



argo
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ARGO BLOCKCHAIN

Q2 2024 Results
August 28, 2024

Legal Disclaimers

Forward Looking Statements

This presentation contains inside information and includes forward-looking statements which reflect the Company's current views, interpretations, beliefs or expectations with respect to the Company's financial performance, business strategy and plans and objectives of management for future operations. These statements include forward-looking statements both with respect to the Company and the sector and industry in which the Company operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue", "estimate", "future", "opportunity", "potential" or, in each case, their negatives, and similar statements of a future or forward-looking nature identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties because they relate to events that may or may not occur in the future, the Company may be unable to secure sufficient additional financing to meet its operating needs, and the Company may not generate sufficient working capital to fund its operations for the next twelve months as contemplated. Forward-looking statements are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company's actual results, prospects and performance to differ materially from those indicated in these statements. In addition, even if the Company's actual results, prospects and performance are consistent with the forward-looking statements contained in this document, those results may not be indicative of results in subsequent periods. These forward-looking statements speak only as of the date of this presentation. Subject to any obligations under the Prospectus Regulation Rules, the Market Abuse Regulation, the Listing Rules and the Disclosure Guidance and Transparency Rules and except as required by the United Kingdom Financial Conduct Authority ("FCA"), the London Stock Exchange, the City Code on Takeovers and Mergers or applicable law and regulations, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. For a more complete discussion of factors that could cause our actual results to differ from those described in this presentation, please refer to the filings that Company makes from time to time with the United States Securities and Exchange Commission and the FCA, including the section entitled "Risk Factors" in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2023.

Non-IFRS Measures

This presentation contains references to certain non-IFRS measures including Adjusted EBITDA 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. Adjusted EBITDA 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.

