



# argo

We power the world's most  
innovative and sustainable  
blockchain infrastructure

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**ARGO BLOCKCHAIN**  
Investor Presentation  
July 2022

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NASDAQ: ARBK; LSE: ARB

# LEGAL DISCLAIMERS

## **Forward Looking Statements**

This presentation contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding the build-out and expected completion of our Helios mining facility in Texas. Forward-looking statements can be identified by words like "may," "will," "likely," "should," "expect," "anticipate," "future," "plan," "believe," "intend," "goal," "seek," "estimate," "project," "continue" and similar expressions. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, the principal risks and uncertainties listed in our risk factors set forth in our filings with the Securities and Exchange Commission (the SEC).

## **Non-IFRS Measures**

This presentation contains references to certain non-IFRS measures including EBITDA, EBITDA margin and mining margin, each of which are not recognized under International Financial Reporting Standards ("IFRS"). Our management team uses these non-IFRS financial measures to evaluate our profitability and efficiency, to compare operating results to prior periods, and to measure and allocate financial resources internally. The Company believes that these non-IFRS financial measures may be helpful to investors because they provide consistency and comparability with past financial performance and may assist in comparisons with other companies, some of which use similar non-IFRS financial information to supplement their IFRS results. The non-IFRS financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented in accordance with IFRS, and may be different from similarly titled non-IFRS measures used by other companies. EBITDA, EBITDA margin and mining margin each have limitations as analytical tools, and you should not consider any of these measures either in isolation or as a substitute for other methods of analyzing the results as reported under IFRS.

## **Exchange Rates**

For the convenience of the reader, in this presentation, unless otherwise indicated, translations from pound sterling into U.S. dollars were made at the rate of £1.00 to \$1.31. Such U.S. dollar amounts are not necessarily indicative of the amounts of U.S. dollars that could actually have been purchased upon exchange of pound sterling at the dates indicated or any other date.

# Argo at-a-glance

Industry-leading cryptocurrency miner with a focus on sustainability



**3.6 EH/s**

Mining capacity  
(SHA-256)<sup>1</sup>



**100%**

Carbon neutral<sup>4</sup>



**44,000+**

Mining machines in  
Canada & US<sup>1</sup>



**1,953**

HODL of Bitcoin and  
Bitcoin Equivalents<sup>5</sup>



**76%**

Mining margin  
(industry leading)<sup>2,3</sup>



**~10% HODL**

Allocation to Argo Labs for  
non-mining activities

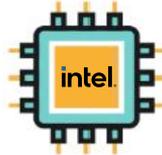


1. Existing mining machines as of June 30, 2022 (2.2 EH/s on 30,000+ machines) and contracted purchases from Bitmain (1.4 EH/s on 14,000 machines). 2. Please see Appendix for reconciliation for non-IFRS measures to IFRS. 3. Argo mining margin defined as: (cryptocurrency mining revenue – direct costs) / cryptocurrency mining revenue. For Q1 2022. 4. Includes carbon credits 5. As of June 30, 2022 and includes 210 BTC equivalents

# Argo is one of the most efficient, sustainable, and forward-thinking miners in the world



**Mining at scale with low cost power - up to 800 MW in Texas**



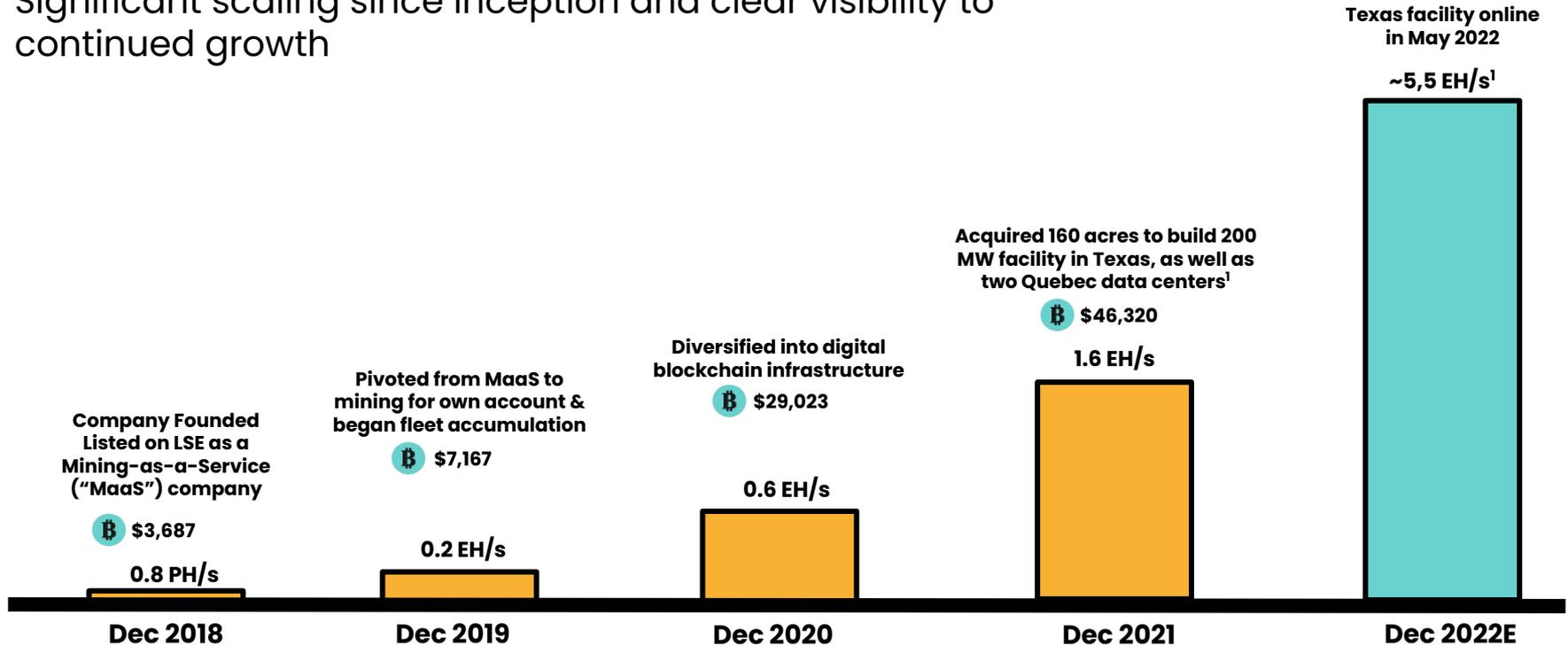
**Supply agreement with Intel for next-generation ASIC chips**



