



Cipher Mining Provides First Quarter 2024 Business Update

May 7, 2024

First Quarter 2024 GAAP Net Income of \$40m, and Non-GAAP Adjusted Earnings of \$63m

First Quarter 2024 Revenues of \$48m

Current Self-Mining Hash Rate of ~7.7 EH/s and on track to reach ~9.3 EH/s by end of Third Quarter 2024, with plans to grow to ~25.1 EH/s by end of 2025

NEW YORK, May 07, 2024 (GLOBE NEWSWIRE) -- [Cipher Mining Inc. \(NASDAQ: CIFR\)](#) ("Cipher" or the "Company") today announced results for its first quarter ended March 31, 2024, with an update on its operations and deployment strategy.

"We are delighted to announce results for the first quarter of 2024 in which we delivered another quarter of record net income on both a GAAP and Non-GAAP basis," said Tyler Page, CEO of Cipher.

"We continue to invest heavily in our expansion, and the early stages of construction at our new Black Pearl data center are well underway. We've already cleared and leveled over 50 acres, and we will start laying concrete foundations this month. Because of this progress, and our strong financial position, we have decided to accelerate our plans and build the entire 300 MW data center in 2025. We expect to be at ~9.3 EH/s by the end of Q3 2024, and at least ~25.1 EH/s by the end of 2025."

"We are confident our team's proven execution and the Company's best-in-class unit economics will continue to position Cipher as a top miner in this new post-halving environment."

Finance and Operations Highlights

- Produced first quarter 2024 GAAP net income of \$40 million, and non-GAAP adjusted earnings of \$63 million
- 30 MW expansion at each of Bear and Chief JV data centers, delivering an additional ~1.25 EH/s of self-mining capacity, on track for completion in second quarter 2024
- 300 MW data center at Black Pearl on track for energization in 2025 with land cleared and leveled for construction

Business Update Call and Webcast

Cipher will host a conference call and webcast today at 8:00 a.m. Eastern Time to discuss the first quarter 2024 results and management's outlook for operations and growth plans. The live webcast and a webcast replay of the conference call can be accessed from the investor relations section of Cipher's website at <https://investors.ciphermining.com>. To access this conference call by telephone, register [here](#) to receive dial-in numbers and a unique PIN to join the call.

About Cipher

Cipher is an emerging technology company focused on the development and operation of bitcoin mining data centers. Cipher is dedicated to expanding and strengthening the Bitcoin network's critical infrastructure. Together with its diversely talented team and strategic partnerships, Cipher aims to be a market leader in bitcoin mining growth and innovation. To learn more about Cipher, please visit <https://www.ciphermining.com/>.

Forward Looking Statements

This press release contains certain forward-looking statements within the meaning of the federal securities laws of the United States. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with these safe harbor provisions. Any statements made in this press release that are not statements of historical fact, including statements about our beliefs and expectations regarding our future results of operations and financial position, business strategy, timing and likelihood of success, potential expansion of and additional bitcoin mining data centers, expectations regarding the operations of mining centers, and management plans and objectives, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These forward-looking statements generally are identified by the words "may," "will," "should," "expects," "plans," "anticipates," "could," "seeks," "intends," "targets," "projects," "contemplates," "believes," "estimates," "strategy," "future," "forecasts," "opportunity," "predicts," "potential," "would," "will likely result," "continue," and similar expressions (including the negative versions of such words or expressions).

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by Cipher and our management, are inherently uncertain. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward looking statements. New risks and uncertainties may emerge from time to time, and it is not possible to predict all risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this press release, including but not limited to: volatility in the price of Cipher's securities due to a variety of factors, including changes in the competitive and regulated industry in which Cipher operates, variations in performance across competitors, changes in laws and regulations affecting

Cipher's business, and the ability to implement business plans, forecasts, and other expectations and to identify and realize additional opportunities. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 5, 2024, and in Cipher's subsequent filings with the Securities and Exchange Commission. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Cipher assumes no obligation and, except as required by law, does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

