



APPLIED BLOCKCHAIN

INVESTOR PRESENTATION

May 2022

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INVESTMENT HIGHLIGHTS



1. Hosting EBITDA is Hosting revenue less power and related costs, less operations and maintenance expense, plus Hosting depreciation and amortization expense.

EXPERIENCED LEADERSHIP TEAM



Wes Cummins, Chairman & CEO

- B. Riley Asset Management, 2021 – Present, President
- 272 Capital L.P., 2020 – Present, Founder and CEO
- Nokomis Capital, 2012 – 2020, Research Analyst
- B. Riley & Co, 2002 – 2011, President
- Current Board Member at Vishay Precision Group, Inc. (NYSE: VPG), and Sequans Communications (NYSE: SQNS)
- Former Board Member at Telenav (NASDAQ:TNAV)



David Rensch, CFO

- Hirzel Capital, 2017 – 2020, CFO
- Ihiji (acquired by Control4 – NASDAQ: CTRL), 2010 – 2017, Co-founder, VP of Finance and Operations



Saidal Mohmand
EVP of Finance¹



Regina Ingel
EVP of Operations

POWER & INFRASTRUCTURE DEVELOPMENT TEAM



Etienne Snyman, EVP of Power¹



Nick Phillips, EVP of Hosting and Public Affairs¹



Roland Davidson, EVP of Engineering¹

BOARD OF DIRECTORS



Wes Cummins

- B. Riley Asset Management, 2021 – Present, President
- 272 Capital L.P., 2020 – Present, Founder and CEO
- Nokomis Capital, 2012 – 2020, Research Analyst
- B. Riley & Co, 2002 – 2011, President
- Current Board Member at Vishay Precision Group, Inc. (NYSE: VPG), and Sequans Communications (NYSE: SQNS)
- Former Board Member at Telenav (NASDAQ:TNAV)



Jason Zhang

- Valuefinder, LLC, 2019-Present, Founder and Manager
- Bitcoin and Ethereum miner
- Formerly: Sequoia Capital, MSD Capital, Investment Analyst



Douglas Miller

- Telenav (NASDAQ: TNAV), 2006 – 2012, SVP, CFO and Treasurer
- Formerly: Partner at EY
- Formerly: Board member of Telenav (NASDAQ:TNAV), CareDX, Inc. (NASDAQ:CDNA) and Procera Networks (NASDAQ: PKT)



Kelli McDonald

- KSD Now, 2019 – Present, Fundraising Chairperson and Manager
- Literacy Project, 2017 – 2020



Richard Nottenburg

- OceanSound Partners, LP, 2019 – Present, Executive Partner
- Sonus Networks, 2008 – 2010, President & CEO
- Motorola, 2004 – 2008, Executive Vice President & Chief Strategy Officer



Chuck Hastings

- B. Riley Wealth Management, 2013 – Present; 2020 – Present, CEO, 2019 – Present, President
- GPS Partners, 2005 – 2009, Head Trader
- IQvestment LLC, 2020 – Present, Board Member



