

Northern Data reports on course of business for July 2022 and expected total cryptocurrency production in 2022

Northern Data AG / Key word(s): Monthly Figures/Cryptocurrency / Blockchain
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05.08.2022 / 08:35

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PRESS RELEASE / IR ANNOUNCEMENT

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- **Growth forecast Mining 2022:**
 - Expected ETH production of between 40,000 and 47,000 ETH in 2022 (of which around 70-85% had already been achieved as of the end of July 2022)
 - The expected lower ETH production in the second half of 2022 is due to the successful start of shifting the GPU network capacity away from ETH mining to cloud computing customers
 - Expected BTC production of between 2,750 and 4,500 BTC in 2022 (of which around 40-65% had already been achieved as of the end of July 2022)
 - By the end of the year, a total of up to 100,000 ASIC systems and thus between 8.3 and 9.3 EH/s are expected to be in operation
 - Revenues from hardware sales already realized in the amount of EUR 30 million

Successful development steps of crypto mining in the year 2022:

- Q1 2022 production: 734 Bitcoin (+28.5% vs. previous quarter) and 14,867 Ethereum (+19.5% vs. previous quarter)
- Q2 2022 production: 858 Bitcoin (+16.9% vs. previous quarter) and 13,474 Ethereum (due to planned maintenance for inventory, increased market hash rate and transfer of GPU servers in preparation for cloud computing - 9.4% vs. previous quarter)
- Since the beginning of 2022, Northern Data has generated:
 - 33,571 Ethereum (average of 4,795 ETH/month)
 - 1,798 Bitcoin (average of 257 Bitcoin/month)
- Ethereum production in July 2022: 5,228 (+21% compared to previous month's level)
 - Reasons for the increase in July: market share gains, among other factors, due to optimization of GPU server uptime and that despite beginning transfer of GPUs for the planned launch of the cloud business

- **Bitcoin production in July 2022: 206 (decline of -14% compared to June mainly caused by the decrease in available computing power at a hosting customer, voluntary, short-term reductions in electricity, offset by positive effect from other operating income)**

Details:

- **Temporary upgrades of the mobile HPC pods with computing power of 1.3 EH/s at a hosting customer (-25 BTC month over month)**
- **The 1.3 EH/s came back online in August**
- **Temporary shutdowns due to outside temperatures and voluntary, short-term reductions in electricity use at a few sites (-10 BTC month over month).**
- **Positive special effect from these voluntary reductions: Other operating income in the total amount of EUR 0.4 million in June and July 2022 due to the optimization of electricity purchases. The contractually fixed amount of electricity is not consumed, but rather sold on the respective energy market. This is triggered by external occurrences such as weather conditions or excess demand.**
- **47,287 connected ASIC systems and thus 4.35 exahash per second (EH/s) at the end of July 2022**
- **Northern Data sold all of the Bitcoin (178) and Ethereum (5,228) it created itself in July, generating cash of around EUR 10.5 million (an average of EUR 22,682/BTC or EUR 1,323/ETH).**

All monthly figures are unaudited and may include rounding and billing differences for cryptocurrency production (in particular, in relation to hosting customers).

Frankfurt/Main – 5 August 2022 – Northern Data AG (XETRA: [NB2](#), ISIN: [DE000A0SMU87](#)) issued an update on business activities in July 2022 today. The company generated cash in that month from the sale of 5,228 ETH for around EUR 6.9 million, or an average price of EUR 1,323. In addition, 178 Bitcoin were sold and generated as cash for around EUR 3.6 million, or an average price of around EUR 22,682 per BTC.

Northern Data has already produced 33,571 Ethereum and 1,798 Bitcoin in the first seven months of 2022 and generated unaudited revenues of around EUR 150-160 million (of which EUR 120-130 million mining revenues and around EUR 30 million hardware sales). This positive picture is complemented by the growth forecast in mining for fiscal year 2022, which includes a total output of between 40,000 and 47,000 ETH and between 2,750 and 4,500 BTC in 2022.

Mining forecast 2022

- 8.3 to 9.3 Exahash/s with an assumed mining profitability of EUR 0.07 in Bitcoin mining,
- 11.0 Terahash/s with an assumed mining profitability of EUR 0.01 in Ethereum mining, and
- Hardware sales already realized in the first half of 2022 result in (unaudited) revenues of around EUR 30 million.

In **Bitcoin mining**, the company has installed a total of approximately 47,300 ASIC systems as of July 31, 2022. Of these, approximately 25,000 ASIC systems are for hosting customers who generate revenue and earnings for Northern Data through profit sharing per Bitcoin produced (between 25-50%). There are currently no plans to further increase the computing power of these hosting customers in 2022, as the company is focusing on significantly more profitable mining for its own account. The further expansion of Bitcoin mining capacity in 2022 will not be linear per

month, but will show a sharp increase in the fourth quarter of 2022. An increase of more than 4 EH/s is planned in the fourth quarter.