**Climate positive with focus on sustainability**

# Track Record of Execution

Significant scaling since inception and clear visibility to continued growth



Note: BTC Prices represent year-end figures at close.

5

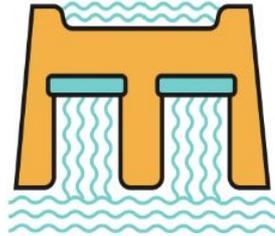
1. Anticipated incremental hashrate from Intel ASIC machines is based on assumptions for procurement using current production forecasts. The projected timeline could vary due to several factors including supply chain issues, regulatory issues, available capital, and the price of Bitcoin.



# Access to Low Cost and Renewable Power

Solidifying Quebec While Expanding to Texas

Quebec  
Attractiveness



- ▶ Clean, cheap hydroelectricity
- ▶ Large clean energy surplus
- ▶ Low cost (~4 cents / kWh)

West Texas  
Renewable Energy



- ▶ Largest wind generator with low electricity rates
- ▶ Significant excess / unused capacity
- ▶ Attractive incentives
- ▶ Lower cost (long term target ~2 cents / kWh)



# Helios: Flagship Mining Facility in West Texas

- ▶ **Mining operations commenced on May 5th**
- ▶ 126,000 square foot data center in Dickens County, TX
- ▶ Approved for 800 MW of power from neighboring substation
- ▶ Installation of miners will continue through Q4 2022
- ▶ Phase 1 (200 MW) expected to be fully online by Q4 2022
- ▶ ~40 full time jobs at the site and in community



# Largest Deployment of Immersion Cooling for Bitcoin Mining



- ▶ Ideal technology for Texas Panhandle conditions
- ▶ Proprietary system design
- ▶ Fabricated in US by global manufacturer
- ▶ Uplift in hashrate and longer machine life

# Blockscale ASIC Supply Agreement with Intel Corporation



Intel Launches New Intel Blockscale Technology for Energy-Efficient Blockchain Hashing