Virginia Moore

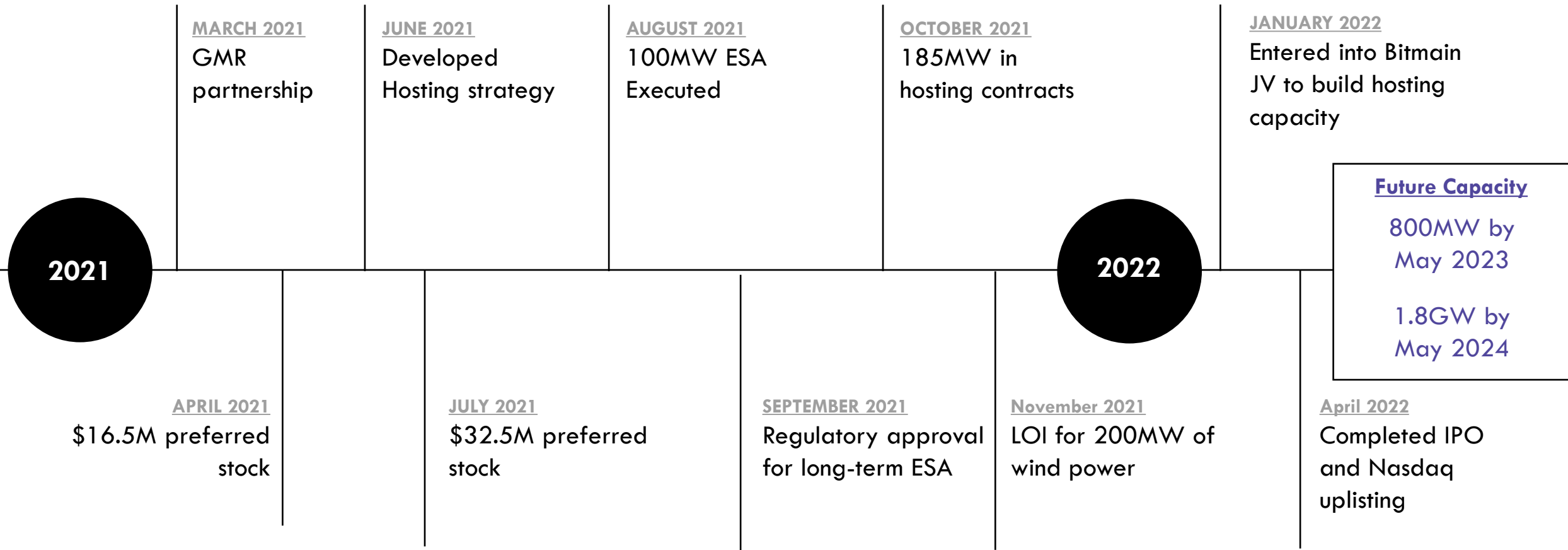
- Catavento, 2019 – Present, Co-Founder and CEO
- Corbis Global, 2007 – 2019, VP & Partner
- Universal Studios Home Entertainment, Coca-Cola and ACNielsen, Prior to 2007, various positions

OVERVIEW

- Infrastructure and colocation provider of next generation datacenters
- High Performance Computing (HPC) to process intensive applications including Bitcoin mining
- 55MW online - 45MW under development
- 5GW planned over next 5 years
- Bitmain/AntPool JV – Develop up to 1.5GW of hosting capacity
 - Bitmain affiliate AntPool to fund 20% of JV buildout for estimated 3-10% ownership of APLD, as converted¹
- Corporate headquarters – Dallas, Texas



RECENT EVENTS



NEXT-GEN DATACENTERS

- Focused on computing power intensive applications
- Require significant energy consumption, better suited for more remote geographies
- Vastly different designs for cooling/layout
- Do not require ultra high speed, low latency data connections

VS

TRADITIONAL DATACENTERS

- Ultra high speed, low latency connections
- Mixed use applications
- Often located near major cities, not as power intensive as Next-Gen datacenters

Not efficient to convert legacy datacenters to Next-Gen due to design layout and power demands

DATACENTER CONSTRUCTION



MARKET OPPORTUNITY

Near to Medium Term Tailwinds

- 6+ GW¹ of Bitcoin mining capacity expected to move from China - \$4.3B¹ in annual hosting demand
- North America expected to be main beneficiary given reliable power options & strong hosting demand



Long-Term Tailwinds

- Next-Gen datacenters will be critical for the growth of cryptographically secure applications based on proof of work consensus mechanisms
- Secure blockchain networks for sensitive data
- Other compute intensive applications like artificial intelligence and machine learning

1. Source: Cambridge Bitcoin Electricity Consumption Index. China share as of February 1, 2021, prior to crackdown on mining activities, and assumes \$0.08/kwh average hosting cost.

