riot posted \$197.2 million in non-GAAP adjusted EBITDA, and Q2 2025 adjusted EBITDA was \$219.5 million, indicating a robust, high-margin performance throughout the year.

Failure Conditions

Framework breaks if:

- Bitcoin fails to recover.
 - Energy costs spike and AI contracts fail
 - Dilution accelerates.
 - Bitcoin protocol level risks emerge (quantum threat scenario).
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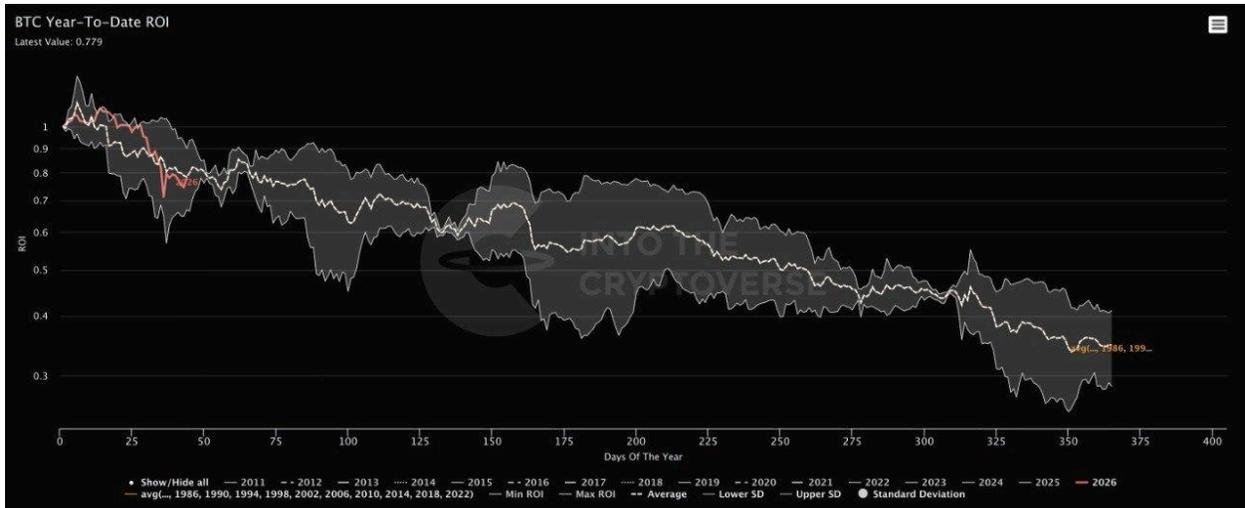
Conclusion and Execution Strategy



DJI Average YTD Return During Midterm Years Since 1925

We base our timing strategy on both the average midterm year performance for the Dow Jones Industrial Average and Bitcoin.

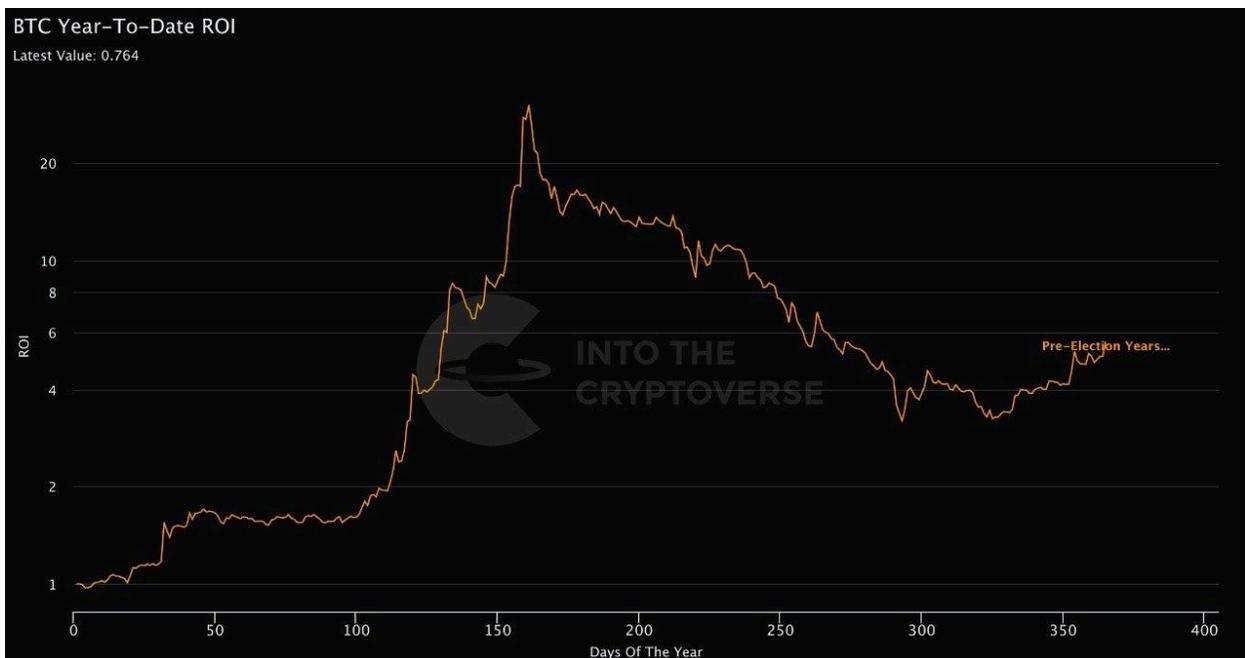
Both midterm cyclical patterns average a local bottom in October or roughly Q4 of the midterm election year.