Today's Presenters



Thomas Chippas

Chief Executive Officer



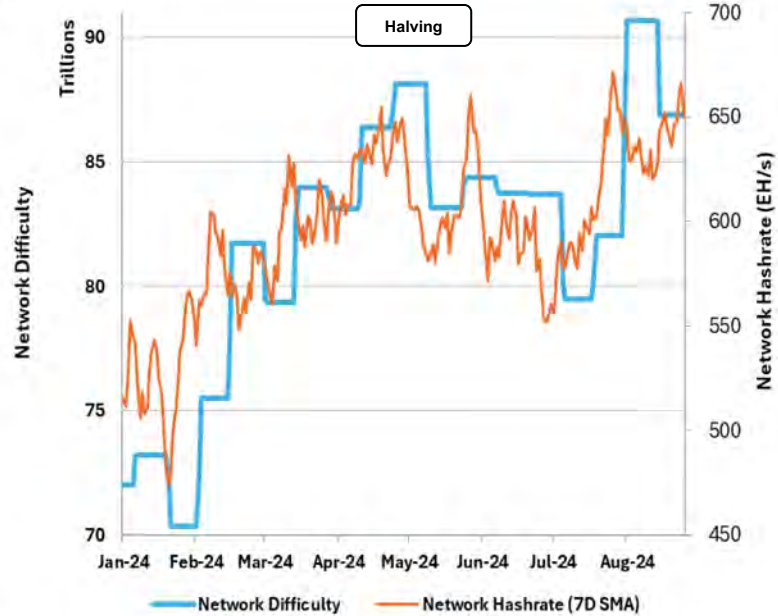
Jim MacCallum

Chief Financial Officer

Laying a Strong Foundation for Success



Macro Environment

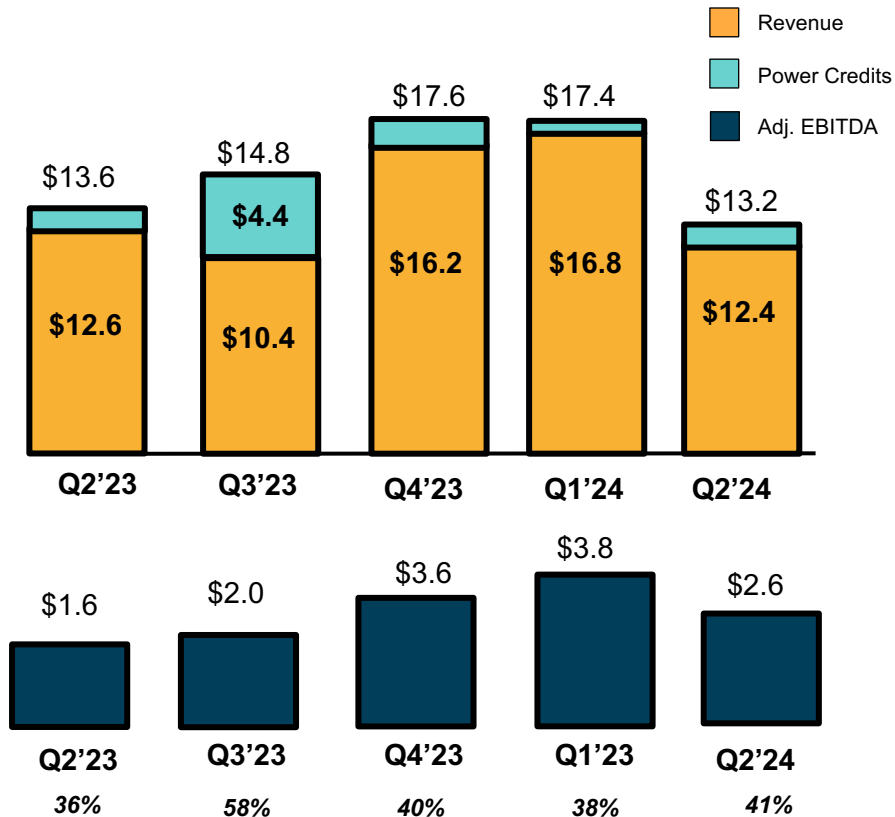


1. Source: Luxor's Bitcoin Hashprice Index as of 8/25/24
2. Source: On-Chain Data from CCData as of 8/25/24



Q2 2024 Results

- Mined 188 Bitcoin, or ~ 2 BTC per day
- Generated revenue of \$12.4 million and \$0.8 million in power credits from economic curtailment in Texas
- Mining profit of \$5 million
- Mining margin of 41%, with an average direct cost per Bitcoin mined of \$38,989
- Adjusted EBITDA of \$2.6 million¹
- Reduced Galaxy debt by \$7.2 million to \$5.3 million and fully repaid Galaxy subsequent to quarter end²
- Ended the quarter with \$4.0 million of cash and completed \$8.3 million equity raise³ subsequent to quarter end



Mining Margin

1. See Appendix for reconciliation of non-IFRS measures
2. See https://polaris.brighterir.com/public/argo_blockchain/news/rns/story/w34yddx
3. See https://polaris.brighterir.com/public/argo_blockchain/news/rns/story/x8vykow



Q2 2024 Results

(\$ in millions)

	Sequential Quarter			Year over Year		
	Q2'24	Q1'24	% Change	Q2'24	Q2'23	% Change
Bitcoin mined	188	319	-41%	188	456	-59%
Mining revenue	\$ 12.4	\$ 16.8	-26%	\$ 12.4	\$ 12.6	-1%
Direct costs, net(1)	(7.3)	(10.4)	-30%	(7.3)	(8.0)	-8%
Mining Profit	\$ 5.1	\$ 6.4	-21%	\$ 5.1	\$ 4.5	12%
Mining Margin	41%	38%		41%	36%	
Non-recurring costs	(0.6)	(0.6)	-1%	(0.6)	(0.6)	-6%
Non-mining operating expense	(2.7)	(3.1)	-14%	(2.7)	(3.5)	-24%
Total non-mining operating expense	\$ (3.2)	\$ (3.6)	-12%	\$ (3.2)	\$ (4.1)	-21%
Adjusted EBITDA(2)	\$ 2.6	\$ 3.8	-31%	\$ 2.6	\$ 1.6	60%
Ending Cash Balance	\$ 4.0	\$ 12.4		\$ 4.0	\$ 9.1	