Blue Chip Blockchain Partnerships Assist in Goal of Becoming Largest Public Third-Party Next-Gen Datacenter Provider



- Leading designer of ASIC chips for bitcoin mining
- Provides Applied Blockchain with financial resources
 - Funding evidenced by ownership in JV, and ultimately convertible into APLD stock
 - Bitmain affiliate AntPool to own an estimated 3-10% of APLD¹

BITMAIN STRATEGIC JOINT VENTURE

- Joint Venture to build up to 1.5GW of hosting capacity in North America
 - **Capex share:** Bitmain will fund 20% of all JV capex

BLUE CHIP ANCHOR CUSTOMERS

Well-positioned to become largest public third-party Next-Gen hosting provider

Strong demand for hosting and co-location services

No direct competition with customers – APLD does not mine in Company-owned facilities

BITMAIN

GMR

 f2pool

 SPARK POOL

SITE LEVEL STRATEGY

Blue chip anchor tenant at each facility with a 3-5 year term

Remaining capacity targets smaller-scale tenants with higher pricing and 18 - 36 month term

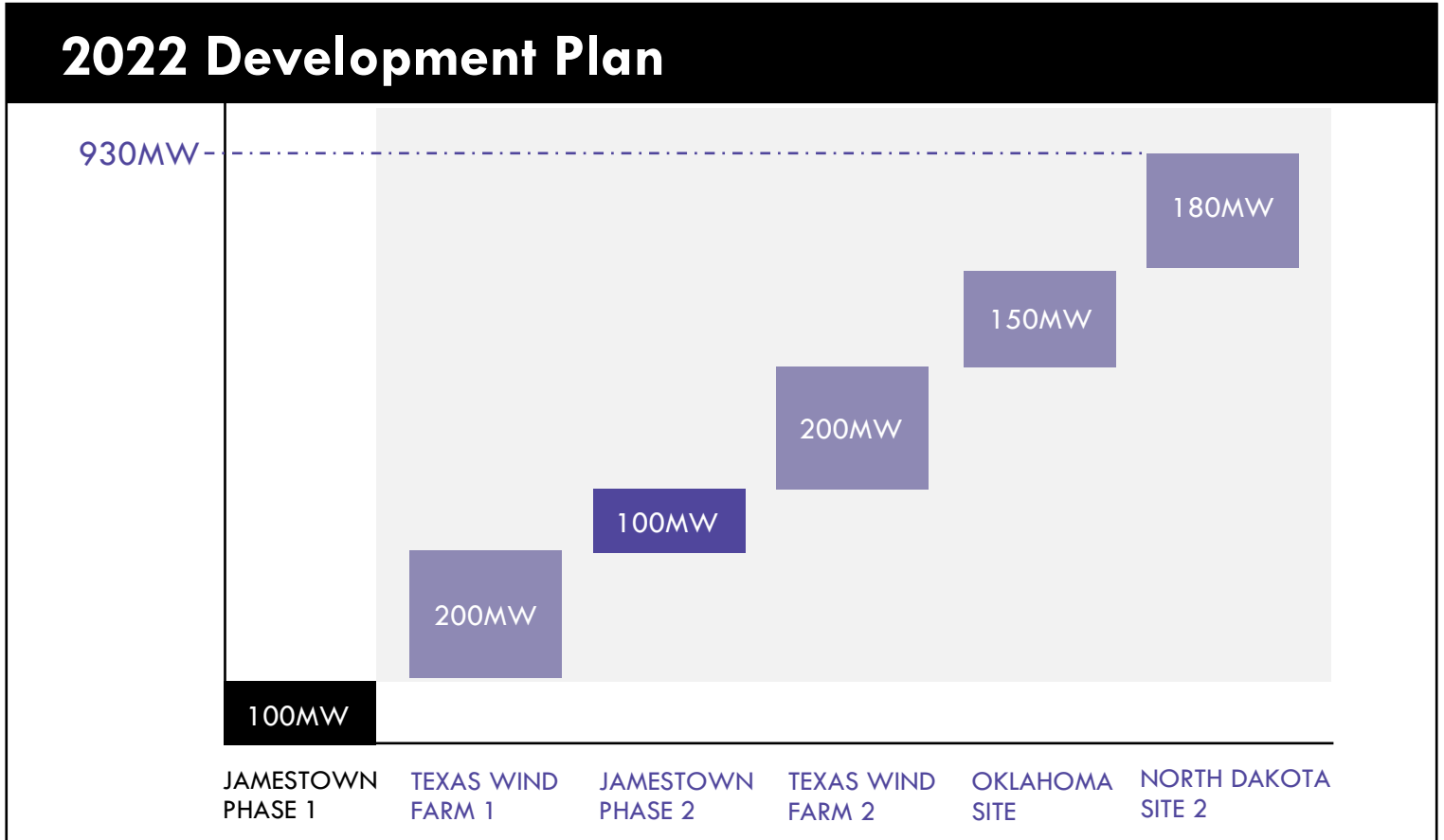
- Revenues are based on fixed USD price, not contractually linked to cryptocurrency prices
- Long-term contracts provide visibility into financial performance
- Ancillary services can enhance margins

