

APPLIED BLOCKCHAIN

Investor Presentation

July 2021



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Applied Blockchain Overview



- Launched ETH mining operation in partnership with industry leaders SparkPool and GMR
- New hosting opportunity amid China mining crackdown complementary to APLD mining operation
- Blue chip partnerships and long-term hosting contracts provide attractive returns and stable cash flow
- Bitmain investment and partnership provides validation and competitive advantage with access to equipment and hosting leads
- 115MW 5-year hosting agreements signed
- Visibility into 500MW of power located and 500MW+ of demand
- Hosting projected to generate over \$59M+ of annual EBITDA at scale (2023)
- Long-term demand and supply contracts for hosting provide stable revenue and cash flows for hosting.
- Near term goal of up-listing to national exchange and being a leading publicly traded crypto mining company

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Premier Partnerships with Industry Leaders

SPARKPOOL GMR BITMAIN

A graphic with a rounded border containing the Applied Blockchain logo and name at the top. Below it, the text "Premier Partnerships with Industry Leaders" is centered. At the bottom, three logos are displayed: SparkPool (orange flame icon), GMR (grey box with white text), and Bitmain (black text).

Coin Mining

An icon representing coin mining, showing a pickaxe striking a rock with a coin falling out.

Crypto Hosting

An icon representing crypto hosting, showing a stack of server racks.

Ethereum and Coin Mining

- Driven by Sparkpool and GMR
- 200GH of Nvidia GPUs online now
- 120PH of ASICs scheduled for August 2021
- Well positioned for Proof of Stake

Executive Management Team



Leadership Team



**Wes
Cummins**
Chairman & CEO

- 272 Capital L.P, 2020 – Present, Founder and Chief Executive Officer
- Nokomis Capital, 2012 – 2020, Research Analyst
- B. Riley & Co, 2002 – 2011, President
- Current and Former Board Member at Telenav (NASDAQ: TNAV), Vishay Precision Group, Inc. (NYSE: VPG), and Sequans Communications (NYSE: SQNS)



David Rensch
CFO

- Hirzel Capital, 2017 – 2020, Chief Financial Officer
- Ihiji (acquired by Control4 – NASDAQ: CTRL), 2010 – 2017, Vice President
- Essilor Group, 2005 – 2010, Senior Associate, Business Development
- American Airlines, 2000 - 2005, Credit Card Manager and Business Analyst



Regina Ingel
Exec VP of
Operations

- Head of PR and Marketing
- Managing Investor Relations
- Oversees Government Affairs and Public Filings
- Vendor Management and Recruiting for field offices

Hosting Management Team



Leadership Team



Etienne Snyman

- Hut 8 Mining Corp. (NASDAQ: HUT), Head of Power
- ENMAX, Manager, Commercial Valuations



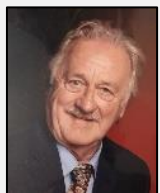
Nick Phillips

- Core Scientific, 2017 – 2018, Chief Operating Officer
- Led the buildout of the first sites, including locating power sites, finding contractor, sourcing equipment, building out team, working with local and state governments, etc.



Roland Davidson

- Spent the last 4 years designing and building crypto mining facilities, including for Hut 8 Mining Corp. (NASDAQ: HUT)
- Specialized in commissioning, procuring, testing of power system components



Ted McLeod

- Core Scientific, 2017 – 2019
- Managed the buildout of sites on-site, leading procurement and vendor management
- Decades in the electrical industry, building substations, installing turbines, and working with suppliers