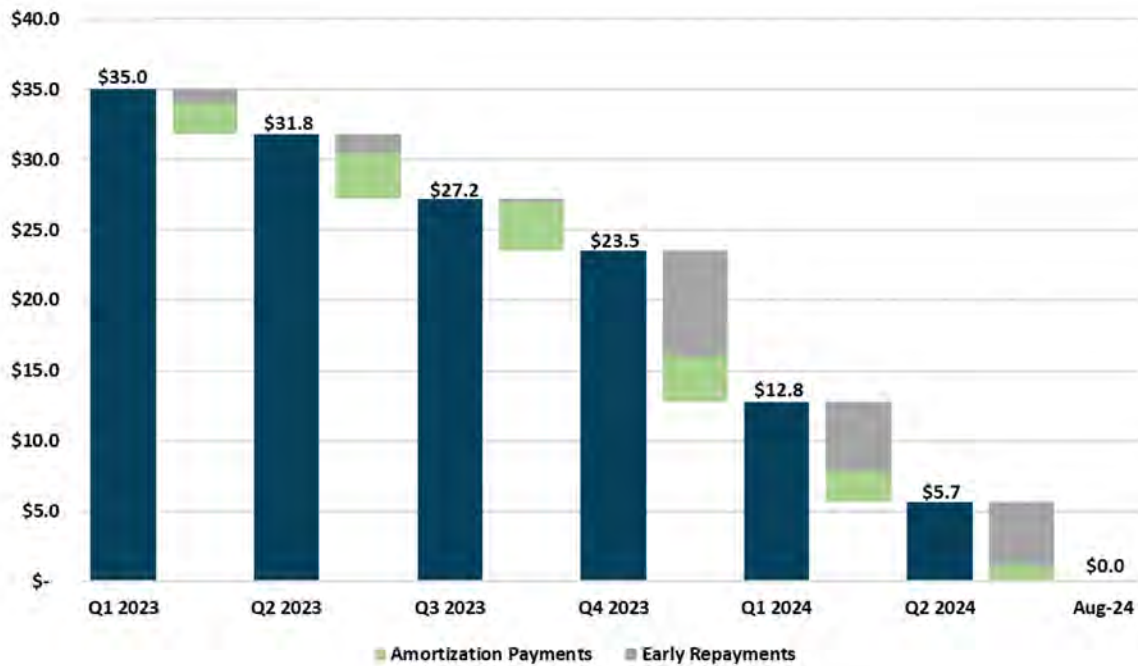
1. Excludes depreciation

2. See Appendix for reconciliation of non-IFRS measures



Galaxy Secured Debt ¹

\$35 million of debt repayment since May 2023



1. Does not include \$40 million of unsecured notes with maturity in November 2026, or \$1.2 million in Quebec mortgage



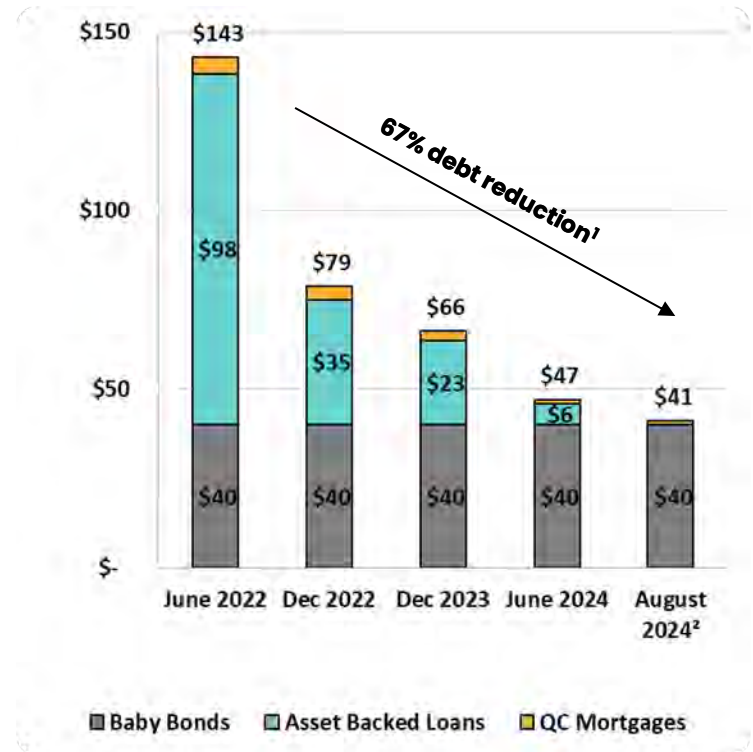
Financial Discipline – Debt Reduction

Debt Reduction

- Repaid Galaxy asset-backed loan of \$35 million by August 2024
- Cash balance at end of Q2 2024 was \$4.0 million, supplemented by \$8.3 million raise in July 2024.

Mirabel Sale – Transaction Overview

- Total consideration of \$6.1 million (\$1.2 million per MW)
- Net proceeds used to reduce debt by \$5.5 million
- Machines located at Mirabel have been moved to Baie-Comeau facility