LARGE, DIVERSIFIED

CONSTRUCTION & PROCUREMENT PIPELINE

↗ **1.8GW**
over next two years

↗ **5GW**
over next five years



- 55MW currently online, 100MW expected online in 1H22
- Planned expansion requires construction completion of additional buildings on our Jamestown, ND property and entry into second energy services agreement for 100MW by December 2022
- Plans to lease or acquire sites and enter into energy services agreements by December 2022 to develop Next-Gen data center operations for calendar year 2023

SITE SELECTION CRITERIA

1 GEOGRAPHICALLY DIVERSE

- ✓ Attractive locales with inexpensive/stranded, stable energy
- ✓ Favorable political and regulatory climates
- ✓ Minimize concentration risk

2 ATTRACTIVE RETURN ON INVESTMENT

- ✓ Strict underwriting standards to achieve targeted return
- ✓ Balanced mix of high-volume, blue-chip customers and higher margin, smaller scale customers
- ✓ Low-cost renewable assets

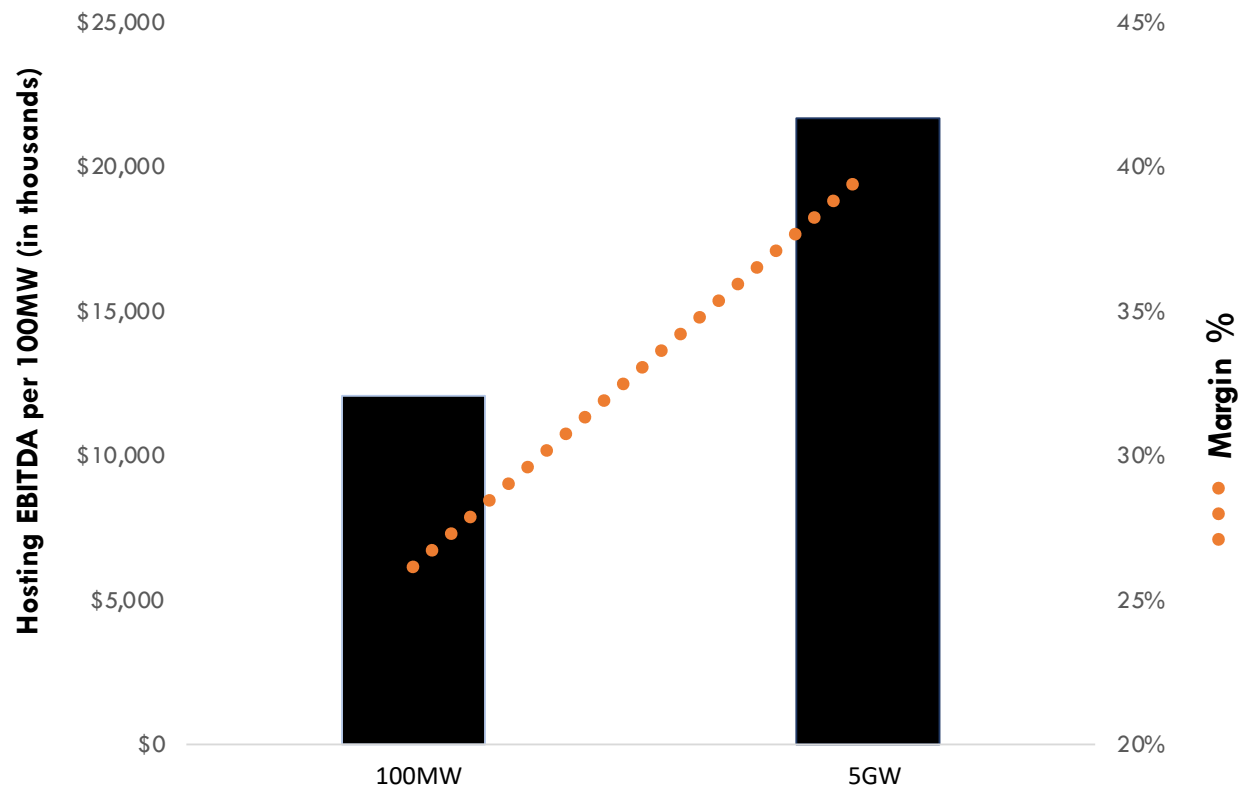
3 LONG-TERM AGREEMENTS

- ✓ Leverage proprietary relationships to provide long-term hosting services
- ✓ Growing, predictable cash flow stream
- ✓ Conducive to REIT structure

4 ENVIRONMENTALLY-CONSCIOUS

- ✓ Target renewable energy assets to minimize carbon footprint
- ✓ Macro tailwinds are beneficial for buildout of renewables
- ✓ Next-Gen datacenters represent unique power load that can accelerate renewables buildout

EXAMPLE HOSTING ECONOMICS



Potential Return Profile per 100MW Installation¹

TARGET HOSTING EBITDA:
\$12MM increasing to \$21MM+^{2,3}

IRR⁴:
~50% (unlevered)