Directors and Advisors



Board of Directors

	Jason Zhang	<ul style="list-style-type: none">• Early Bitcoin and Ethereum miner• Formerly: Sequoia Capital, MSD Capital• Harvard University
	Douglas Miller	<ul style="list-style-type: none">• Telenav (NASDAQ: TNAV), 2006 – 2012, CFO• Telenav, 2015 – 2021, Board of Directors / Chairman of Audit Committee• Formerly: Procera Networks (NASDAQ: PKT), Synplicity (NASDAQ: SYNP), Ernst & Young (Partner)
	Kelli McDonald	<ul style="list-style-type: none">• KSD Now, 2019 – Present, Fundraising Chairperson and Manager
	Richard Nottenburg	<ul style="list-style-type: none">• Wild West Capital, 2013 – Present, Co-Founder• Sonus Networks, 2008 – 2010, President & CEO• Motorola, 2004 – 2008, Executive Vice President & Chief Strategy Officer
	Chuck Hastings	<ul style="list-style-type: none">• B. Riley Wealth Management, 2013 – Present, CEO• GPS Partners, 2005 – 2009, Head Trader• IQvestment LLC, 2020 – Present, Board Member
	Virginia Moore	<ul style="list-style-type: none">• Catavento, 2019 – Present, Co-Founder• Corbis Global, 2007 – 2019, VP & Principal• Universal Studios Hollywood, 2005 – 2007, Manager, Consumer Insights

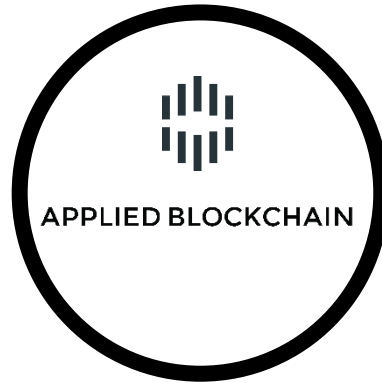
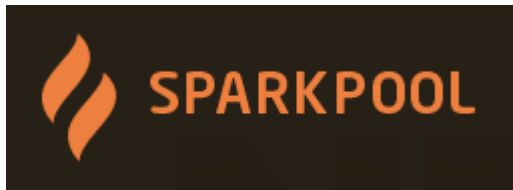
Board of Advisors

	Xin Xu	<ul style="list-style-type: none">• SparkPool, Co-Founder and CEO• Bucknell University
	Guo Chen	<ul style="list-style-type: none">• General Mining Research (GMR), Co-Founder and CEO• The University of Hong Kong & Peking University
	Bo Dong	<ul style="list-style-type: none">• General Mining Research (GMR), Co-Founder• Altonomy, Founder and CEO• Nanyang Technological University & MIT

Industry Leading Partners



SparkPool and GMR have strategic stakes in APLD



Overview

- One of the largest Ethereum mining pools in the world
- Developer and contributor to Ethereum ecosystem
- Leader in evolution and governance of Ethereum protocol
- Leading mining software developer for other major altcoin networks

Partnership Details

- Three-year services agreement with auto renewals
- Helping APLD with engineering and design of hosting sites, procurement of electrical components for buildout
- Provides mining hardware selection and procurement purchasing power and analytics

Overview

- Best-in-class partner with four years of mining experience in Ethereum and Bitcoin
- GMR proprietary algorithm optimizes mining in real-time to maximize return on deployed assets

Partnership Details

- Three-year services agreement with auto renewals
- Advising on the migration of miners from China to North America, helping APLD with locking in long-term hosting contracts
- Provides mining asset selection, asset management, trading, hedging, etc.
- Manage hosting to ensure best service providers in lowest cost locations

Bitmain Investment/Partnership



BITMAIN

Partnership Highlights

- Anchor Investor
 - Legitimizes hosting venture
- Bitmain has agreed to place miners with APLD under hosting agreement:
 - Initial term multi-year plus renewals
 - Pipeline for future hosting agreements
- Bitmain will partner with APLD on building out future hosting facilities in US

Bitmain Company Background

- Multinational semiconductor company offering products including chips, servers, and cloud solutions
- Bitmain ASICs account for 75% of the global market
- Top 10 global fabless IC design company (#2 in China)
- Founded in 2013
- Headquarters in Beijing, China
 - R&D locations in Hong Kong, Singapore and US

China Crypto Mining Crackdown – Migration from East to West



Chinese Miners Are Looking to North America



Source: Cambridge Bitcoin Electricity Consumption Index

11.5-12.5 GW of Total Global Power Demand between Bitcoin and Ethereum Miners

Bitcoin (BTC)

- 10.7 GW of electricity consumed by global BTC network
- ~65% of hashrate in China (7 GW of electricity)
 - Almost all will migrate from China in next 6-12 months
 - Average electricity cost of \$0.04-\$0.05
- Rerouting 2-3 GW worth of future shipments that are being delivered in next 18-24 months
- Total demand of 9-10 GW