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CIPHER MINING INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share and per share amounts)

| | March 31, 2024 | December 31, |
|--|-----------------------|---------------------|
| | (unaudited) | 2023 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 88,675 | \$ 86,105 |
| Accounts receivable | 680 | 622 |
| Receivables, related party | 430 | 245 |
| Prepaid expenses and other current assets | 2,910 | 3,670 |
| Bitcoin | 123,307 | 32,978 |
| Derivative asset | 34,228 | 31,878 |
| Total current assets | 250,230 | 155,498 |
| Property and equipment, net | 238,541 | 243,815 |
| Deposits on equipment | 30,187 | 30,812 |
| Intangible assets, net | 8,162 | 8,109 |
| Investment in equity investees | 52,621 | 35,258 |
| Derivative asset | 66,722 | 61,713 |
| Operating lease right-of-use asset | 6,823 | 7,077 |
| Security deposits | 23,855 | 23,855 |
| Total assets | \$ 677,141 | \$ 566,137 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 7,520 | \$ 4,980 |
| Accounts payable, related party | - | 1,554 |
| Accrued expenses and other current liabilities | 18,661 | 22,439 |
| Finance lease liability, current portion | 3,595 | 3,404 |
| Operating lease liability, current portion | 1,204 | 1,166 |
| Warrant liability | - | 250 |
| Total current liabilities | 30,980 | 33,793 |
| Asset retirement obligation | 18,708 | 18,394 |
| Finance lease liability | 10,121 | 11,128 |
| Operating lease liability | 6,025 | 6,280 |
| Deferred tax liability | 10,383 | 5,206 |
| Total liabilities | 76,217 | 74,801 |
| Commitments and contingencies (Note 13) | | |
| Stockholders' equity | | |
| Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of March 31, 2024 and December 31, 2023 | - | - |
| Common stock, \$0.001 par value, 500,000,000 shares authorized, 312,649,102 and 296,276,536 shares issued as of March 31, 2024 and December 31, 2023, respectively, and 306,543,330 and 290,957,862 shares outstanding as of March 31, 2024, and December 31, 2023, respectively | 313 | 296 |
| Additional paid-in capital | 697,494 | 627,822 |

| | | |
|--|-------------------|-------------------|
| Accumulated deficit | (96,877) | (136,777) |
| Treasury stock, at par, 6,105,772 and 5,318,674 shares at March 31, 2024 and December 31, 2023, respectively | (6) | (5) |
| Total stockholders' equity | 600,924 | 491,336 |
| Total liabilities and stockholders' equity | \$ 677,141 | \$ 566,137 |

CIPHER MINING INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for share and per share amounts)
(unaudited)

| | Three months ended March 31, | |
|---|-------------------------------------|-------------|
| | 2024 | 2023 |
| Revenue - bitcoin mining | \$ 48,137 | \$ 21,895 |
| Costs and operating expenses (income) | | |
| Cost of revenue | 14,820 | 8,141 |
| Compensation and benefits | 13,036 | 11,937 |
| General and administrative | 6,077 | 5,483 |
| Depreciation and amortization | 17,244 | 11,655 |
| Change in fair value of derivative asset | (7,359) | (5,328) |
| Power sales | (1,173) | (98) |
| Equity in (gains) losses of equity investees | (738) | 750 |
| Gains on fair value of bitcoin | (40,556) | (4,264) |
| Other gains | - | (2,260) |
| Total costs and operating expenses (income) | 1,351 | 26,016 |
| Operating income (loss) | 46,786 | (4,121) |
| Other income (expense) | | |
| Interest income | 786 | 76 |
| Interest expense | (400) | (401) |
| Change in fair value of warrant liability | 250 | (37) |
| Other expense | (1,958) | - |
| Total other income (expense) | (1,322) | (362) |
| Income (loss) before taxes | 45,464 | (4,483) |
| Current income tax expense | (386) | (17) |
| Deferred income tax expense | (5,178) | (53) |
| Total income tax expense | (5,564) | (70) |
| Net income (loss) | \$ 39,900 | \$ (4,553) |
| Net income (loss) per share - basic and diluted | \$ 0.13 | \$ (0.02) |
| Weighted average shares outstanding - basic | 296,641,499 | 248,654,082 |
| Weighted average shares outstanding - diluted | 304,397,979 | 248,654,082 |