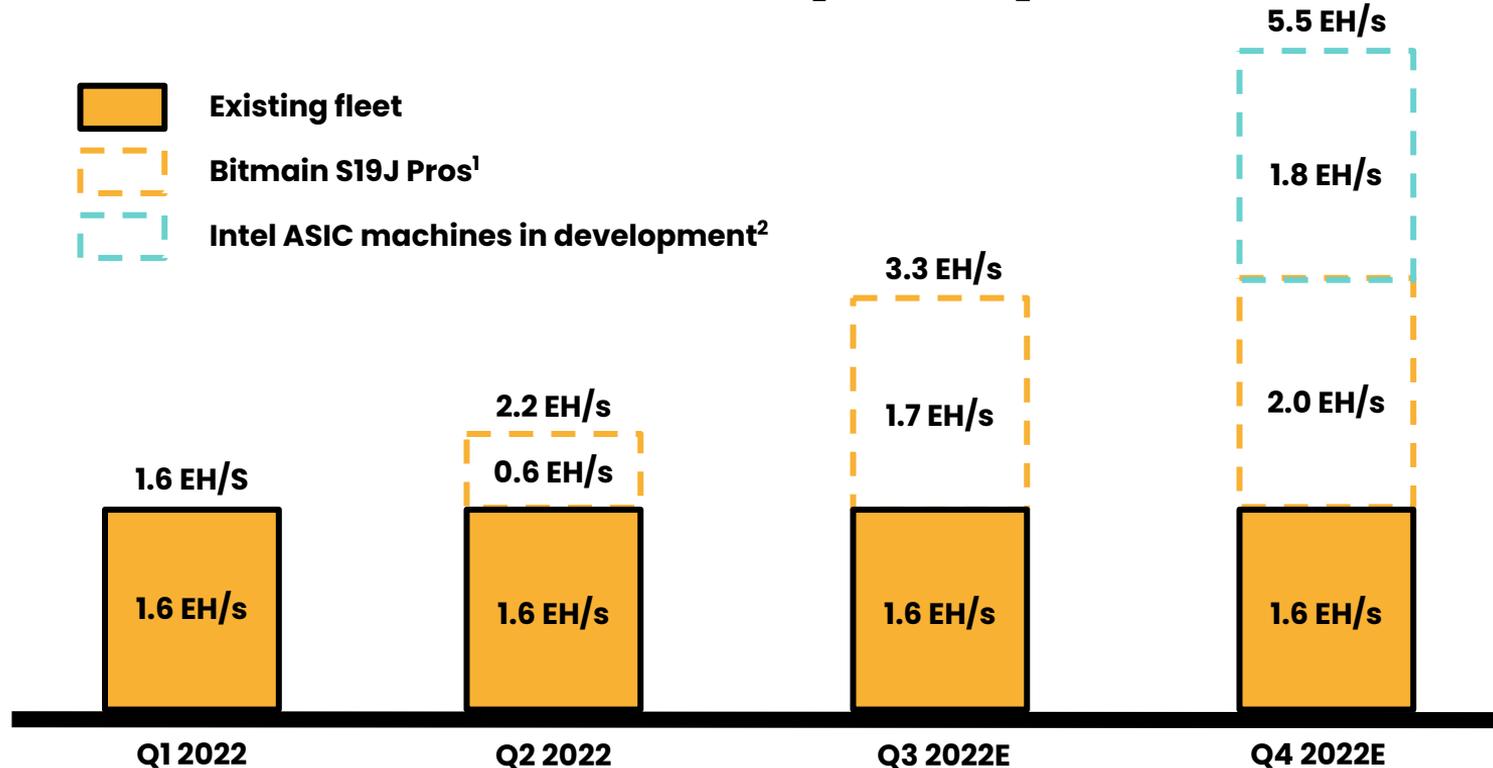


*“Argo Blockchain...will be among the first customers to work with the Intel Blockscale ASIC.”*

- ▶ Diversifies ASIC supply chain to include top US semiconductor manufacturer
- ▶ Argo has rights to pro-rata share of production
- ▶ Cost per terahash is expected to be significantly lower than existing options
- ▶ Opportunity to significantly increase hashrate at competitive margins
- ▶ ePIC Blockchain Technologies is helping with the design and will be manufacturing custom mining machines to utilize the Intel ASICs



# 2022: Total Hashrate Capacity

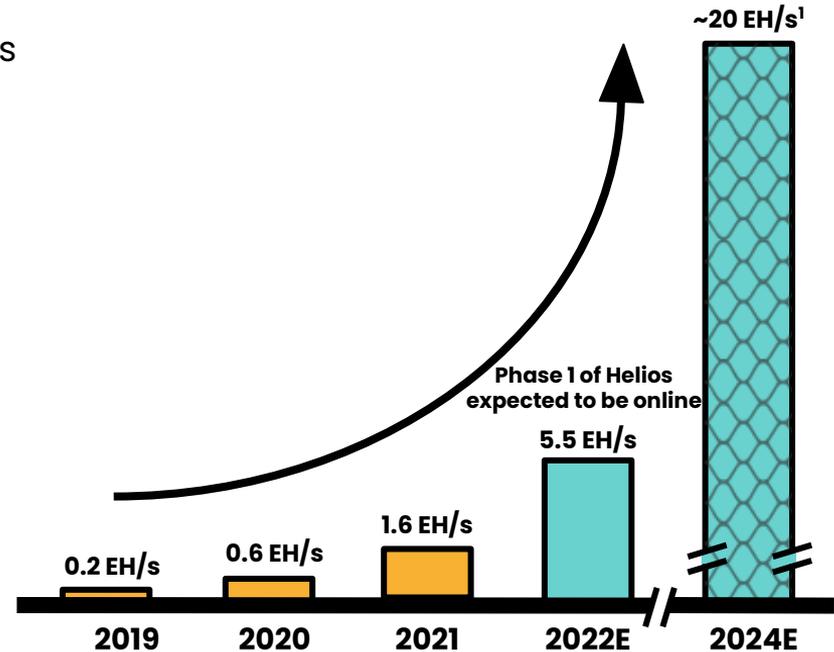


1. Hashrate does not include potential uplift attributable to immersion cooling

2. Incremental hashrate from Intel ASIC machines is based on assumptions for procurement using current production forecasts. The projected timeline could vary due to several factors including supply chain issues, regulatory issues, available capital, and the price of Bitcoin.