- Results in annualized OPEX savings of ~\$0.7 million
- Streamlined Quebec operations into one facility with only temporary impact to hash rate in March 2024 (while machines were moved)



1. Debt balances shown at par value
2. Unaudited



Operational Excellence

Optimizing Current Operations

- Streamlined Quebec operations by relocating all miners to Baie-Comeau

Baie-Comeau

- Hashrate Capacity: ~0.3 EH/s
- Efficiency: 30 - 35 J/TH
- Fleet: ePIC BlockMiners

Helios

- Hashrate Capacity: ~2.4 EH/s
- Efficiency: 30 - 35 J/TH
- Fleet: Bitmain S19J Pros





Baie-Comeau Growth Opportunities

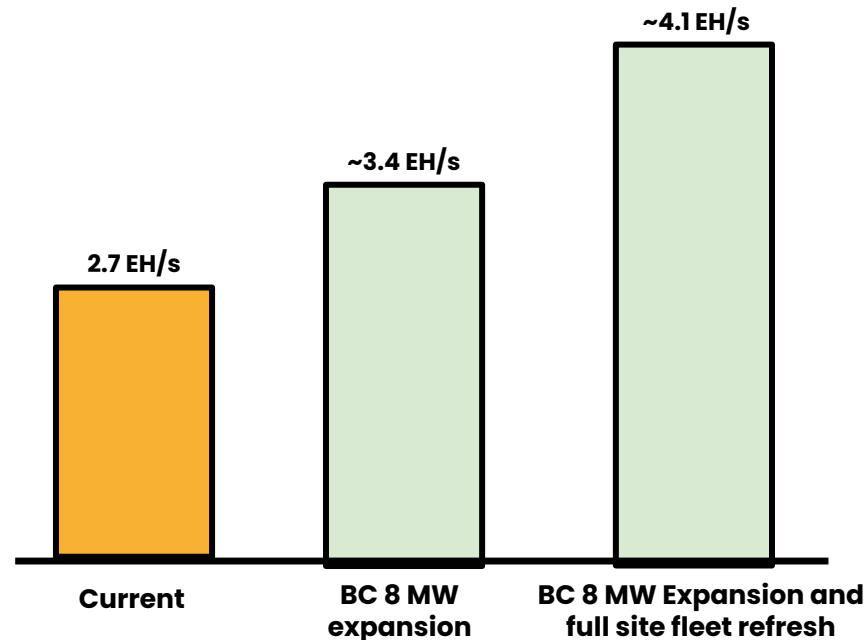
Potential expansion from 15 to 23 MW

- Increase hashrate capacity by up to 0.7 EH/s
- Improve facility fleet efficiency to ~ 24 J/ TH¹