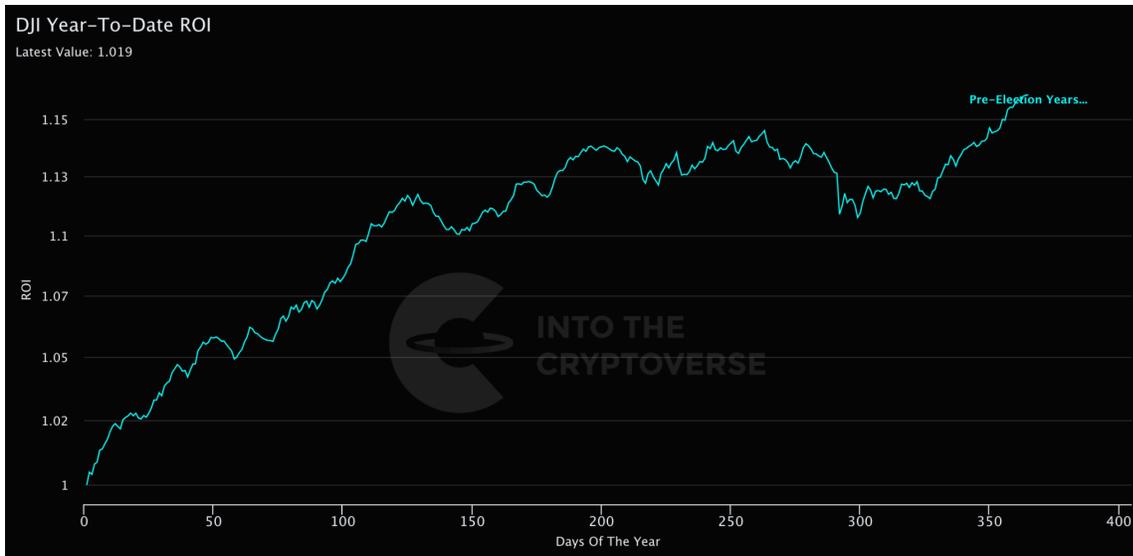
BTC (Red) vs. Average Performance in Midterm Years

Based on historical cycles, the best time to allocate to RIOT would be in early October with the anticipation of an year end rally in stocks.

Pre Election Year BTC and DJI Performance (2027)



Bitcoin and the Dow usually thrive during the first half of the pre-election year (2027). Historically, the pre-election year is one of the highest return years, generating an average 15% return since 1925 in the S&P 500.



From historical averages, we conclude the best time to allocate to Riot would be in October of the midterm year with a hold into mid 2027 when Bitcoin usually experiences a local top during its 'echo bubble' phase. Due to high beta as a Bitcoin proxy, Riot could outperform a traditional Bitcoin long during this expansionary phase of the cycle.