# Poised for exponential hashrate growth

- ▶ Up to 600 MW of additional power capacity at Helios
- ▶ ASIC chip supply agreement with Intel
- ▶ Relationship with third party to manufacture custom mining rigs utilizing Intel chips
- ▶ Runway to grow hashrate to ~20 EH/s over the next few years



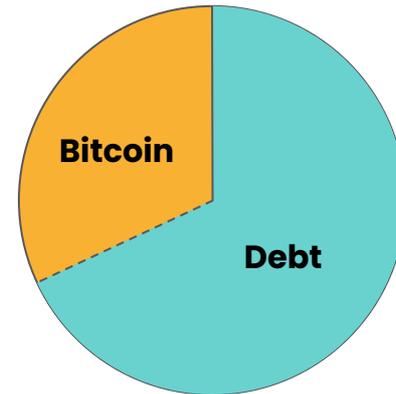
1. Argo does not have firm commitments from chip suppliers or mining machine manufacturers, nor the necessary infrastructure necessary to deploy projected mining capacity at present. The projected timelines, or Argo's ability to achieve projected mining capacity at all, may change due to factors outside our control, including due to supply chain interruptions; cost and availability of mining equipment; counterparty delay or non-performance; regulatory factors; the value of Bitcoin; and/or access to additional capital on competitive terms. See the Legal Disclaimers on Slide 2.

# Financing Argo's Growth in 2022

## Helios Phase 1

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- ▶ Commenced mining operations in May 2022
- ▶ ~\$50 million additional capital required to complete infrastructure & machine purchases
- ▶ Potential sources of growth capital<sup>1</sup>:
  - ▶ **Debt:** Opportunistic and flexible financing options
  - ▶ **Bitcoin:** Sell a portion of monthly Bitcoin production
  - ▶ **Equity:** None currently anticipated in 2022



*Illustrative Funding Split*

# Argo Labs: In-House Innovation Arm

- ▶ Five person team led by Sebastien Chalus (Chief Strategy Officer)
- ▶ Participate in disruptive sectors of the broader blockchain and Web 3.0 ecosystem
- ▶ Increase shareholder value through strategic diversification and network participation



**Currently managing ~11% of Argo's digital asset holdings  
(210 BTC & BTC Equivalents)**



# Argo's Commitment to Sustainability

## ▶ Mining with carbon-neutral energy

- ▶ Quebec facilities powered by hydro electricity
- ▶ Helios facility in Texas is in West Load Zone - high amount of wind power generation

## ▶ Helios will help to stabilize the Texas electric grid

- ▶ Local, flexible demand in a region with excess renewable generation
- ▶ Facility can rapidly reduce electricity usage during peak demand
- ▶ Promotes expansion of more renewable energy in Texas

## ▶ Argo is the first bitcoin miner to publish a climate strategy

- ▶ Climate positive in 2020 and 21 after purchasing RECs and VERs in excess of Scope 2 & 3 GHG emissions

## ▶ Established Terra Pool as the first mining pool powered by clean energy





# Recent Social & Governance Initiatives

## ▶ Helios is bringing benefits to Dickens County

- ▶ 130 construction jobs; ~40 full time jobs for Phase 1
- ▶ Refurbishing community swimming pool