Potential expansion from 15 to 23 MW and fleet refresh

- Increase hashrate capacity by up to 1.4 EH/s
- Improve facility fleet efficiency to ~ 15 J/ TH²

Argo potential hashrate capacity



1. Using Bitmain Antminer S21 Pro or similar as miners for the expansion and energization of new 8 MWs at Baie Comeau
2. Using Bitmain Antminer S21 Pro or similar as miners for the expansion and complete refresh of Baie Comeau



Growth & Strategic Partnerships

Bitcoin mining allows for instant monetization of energy

- Evaluating novel opportunities with power generators and utilities to help capture the full economic value or stranded energy
- Focus on access to low-cost and reliable power

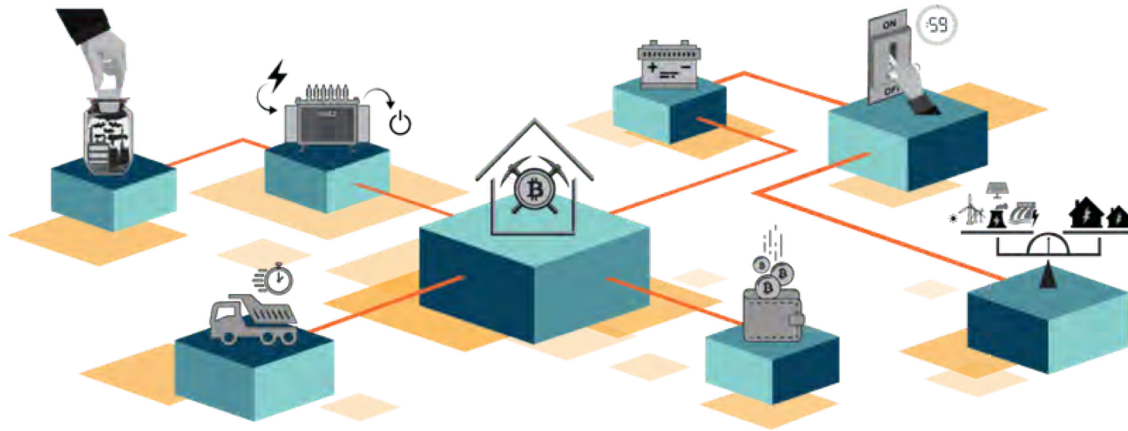




Growth & Strategic Partnerships

Bitcoin mining is the ideal flexible load

- Transition to clean energy requires investment in the power grid and in demand response technology
- Bitcoin miners are exceptionally agile and well suited for load-balancing
- Mining can be seamlessly integrated with power generation and grid operations



Laying a Strong Foundation for Success





Appendix

Income Statement

(\$000s unless otherwise stated)	Three months ended June 30,	
	2024	2023
Revenues	12,415	\$12,558
Direct costs	(8,171)	(9,076)
Power credits	841	1,066
Direct costs, net of credits	(7,330)	(8,010)
Mining profit	5,085	4,548
Mining Margin Percentage %	41%	36%
Depreciation of mining equipment	(4,833)	(5,931)
Change in fair value of digital currencies	(33)	568
Gross Profit	219	(815)
Gross Margin	2%	(6)%
Operating costs and expenses		
Operating expenses / general & administrative	(2,657)	(3,476)
Restructuring / transaction-related fees	(557)	(593)
Depreciation/amortisation	(216)	(328)
Foreign exchange	98	103
Share based payment charge	(1,683)	(931)
Total operating expenses	(5,015)	(5,225)
Operating profit (loss)	(4,796)	(6,039)

