

Northern Data receives unqualified audit opinion and publishes 2021 consolidated financial statements

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PRESS RELEASE / IR RELEASE

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- **Strong growth momentum and robust results in fiscal year 2021: revenues of EUR 189.9 million (2020: EUR 16.4 million; +1,058% compared to previous year) and reported EBITDA of EUR 320.1 million (2020: EUR -12.3 million) including net special effects (EUR 230.5 million)**
- **Significant increase in consolidated annual net earnings to EUR 287.2 million (2020: EUR -84.3 million); earnings per share (diluted) EUR 12.06 (2020: EUR -5.70)**
- **Cash flow from operating activities of EUR 88.1 million (2020: EUR 183.5 million)**
- **Free cash flow of EUR 214.7 million (2020: EUR -28.1 million)**
- **Cash and cash equivalents at EUR 221.6 million (2020: EUR 73.9 million; +200% compared to previous year) as of December 31, 2021**
- **The Company has no financial liabilities as of the end of August 2022**
- **Forecast for fiscal year 2022:**
 - **Revenues of up to EUR 250 million**
 - **Adjusted EBITDA of EUR 40-75 million (adjusted for realized trading losses on the sale of all self-produced cryptocurrencies in May and June 2022 at average prices of more than USD 29,000 per Bitcoin or USD 1,750 per ETH)**
- **Unaudited sales revenue of around EUR 140 million in first half of 2022**
- **Ordinary Annual General Meeting to be held before end of October 2022**

Frankfurt/Main – August 29, 2022 - Northern Data AG (XETRA: [NB2](#), ISIN: [DE000A0SMU87](#)) published financial figures for fiscal year 2021 today and received unqualified auditor's opinions for both the annual financial statements and the consolidated financial statements for 2021.

The 2021 Annual Report will be available as usual in the IR section of the website in the course of August 30, 2022.

Fiscal year 2021

Group revenues amounted to EUR 189.9 million in 2021 (2020: EUR 16.4 million; +1,058% compared to the previous year). Revenues mainly resulted from the provision of computing power for the mining of cryptocurrencies (EUR 110.7 million), hardware sales (EUR 52.1 million), other activities (EUR 14.6 million), and hosting and colocation for third parties (EUR 12.5 million).

EBITDA amounted to EUR 320.1 million (2020: EUR -12.3 million), with operating EBITDA adjusted for special effects at EUR 89.6 million. Net special effects affecting earnings in the total amount of EUR 230.5 million consist of the deconsolidation of Whinstone US, Inc. (earnings effect: EUR 159.5 million), refunds from electricity contracts (net effect: EUR 71.0 million) for electricity units not delivered in Texas due to weather conditions, less consulting costs for M&A transactions, among other items. The increase in personnel expenses by EUR 13.7 million to EUR 19.2 million (2020: EUR 5.5 million) is mainly due to the addition of new companies and as well as from new hires due to the rapid growth of the Group. Consolidated net income increased significantly to EUR 287.2 million (2020: EUR -84.3 million).

Consequently, earnings per share (diluted) rose sharply to EUR 12.06 (2020: EUR -5.70).

The company carried out depreciation, amortization, and impairment charges of EUR 65.9 million in 2021, which mainly relate to hardware (EUR 34.9 million), land and buildings (EUR 1.8 million), goodwill (EUR 11.1 million), ETH inventories held on a long-term basis (EUR 7.5 million) and disclosed hidden reserves (customer base: EUR 6.2 million).

Investments of EUR 200.6 million in property, plant and equipment were made in 2021. Of this amount, EUR 121.0 million was spent on the acquisition of ASIC and GPU servers or creditable prepayments on their acquisition. Among other things, a down payment on A100 cards from Northern Data's partner NVIDIA was made for the cloud computing launch. In addition, around EUR 79.6 million was spent on data center infrastructure.

As of the balance sheet date December 31, 2021, the remaining liability to the shareholder Block.one amounted to EUR 76.9 million following the acquisition of Decentric B.V. As of the reporting date June 30, 2022, the remaining liability to Block.one amounted to EUR 20.2 million. The financial liability was repaid in full in August 2022, meaning that Northern Data no longer has any financial liabilities at the end of August 2022.