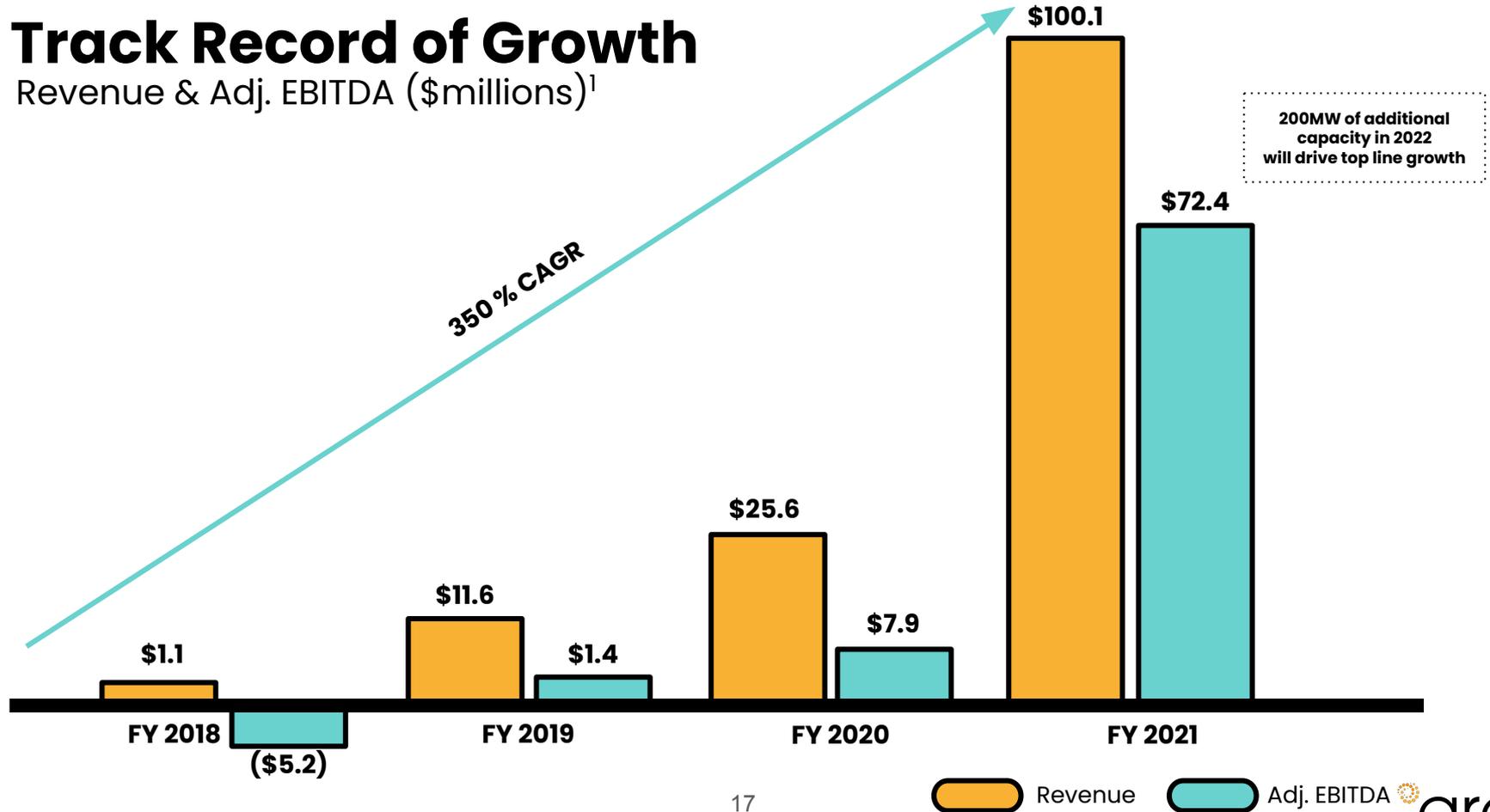
## ▶ Strengthened Board of Directors with new members

- ▶ **Raghav Chopra:** Strong background in capital markets and investing, with experience at AllianceBernstein, The Carlyle Group, and Goldman Sachs
- ▶ **Sarah Gow:** Strong background in investing and asset management operations with experience at Citigroup, HSBC, and TrinityCapM
- ▶ **Maria Perrella:** Strong background in capital markets, M&A, and strategic corporate finance with experience as the Chief Financial Officer at MDA and ATS Automation (TSX: ATA)



# Track Record of Growth

Revenue & Adj. EBITDA (\$millions)<sup>1</sup>

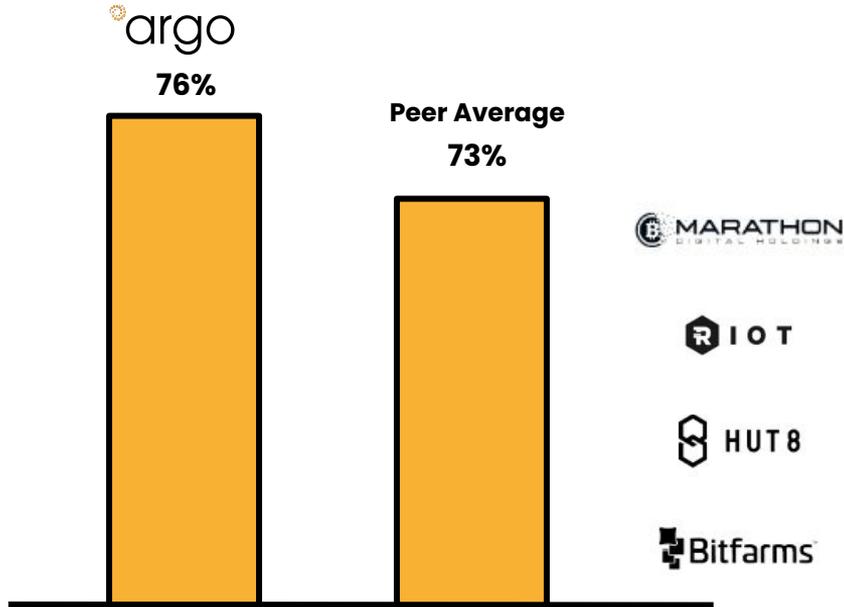


1. Please see Appendix for reconciliation of non-IFRS measures to IFRS.



# Industry Leading Profitability Margins

Mining Margin (Q1 2022) <sup>1,2,3</sup>

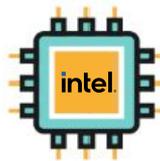


- ▶ 291% revenue growth from 2020 to 2021
- ▶ Low power costs protect margins amidst BTC volatility
- ▶ Optimize capex and minimize depreciation through strategic sourcing
- ▶ ROI discipline / tight payback periods on acquired machines

1. Data derived from public filings. 2. See appendix for reconciliation for non-IFRS measures. 3. Argo mining margin defined as: (cryptocurrency mining revenue – direct costs) / cryptocurrency mining revenue.