(\$000s unless otherwise stated)	Three months ended June 30,	
	2024	2023
Operating profit (loss)	(4,796)	(6,039)
Other income/(expense)		
Impairment of property, plant and equipment	(22,012)	-
Impairment of intangible assets	(511)	-
Loss on sale of property, plant and equipment	(504)	-
Finance costs	(1,979)	(3,022)
Other income	223	-
Equity accounted loss from associate	-	(458)
Total other income/(expense)	(24,783)	(3,480)
Profit (loss) before taxation	(29,579)	(9,519)
Income tax (expense) / credit	-	2,321
Net loss	(29,579)	(7,198)
Other comprehensive income, net of tax	87	(1,562)
Total comprehensive loss	(29,492)	(8,760)

Balance Sheet

<i>(\$000s unless otherwise stated)</i>	As of June 30, 2024	As of December 31, 2023
Current Assets		
Cash & cash equivalents	3,985	7,443
Digital assets	170	385
Assets held for sale	-	3,261
Trade & other receivables	2,084	3,835
Total Current Assets	6,239	14,924
Property, plant, & equipment	26,171	59,728
Other non-current assets	921	1,288
Total Assets	33,331	75,940
Current Liabilities		
Trade & other payables	8,194	11,175
Short term debt	5,790	14,320
Corporation Tax	444	-
Liabilities held for sale	-	2,090
Total Current Liabilities	14,428	27,585
Long term debt	39,179	48,197
Total Liabilities	53,607	75,782
Total Equity	(20,276)	158
Total Liabilities & Equity	33,331	75,940

Cash Flow Statement

(\$000s unless otherwise stated)	Six months ended Jun 30,	
	2024	2023
Cash flows from operating activities		
Loss before tax	\$ (32,394)	\$ (18,563)
Adjustments for		
Depreciation/Amortisation	10,114	12,698
Foreign exchange	(290)	(1,403)
Loss on sale of property, plant and equipment	429	-
Finance costs	4,296	6,335
Gain on disposal of subsidiary and investment	(3,397)	-
Fair value change in digital assets through profit or loss	(260)	(489)
Revenue from digital assets	(29,255)	(23,996)
Share of loss from associate	-	458
Hedging loss	397	-
Proceeds from sale of digital assets	29,443	24,439
Impairment of intangible assets	511	-
Impairment of tangible assets	22,012	-
Share based payment expense	3,595	1,889
Interest income	(273)	-
Trade and other receivables	1,341	(892)
Trade and other payables	(2,782)	(973)
Net cash used in operating activities	\$3,487	\$(497)

(\$000s unless otherwise stated)	Three months ended Jun 30,	
	2024	2023
Investing activities		
Interest Received	273	-
Proceeds from sale of intangibles/investment	6,119	989
Purchase of tangible fixed assets	-	(1,301)
Proceeds from disposal of tangible fixed assets	894	-
Net cash used in investing activities	\$7,286	\$(312)
Financing activities		
Loan repayments	(19,881)	(3,381)
Interest paid	(3,362)	(5,247)
Proceeds from borrowing	-	811
Proceeds from shares issued	9,349	-
Net cash generated used in financing activities	\$(13,894)	\$(7,817)
Net decrease in cash and cash equivalents	\$(3,120)	\$(8,625)
Effect of foreign exchange on cash	(338)	(2,319)
Cash and cash equivalents at beginning of period	7,443	20,092
Cash and cash equivalents at end of period	\$3,985	\$9,148

Appendix: Non-IFRS Reconciliation

<i>(\$000s unless otherwise stated)</i>	Three months ended June 30,	
	2024	2023
Gross margin	\$219	\$(815)
<i>Gross margin percentage</i>	2%	(6%)
Depreciation of mining equipment	\$4,833	5,931
Crypto asset fair value movement	\$33	(568)
	<hr/>	<hr/>
Mining margin	\$5,085	\$4,548
Mining margin percentage	41%	36%

The table above shows a reconciliation of mining profit to gross profit, the most directly comparable IFRS measure, for the periods ended June 30, 2024 and the periods ended June 30, 2023.