CIPHER MINING INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

| | Three months ended March 31, | |
|--|-------------------------------------|-------------|
| | 2024 | 2023 |
| Cash flows from operating activities | | |
| Net income (loss) | \$ 39,900 | \$ (4,553) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 17,097 | 11,655 |
| Amortization of intangible assets | 147 | - |
| Amortization of operating right-of-use asset | 254 | 222 |
| Share-based compensation | 8,317 | 8,810 |
| Equity in (gains) losses of equity investees | (738) | 750 |
| Non-cash lease expense | 392 | 401 |
| Other operating activities | 1,958 | - |

| | | |
|--|------------------|-----------------|
| Income taxes | 5,564 | 53 |
| Bitcoin received as payment for services | (48,079) | (21,717) |
| Change in fair value of derivative asset | (7,359) | (5,328) |
| Change in fair value of warrant liability | (250) | 37 |
| Gains on fair value of bitcoin | (40,556) | (4,264) |
| Changes in assets and liabilities: | | |
| Accounts receivable | (58) | (183) |
| Receivables, related party | (185) | (189) |
| Prepaid expenses and other current assets | 760 | 2,975 |
| Security deposits | - | (12) |
| Accounts payable | 2,540 | 2,913 |
| Accounts payable, related party | - | (1,529) |
| Accrued expenses and other current liabilities | (6,123) | 65 |
| Lease liabilities | (217) | (248) |
| Net cash used in operating activities | <u>(26,636)</u> | <u>(10,142)</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of bitcoin | - | 20,958 |
| Deposits on equipment | (4,536) | (1,106) |
| Purchases of property and equipment | (7,902) | (17,947) |
| Purchases and development of software | (200) | - |
| Capital distributions from equity investees | - | 3,807 |
| Investment in equity investees | (18,319) | (3,094) |
| Net cash (used in) provided by investing activities | <u>(30,957)</u> | <u>2,618</u> |
| Cash flows from financing activities | | |
| Proceeds from the issuance of common stock | 66,171 | - |
| Offering costs paid for the issuance of common stock | (1,623) | - |
| Repurchase of common shares to pay employee withholding taxes | (3,177) | (481) |
| Principal payments on financing lease | (1,208) | - |
| Net cash provided by (used in) financing activities | <u>60,163</u> | <u>(481)</u> |
| Net increase (decrease) in cash and cash equivalents | 2,570 | (8,005) |
| Cash and cash equivalents, beginning of the period | 86,105 | 11,927 |
| Cash and cash equivalents, end of the period | <u>\$ 88,675</u> | <u>\$ 3,922</u> |
| Supplemental disclosure of noncash investing and financing activities | | |
| Reclassification of deposits on equipment to property and equipment | \$ 5,161 | \$ 71,533 |
| Bitcoin received from equity investees | \$ 1,694 | \$ 317 |
| Settlement of related party payable related to master services and supply agreement | \$ 1,554 | \$ - |
| Equity method investment acquired for non-cash consideration | \$ - | \$ 1,925 |
| Property and equipment purchases in accounts payable, accounts payable, related party and accrued expenses | \$ - | \$ 5,940 |
| Deposits on equipment in accounts payable, accounts payable, related party and accrued expenses | \$ - | \$ 691 |
| Finance lease cost in accrued expenses | \$ - | \$ 1,017 |

Non-GAAP Financial Measures

The following are reconciliations of our Adjusted Earnings, in each case excluding the impact of (i) the non-cash change in fair value of derivative asset, (ii) share-based compensation expense, (iii) depreciation and amortization, (iv) deferred income tax expense, (v) nonrecurring gains and losses and (vi) the non-cash change in fair value of warrant liability, to the most directly comparable GAAP measures for the periods indicated (in thousands):

| | Three months ended March 31, | |
|---|-------------------------------------|--------------|
| | 2024 | 2023 |
| Reconciliation of Adjusted Earnings: | | |
| Net income (loss) | \$ 39,900 | \$ (4,553) |
| Change in fair value of derivative asset | (7,359) | (5,328) |
| Share-based compensation expense | 8,317 | 8,810 |
| Depreciation and amortization | 17,244 | 11,655 |
| Deferred income tax expense | 5,178 | 53 |
| Other gains - nonrecurring | - | (2,260) |
| Change in fair value of warrant liability | (250) | 37 |
| Adjusted earnings | <u>63,030</u> | <u>8,414</u> |