# Argo is one of the most efficient, sustainable, and forward-thinking miners in the world

- ▶ Helios and Intel chip supply agreement are near-term catalysts for growth
- ▶ Leader in sustainable mining at scale
- ▶ Best in class mining margins
- ▶ Exceptional team of crypto natives, with track record of execution





# Appendix

# Income Statement

(000s unless otherwise stated)	Three months ended March 31, 2022 <sup>1</sup>		Three months ended March 31, 2021 <sup>1</sup>	
	\$	£	\$	£
<b>Revenues</b>	<b>\$19,515</b>	<b>£14,862</b>	<b>\$17,836</b>	<b>£13,583</b>
Direct costs	(4,596)	(3,500)	(2,562)	(1,951)
Depreciation of mining equipment	(6,961)	(5,301)	(2,869)	(2,185)
Change in fair value of digital currencies	(6,080)	(4,630)	13,248	10,090
Realized gain on sale of digital currencies	41	30	1,472	1,121
<b>Gross Profit</b>	<b>\$1,919</b>	<b>£1,461</b>	<b>\$27,125</b>	<b>£20,657</b>
<i>Gross Margin</i>	<i>10%</i>	<i>10%</i>	<i>152%</i>	<i>152%</i>
<b>Operating costs and expenses</b>				
Consulting fees	(\$208)	(£159)	(\$467)	(£356)
Professional fees	(1,262)	(961)	(259)	(197)
General and administrative	(2,908)	(2,215)	(633)	(482)
Share based payment	(1,423)	(1,084)	(123)	(94)
Foreign exchange	5,705	4,346	(54)	(41)
<b>Operating profit</b>	<b>\$1,823</b>	<b>£1,388</b>	<b>\$25,589</b>	<b>£19,488</b>
<b>Other income/(expense)</b>				
Interest expense	(2,442)	(£1,860)	(\$289)	(£221)
Loss on sale of investment	(174)	(132)	-	-
Revaluation of contingent consideration	2,742	2,088	-	-
<b>Total other income/(expense)</b>	<b>\$126</b>	<b>£96</b>	<b>(\$289)</b>	<b>(£221)</b>
Income tax recovery/(expense)	117	89	-	-
<b>Net income<sup>2</sup></b>	<b>\$2,066</b>	<b>£1,573</b>	<b>\$25,300</b>	<b>£19,267</b>
Other comprehensive income, net of tax	(17,170)	(13,076)	-	-
<b>Total comprehensive income</b>	<b>(\$15,104)</b>	<b>(£11,503)</b>	<b>\$25,300</b>	<b>£19,267</b>

1. Figures translated at a USD/GBP rate of 1.3131. 2. Net income = Profit after taxation.

# Balance Sheet

(000s unless otherwise stated)	As of March 31, 2022 <sup>(1)</sup>		As of December 31, 2021 <sup>(1)</sup>	
	\$	£	\$	£
<b>Current Assets</b>				
Digital assets	\$104,835	£79,839	\$106,044	£80,759
Cash & cash equivalents	11,904	9,066	15,498	11,803
Trade & other receivables	111,500	84,914	83,196	63,359
<b>Total Current Assets</b>	<b>\$228,239</b>	<b>£173,819</b>	<b>\$204,738</b>	<b>£155,921</b>
Property, plant, & equipment	\$156,765	£119,386	\$146,546	£111,604
Other non-current assets	30,637	23,332	26,491	20,174
<b>Total Assets</b>	<b>\$415,641</b>	<b>£316,537</b>	<b>\$377,775</b>	<b>£287,699</b>
<b>Current Liabilities</b>				
Trade & other payables	\$18,122	£13,803	\$20,018	£15,245
Short term debt	58,618	44,641	30,715	23,391
Variable consideration	7,856	5,983	10,598	8,071
Other current liabilities	10,837	8,252	10,467	7,972
<b>Total Current Liabilities</b>	<b>\$95,433</b>	<b>£72,679</b>	<b>\$71,798</b>	<b>£54,679</b>
Long term debt	58,510	44,559	39,786	30,299
Other non-current liabilities	1,217	927	1,196	911
<b>Total Liabilities</b>	<b>\$155,160</b>	<b>£118,165</b>	<b>\$112,780</b>	<b>£85,889</b>
Total Equity	260,481	198,372	264,995	201,810
<b>Total Liabilities &amp; Equity</b>	<b>\$415,641</b>	<b>£316,537</b>	<b>\$377,775</b>	<b>£287,699</b>

1. Figures translated at a USD/GBP rate of 1.3131.

# Appendix: Non-IFRS Reconciliations

The following table shows a reconciliation of Bitcoin and Bitcoin Equivalent Mining Margin to gross margin, the most directly comparable IFRS measure, for the three months ended March 31, 2022 and the three months ended March 31, 2021.