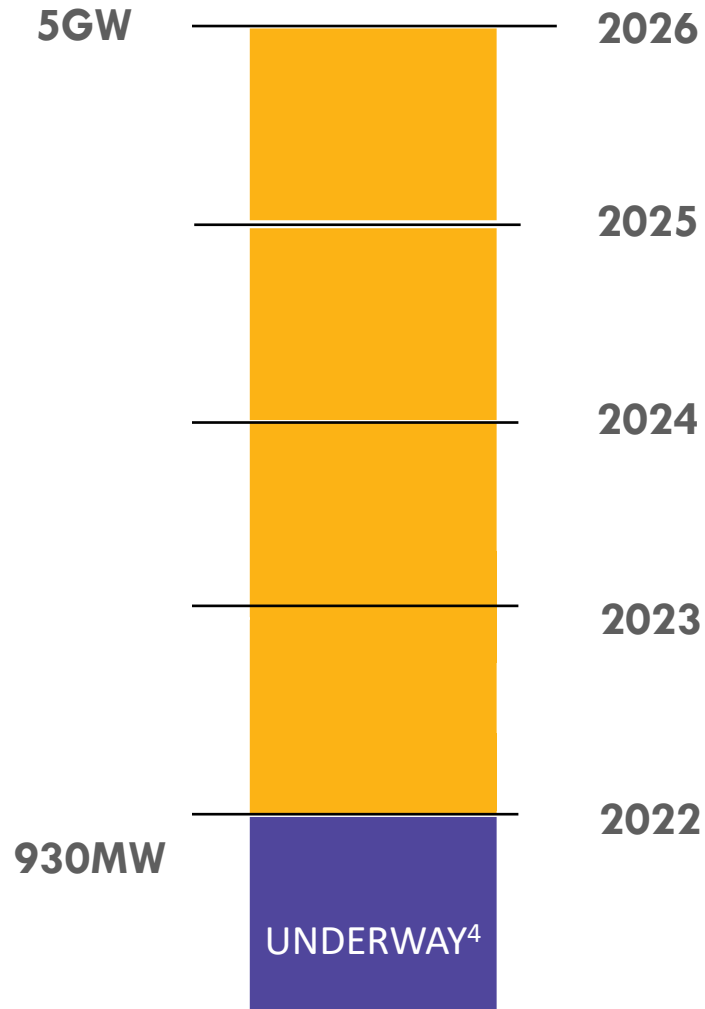
PAYBACK PERIOD⁴:
<3 Years

**Target Hosting EBITDA Margins
at scale of 40%+**

Long-term goal of 5GW of Hosting

1. Actual results may vary significantly from illustrative and forward-looking figures presented herein, which are based on assumptions.
2. Hosting EBITDA is Hosting revenue less Hosting direct costs excluding depreciation and amortization related to our Hosting operations. We expect revenues from our hosting operations to range from \$42 million to \$55 million per year per 100MW and our direct costs from hosting operations to range from \$30 million to \$40 million per year per 100MW.
3. Anticipated increases achieved through pricing power, economies of scale and additional services provided to customers.
4. IRR and payback period based on assumed capex of \$250-\$350k per MW.

GOAL TO DEVELOP 5 GW OF HOSTING CAPACITY OVER 5 YEARS



Illustrative 5GW Annual Operating Model ¹	
Assumptions	
<i>MW Live</i>	5,000
Hosting Revenue (\$'000)	\$2,715,600
Hosting Direct Costs (\$'000)	1,629,900
<i>% of Revenue</i>	60.0%