Ethereum (ETH)

- 5.1 GW of electricity consumed by global Ethereum network
- ~50% of hashrate in China (2.5 GW of electricity)
 - Almost all will migrate from China in next 6-12 months
 - Average electricity cost of \$0.06-\$0.07
- Total demand of 2.5 GW

Hosting - Power & Facilities Overview



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3 Sites in the Upper Midwest

- Existing Substation At All Sites
- Average Summer Temperatures: 82°F High, 53°F Low

Facility #1

- Current capacity: 100MW
- Total potential capacity: 200MW in 12-24 months
- In-service timeline: <6 months



Facility #2

- Current capacity: 100MW
- Total potential capacity: 150MW in 12-24 months
- In-service timeline: <6 months



Facility #3

- Current capacity: 50MW
- Total potential capacity: 100MW in 12-24 months
- In-service timeline: <6 months





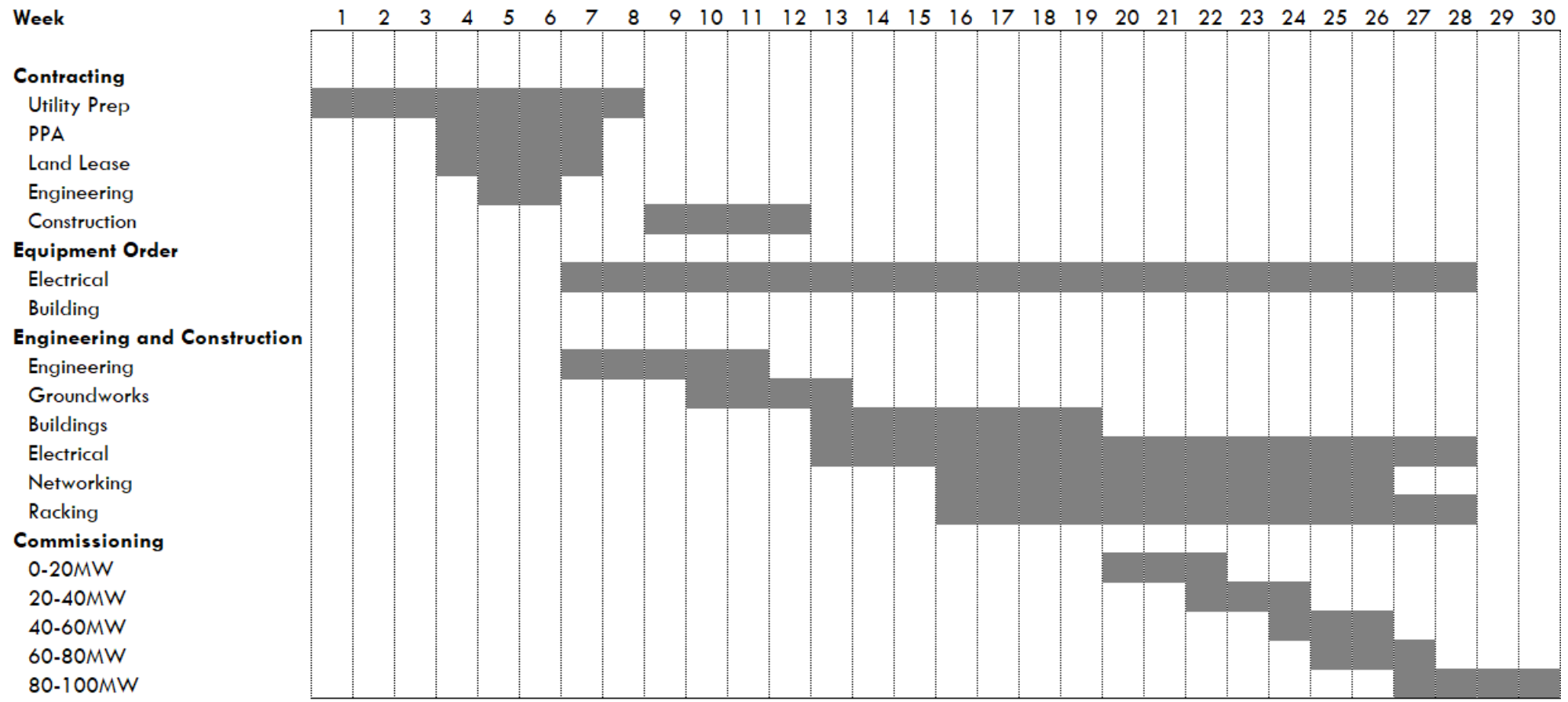
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Appendix