(000s unless otherwise stated)	Three months ended March 31, 2022 <sup>(1)</sup>		Three months ended March 31, 2021 <sup>(1)</sup>	
	\$	£	\$	£
<b>Gross profit</b>	<b>\$1,919</b>	<b>£1,461</b>	<b>\$27,125</b>	<b>£20,658</b>
Gross margin	10%	10%	152%	152%
Depreciation of mining equipment	6,961	5,301	2,869	2,185
Change in fair value of digital currencies	6,080	4,630	(13,248)	(10,090)
Realized gain on sale of digital currencies	(41)	(30)	(1,472)	(1,121)
Cryptocurrency management fees	-	-	(434)	(330)
<b>Mining profit</b>	<b>\$14,919</b>	<b>£11,362</b>	<b>\$14,840</b>	<b>£11,302</b>
<b>Bitcoin and Bitcoin Equivalent Mining Margin</b>	<b>76%</b>	<b>76%</b>	<b>83%</b>	<b>83%</b>

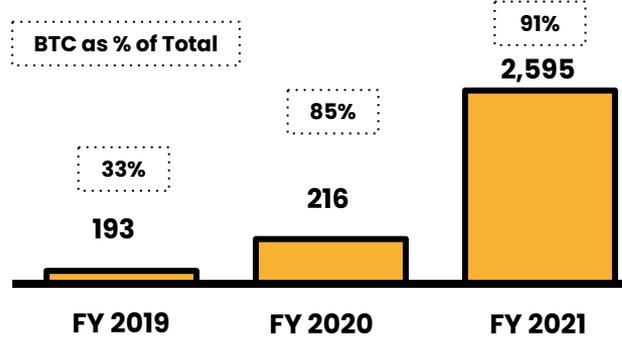
The following table shows a reconciliation of Adjusted EBITDA to net income, the most directly comparable IFRS measure, for the three months ended March 31, 2022 and the three months ended March 31, 2021.

(000s unless otherwise stated)	Three months ended March 31, 2022 <sup>(1)</sup>		Three months ended March 31, 2021 <sup>(1)</sup>	
	\$	£	\$	£
<b>Net income<sup>2</sup></b>	<b>\$2,066</b>	<b>£1,573</b>	<b>\$25,300</b>	<b>£19,267</b>
Interest expense	2,442	1,860	289	220
Income tax expense	(117)	(89)	-	-
Depreciation/amortization	7,166	5,457	2,914	2,219
Share based payment	1,423	1,084	123	94
Change in fair value of digital currencies	6,080	4,630	(13,248)	(10,090)
<b>Adjusted EBITDA</b>	<b>\$19,060</b>	<b>£14,515</b>	<b>\$15,378</b>	<b>£11,710</b>

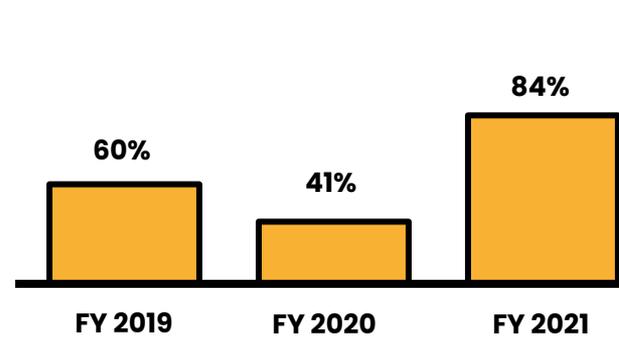
1. Figures translated at a USD/GBP rate of 1.3131. 2. Net income = Profit after taxation

# Historical KPIs

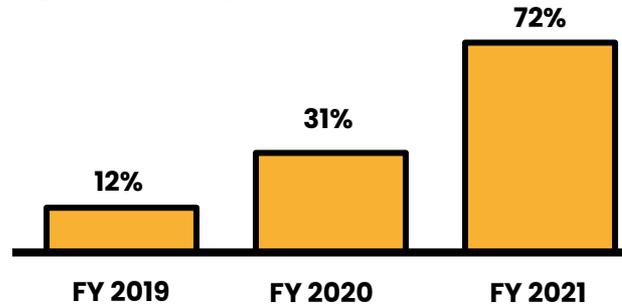
## Bitcoin and Bitcoin Equivalent on Balance Sheet