<i>(\$000s unless otherwise stated)</i>	Three months ended June 30,	
	2024	2023
Net Loss	\$(29,579)	\$(7,198)
Interest expense	1,979	3,022
Depreciation / amortization	5,049	6,259
Income tax (credit) / expense	-	(2,321)
Impairment of tangible assets	22,012	-
Loss on sale of property, plant and equipment	504	-
Foreign exchange loss / (gain)	(98)	(103)
Restructuring and transaction-related fees	557	593
Equity accounted loss from associate	-	458
Share based payment charge	1,683	931
Impairment of intangible assets	511	-
	<hr/>	<hr/>
Adjusted EBITDA	\$2,618	\$1,640

The table above shows a reconciliation of Adjusted EBITDA to net income, the most directly comparable IFRS measure, for the periods ended June 30, 2024 and the periods ended June 30, 2023.

Capital Structure (Unaudited)

Capitalization

(\$ and £ in millions)

Latest Closing Share Price ¹	£	0.095
Shares Outstanding (mm) ¹		636.4
Market Capitalization (£)	£	60.5
Market Capitalization (\$)	\$	77.1
(+) Unsecured Notes		40.0
(+) Galaxy Asset-Backed Loan ¹		-
(+) Quebec Mortgages ²		1.1
(-) Cash ²		4.0
Enterprise Value (\$)	\$	114.2
Debt / Equity		0.5
Debt / Total Capitalization		0.4

1. As of August 12, 2024
2. As of 6/30/2024 (unaudited)
3. As of August 12, 2024; includes outstanding RSU & PSU awards.

Share Capital

Outstanding Ordinary Shares: **636 million**¹

Employee Stock Awards: **39.2 million**³

Warrants: **58 million**

Options: **5.8 million**

Tickers

Equity Securities:

LSE Ordinary Shares: **ARB**

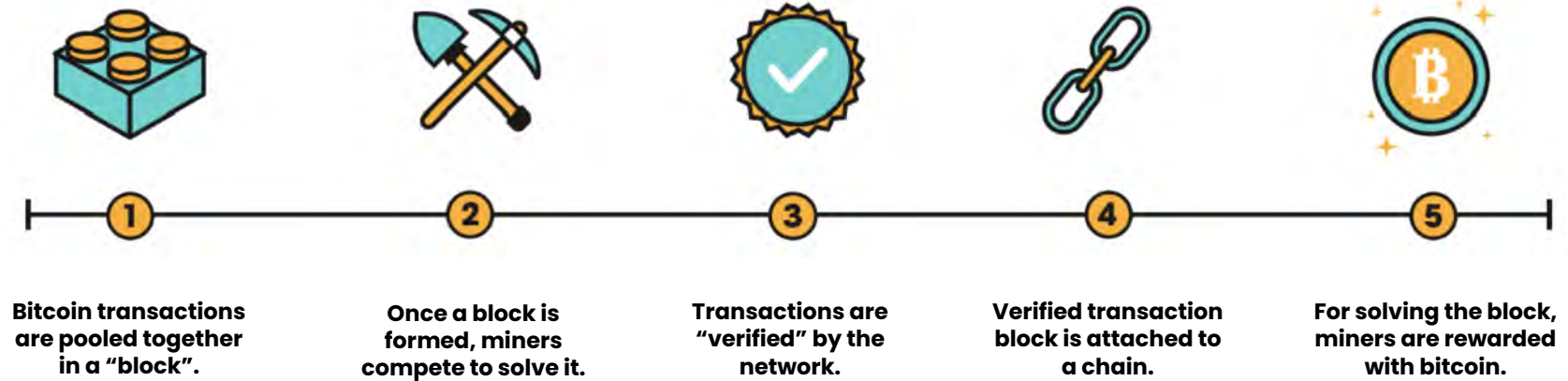
Nasdaq ADSs: **ARBK**

OTC: **ARBKF**

Debt Securities:

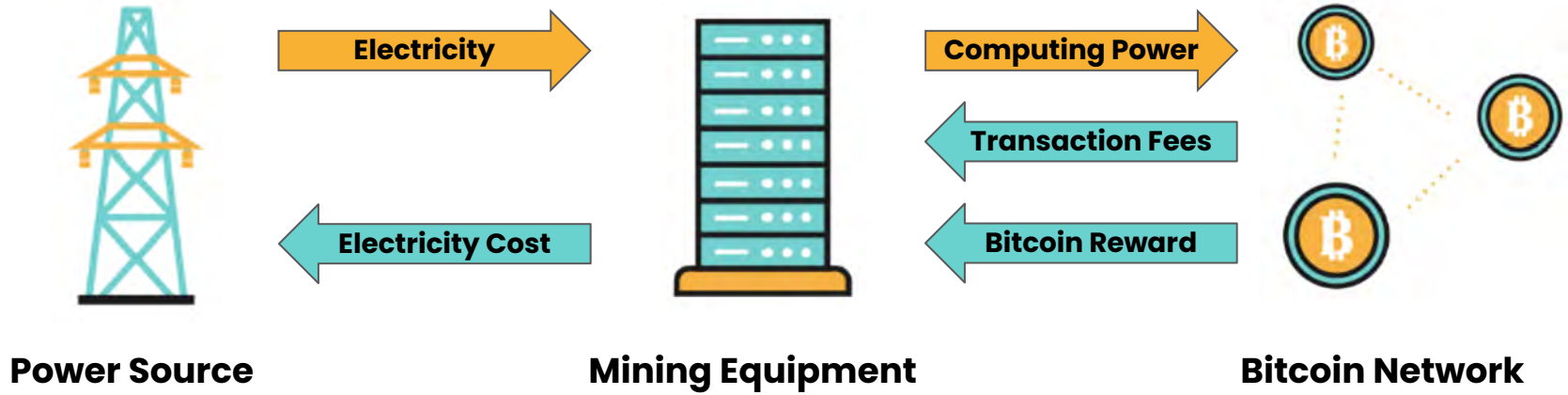
Unsecured notes (Nasdaq): **ARBKL**

How Bitcoin is Mined



Currently, the reward is 3.125 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

Calculating Gross Mining Profitability

The model is formulaic

$$\begin{array}{c}
 \text{Annual} \\
 \text{Gross} \\
 \text{Mining} \\
 \text{Profitability}
 \end{array}
 = \underbrace{\left[\left(\frac{\text{Argo's Hash Rate}}{\text{Network Hash Rate}} \right) \times 52,560 \text{ Blocks / year} \times \left(\left(\begin{array}{c} 3.125 \\ \text{Block} \\ \text{Reward} \end{array} \right) + \left(\begin{array}{c} \text{Transaction} \\ \text{Fees} \end{array} \right) \right) \right]}_{\text{Number of Bitcoin Mined}} \times (\text{BTC Price}) - \left[\left(\begin{array}{c} \text{DSA} \\ \text{of} \\ \text{Miners} \end{array} \right) + \left(\begin{array}{c} \text{Cost of} \\ \text{Electricity} \end{array} \right) + \left(\begin{array}{c} \text{Direct Data} \\ \text{Center Costs} \end{array} \right) \right]$$

*Not in Blue are Factors Argo Controls

Bitcoin Mining Considerations

- ▶ Revenue consists of block reward plus a transaction fee
- ▶ Reward is dependent upon the difficulty set by the network hash rate versus Argo's hash rate
- ▶ Number of block rewards is fixed
- ▶ Key costs of mining include purchases of miners and costs to run miners, primarily electricity



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