Cash flow from operating activities amounted to EUR 88.1 million (2020: EUR 183.5 million) in the reporting period.

Cash flow from investing activities amounted to EUR 126.6 million (2020: EUR -211.6 million) and resulted mainly from the sale of the RIOT shares received as part of the Whinstone transaction. On the other hand, investments were made in property, plant, and equipment and the construction of data centers. Free cash flow in 2021 amounted to EUR 214.7 million (2020: EUR -28.1 million).

Cash flow from financing activities amounted to EUR -69.0 million and resulted mainly from the cash capital increase carried out successfully in 2021 (EUR 58.6 million) and the repayment of loans to Block.one and liabilities from leasing agreements (EUR -127.6 million).

The company's equity as of December 31, 2021 increased to EUR 612.3 million (December 31, 2020: EUR 176.5 million; +247% compared to the previous year). This results in an equity ratio of 76.7% (December 31, 2020: 35.1%). The acquisition of two companies, Decentric Europe B.V. and Bitfield N.V., were carried out against share-based payments totaling approximately EUR 522 million. The acquisitions are in each case recognized directly in equity.

Expansion plans in 2022

Northern Data plans to invest approximately EUR 190 million (2021: EUR 200 million; -5% compared to the previous year) in infrastructure (34%), ASIC servers (54%), and additional cloud computing GPUs (12%). More than 50% of this amount was already spent in the first half of 2022. The management intends to not only build one of the largest Bitcoin mining companies in the world, but also to gradually transfer GPU computing power from Ethereum mining to cloud computing and leverage synergy effects from the data center business for the related segments and external colocation services.

HPC Cloud Computing

The **cloud computing market** is characterized by sustained high demand, low supply and currently prevailing price inflation. This is an ideal time to use already installed hardware secured early and at low prices to drive the successful launch of Northern Data's cloud computing offering in Europe. Northern Data has partnered with a global Tier 1 consulting firm to develop the relevant distribution channels and plans to market the available computing power of up to 4,000 NVIDIA cards for 2022 starting in late August. Overall, the company expects cloud computing sales revenues in 2022 to range from EUR 5 to 14 million, depending on market demand, utilization, and price per GPU/h.

Forecast scenarios for 2022

The forecast for fiscal year 2022 calls for sales growth of up to around 32%. This is derived from the current HPC computing power, the assumed remuneration (cloud computing) or mining profitability, the utilization of the servers (cloud computing), or market shares in mining and other revenue. This results in planned revenues of up to EUR 250 million and adjusted EBITDA of EUR 40-75 million (adjusted for realized trading losses on the sale of all self-mined cryptocurrencies in May and June 2022 at average prices of more than USD 29,000 per Bitcoin or USD 1,750 per ETH). Reported EBITDA is expected accordingly at EUR 6-40 million.

The prices of BTC and ETH are variables that cannot be predicted. Bitcoin mining will remain challenging at current profitability levels, as factors such as inflation in the prices of electricity and construction materials, weather effects and environmental regulations, as well as possible regulatory intervention may come into play. As both revenue and EBITDA in 2022 will still be generated primarily by crypto mining, significant changes in crypto prices may impact profitability in particular. The company will continue to disclose the most important parameters in the monthly Operations Update. Total costs are estimated to be EUR 200 million in 2022. Of this amount, approximately EUR 90 million is attributable to plannable energy costs for the generation of computing power, approximately EUR 25 million to personnel expenses (for significant additions to the cloud team), EUR 35 million to the aforementioned trading loss in cryptocurrencies, and a cost block of approximately EUR 50 million comprising material expenses, other operating costs of the data centers, and legal and consulting costs (setup of the cloud computing services).

Segment reporting

For fiscal year 2022, the company will prepare a comprehensive segment report to illustrate clearly the transparency, depth, and strength of its business model. Initial details of this are to be presented at an analysts' conference later this year. The segments are as follows:

- Crypto Mining, mainly Bitcoin and largely for its own account

- HPC Cloud Computing Services for Third Parties
- Data Center Infrastructure and other services

Annual General Meeting 2022

The Ordinary Annual General Meeting 2022 will be held in October 2022. The agenda can be viewed from the date of publication of the invitation in the Federal Gazette and on the company's IR website.

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 220 people in seven countries.

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