Hosting Facility Construction Timeline



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Sourcing Power for Hosting Operations APPLIED BLOCKCHAIN



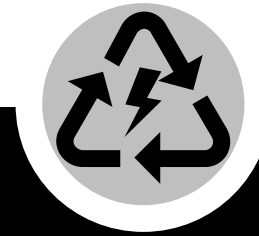
First Site

- 100MW first deployment
- Option for up to 200MW
- Upper Midwest U.S.



Additional Sites Identified

- 2 sites in Upper Midwest U.S.
- Starting with 150MW total, scaling to 250MW total



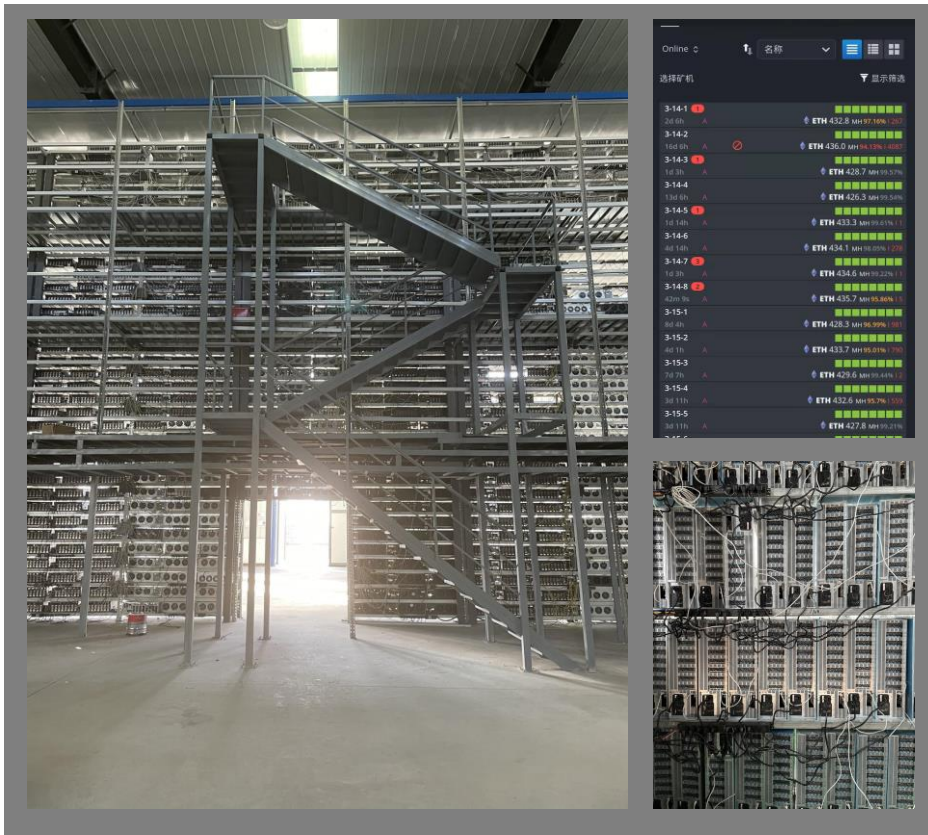
Pipeline

- 150+MW solar farm
- 100+MW wind farm

Mining Equipment and Operations APPLIED BLOCKCHAIN

Launched mining operations in June with NVIDIA GPUs

SparkPool and GMR Mining Facility and Dashboard



- ✓ **Energy Efficient**

Low cost electricity

- ✓ **Operationally Efficient**

Most efficient mining software, ensures 99%+ uptime and highest mining rewards

- ✓ **Supply Chain and Deployment Expertise**

Streamlined process from procurement (special vendor relationships ensure priority access to hardware), shipping, setting up mining facilities, analytical dashboard, asset custody, asset management