## Mining Margin<sup>1,2</sup>



## Adj. EBITDA Margin<sup>2</sup>



## Adj. EBITDA(\$mm)<sup>2</sup>



# 2020 GHG Report Results



**01**

**More of Argo's energy usage comes from clean power than other sources. Argo does not produce Scope 1 emissions.**



**02**

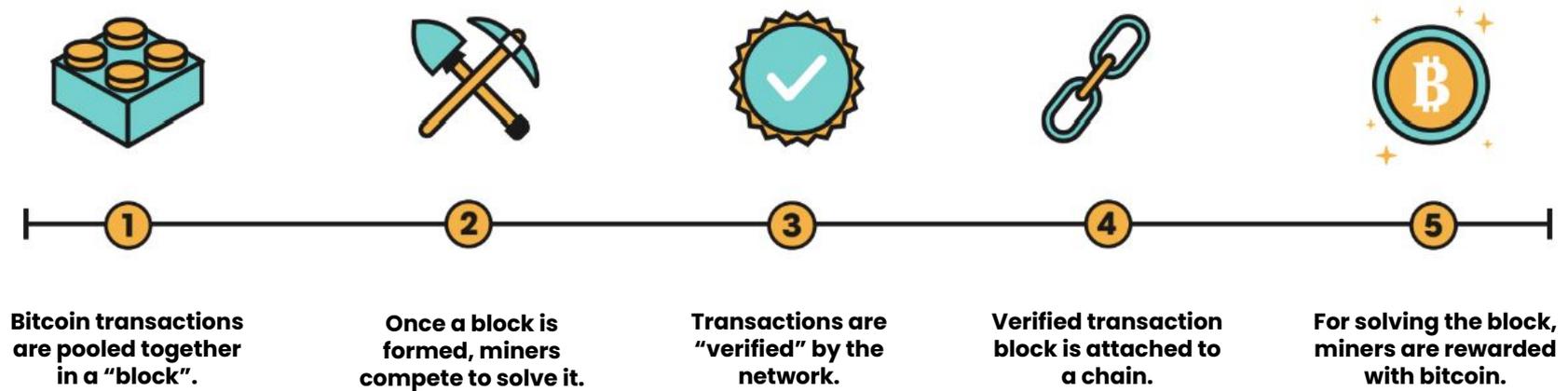
**Most of Argo's GHG emissions (82%) come from Scope 2 (electricity use).**



**03**

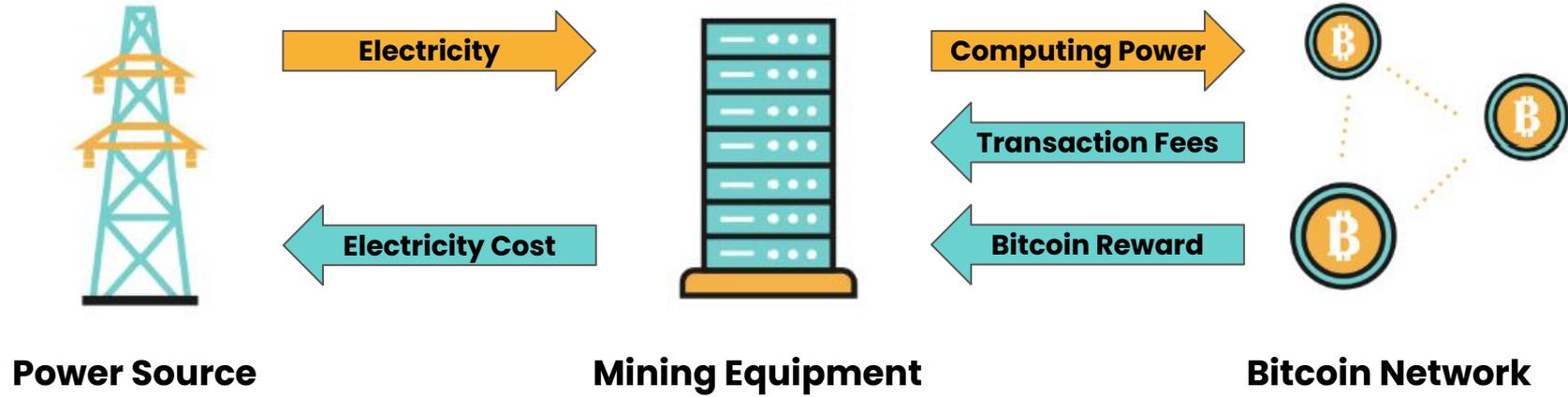
**Scope 3 GHG emissions come mostly from fuel and energy related activities and upstream transmission and distribution (T&D) losses.**

# How Bitcoin is Mined



**Currently, the reward is 6.25 BTC per block solved.**

# Business Model in Bitcoin Mining



## Bitcoin Mining Considerations

- ▶ Revenue consists of block reward plus a transaction fee
- ▶ Costs include electricity and purchases of miners
- ▶ On average, a block is solved every 10 minutes





# argo

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