Around 206 Bitcoin in total were produced in July 2022. This represents a decrease of around 14% from the previous month mainly due to the decline in available computing capacity at a hosting customer but which has already been fully available again since the beginning of August, and due to the optimization of electricity procurement.

As a result, this temporary decrease is partially offset by a positive special effect: Northern Data generated other operating income in both June and July 2022 by optimizing electricity purchases at some sites. In this context, the contractually fixed amount of electricity is not consumed for Bitcoin mining, but sold on the respective energy market. This is triggered by external occurrences such as weather influences or by excess demand. The effect amounted to a total of EUR 0.4 million in June and July, or the equivalent of around 17 BTC.

The computing power for Bitcoin mining currently available in August is around 3.3 EH/s. In addition to the already mentioned normalization at a hosting customer's site it is planned that 10 MW, and therefore 0.25 EH/s, will come online again in mid-August 2022 at an hosting customer site that has been subject to a temporary restriction since May 2022. This will increase the available computing power to a total of 3.55 EH/s

By July 2022, hosting customers still accounted for around 17% of the total 1,798 Bitcoin generated. The remaining 83% of Bitcoin was generated with the company's own mining. Overall, the company expects Bitcoin production in 2022 to be at least 2,750 (bear case) to 4,500 BTC (bull case), depending on the development of mining profitability and the global hash rate. Around 40-65% of this had already been achieved by the end of July 2022.

Northern Data plans to have up to 100,000 ASIC miners (between 8.3 and 9.3 EH/s) in operation by the end of 2022, depending on the development of Bitcoin prices – this includes hosting and mining for its own account. Thus far, Northern Data has paid for around 70,000 ASIC miners. Approximately 42% of the remaining 30,000 ASIC miners have already been paid down.

The gross production cost (including electricity), in Bitcoin mining (own account) in June 2022 was between EUR 7,500-14,000 per Bitcoin depending on the site. On the cost side, electricity accounted for around 94% of this. This means the company still achieves an attractive gross margin of more than 50% in Bitcoin mining, even at current Bitcoin prices.

Development of data center locations

The expansion of the Bitcoin mining data center already in operation in Georgia, USA, is running successfully. Its output will be expanded by another 10 MW by the end of 2022 and thus comprise a total of around 20 MW. By the end of 2023, up to 120 MW (H1 2023: around 70 MW) are planned in Georgia at low electricity prices. The commissioning of the first data center (40 MW) in Oklahoma, USA, will take place at the end of 2023, while the expansion of the data center in Boden, Sweden, was already successfully advanced to over 40 MW. Furthermore, the site in Escoumins, Canada, will be expanded to 10 MW later this year. In total, Northern Data has 13 data center sites in six countries. Due to the current market turbulences in Bitcoin mining and the strained supply chains, the company will also have ASIC systems operated by external service providers, at competitive conditions and thus CapEx-friendly. This step will significantly increase the planned Bitcoin production in the fourth quarter of 2022. The company will announce further details in the weeks to come.

Ethereum mining

The GPU server systems for the mining of Ethereum have already been fully operational since last year. A total of 5,228 ETH were produced in July 2022. For 2022, production is assumed to be between 40,000 and 47,000 ETH (of which around 70%-84% have already been achieved). Gross production costs (including electricity) in Ethereum mining were between EUR 400 and 500 per ETH in June. On the cost side, electricity accounts for around 97% of this. This means the company achieves an attractive gross margin of more than 50% in Ethereum mining, even at current ETH prices.

The expected lower ETH production in the second half of 2022 is due to the successful start of the capacity shift of the GPU network away from ETH mining to cloud computing customers. The company will announce further details on the expansion of its cloud computing business in the coming months.

About Northern Data:

Northern Data firmly believes that High-Performance Computing (HPC) will — quite literally — determine what the future will hold. HPC has the power to unlock unprecedented potential and opportunities for research and development, business, and government. Our multinational organization is rapidly staking out a position of global significance in the area of GPU- and ASIC-based solutions by designing and operating efficient, green HPC infrastructures. We offer a combination of intelligent, sustainable data centers, cutting-edge hardware and self-developed software for various HPC applications. These include bitcoin mining, blockchain technology, artificial intelligence, big data analytics, IoT, and graphics rendering. The Northern Data Group currently operates custom, large-scale data centers and proprietary mobile high-performance data centers and employs a workforce of over 180 people in seven countries.

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05.08.2022 Dissemination of a Corporate News, transmitted by DGAP - a service of EQS Group AG.

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Archive at www.dgap.de

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ISIN: DE000A0SMU87

WKN: A0SMU8

Listed: Regulated Unofficial Market in Berlin, Dusseldorf, Frankfurt, Hamburg, Hanover, Munich (m:access), Stuttgart, Tradegate Exchange

EQS News 1413885

ID:

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1413885 05.08.2022