Target Hosting EBITDA^{2,3} (\$'000)	\$1,085,700
<i>Margin</i>	40%

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3. Anticipated increases achieved through pricing power, economies of scale and additional services provided to customers.
4. Underway – planned or contracted.

REAL ESTATE INVESTMENT TRUST (REIT) TRANSITION

- APLD's business model as a Next-Gen datacenter operator is intended to be conducive to a REIT structure
- Comparable to REIT datacenter operators like Digital Realty Trust (DLR) and Equinix (EQIX), and specialty REIT operator Innovative Industrial Properties (IIPR)



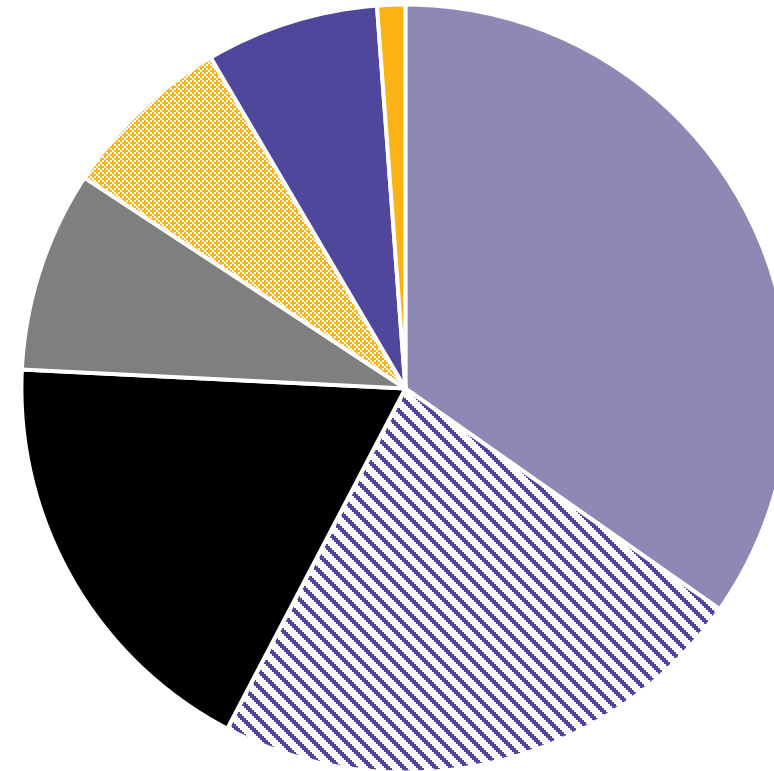
Capitalization

In millions, except share price

As of May 6, 2022:

Share Price	\$3.54
Shares Outstanding	99.2
Market Capitalization	\$351.2
Debt	\$7.5
Cash	\$51.1
Preferred Stock	\$0.0
Net Debt	(\$43.6)
Enterprise Value	\$307.6

Pro Forma Stock Ownership



■ Converted Preferred Stock ■ Management ■ Other ■ IPO Shares ■ GMR ■ SparkPool ■ Bitmain



APPLIED BLOCKCHAIN

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