



November 14, 2022

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Highlights

Earnings

- **Quarterly earnings of \$0.24 per share validate Cipher's resilient position as a low-cost producer**
- Odessa power contract valued at ~\$78.9mm
 - Flexibility to mine bitcoin or resell power to market

Data Centers Update

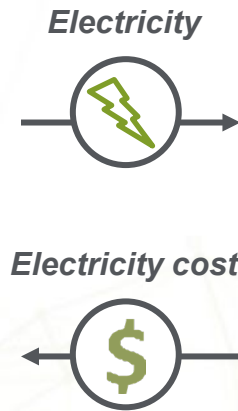
- **Alborz – complete** (~196 BTC mined in Q3; ~96 to Cipher)
- **Bear – complete** (capable of mining up to ~0.90 BTC daily)^(1,2)
- **Chief – complete** (capable of mining up to ~1.13 BTC daily)⁽¹⁾
- **Odessa** – Infrastructure and rig installation complete for first ~2.3 EH/s
 - Data center operations expected to commence in November 2022
 - Additional rigs capable of producing ~2.6 EH/s shipped or scheduled to ship by year-end

Strong Liquidity Position

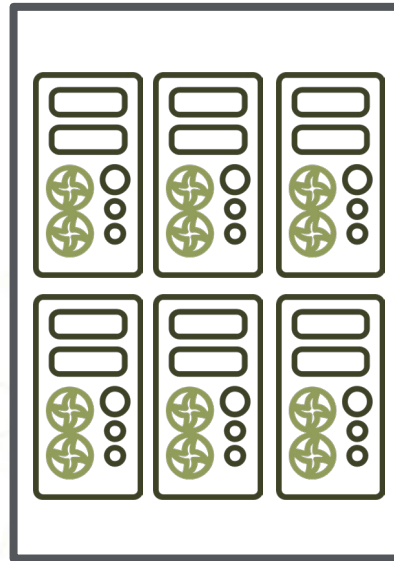
- ~\$25mm of cash as of November 9, 2022
- ~161 BTC on balance sheet on November 9, 2022
- No burdensome debt overhang
- No outstanding, unfunded mining rig purchase obligations

Bitcoin Mining Business Model

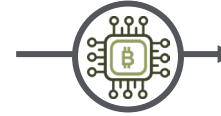
Power Source



Mining Equipment



Computing power



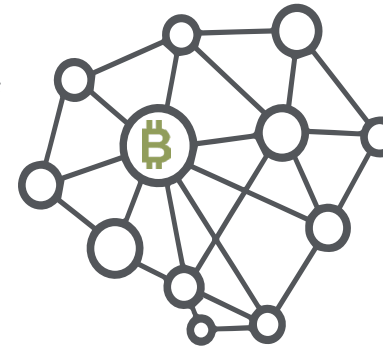
Transaction fees



Bitcoin reward



Bitcoin Network



Transaction processing

Assignment of rewards

Bitcoin Mining Dynamics

- Data center revenue consists of a reward for the block mined and a transaction fee
- Average block time is 10 minutes (time for Bitcoin system to mine a new block)
- Block reward based on ratio of data center's computing power to that of entire Bitcoin network
- Current block reward amounts to 6.25 bitcoins per block⁽¹⁾
- Transaction fees are additional bitcoin paid to miners for confirming transactions

Low-Cost Structure for Large Scale Mining



Low-Cost

Cipher Mining

Scale

~\$31.52 average price per TH/s, with ~31.5 J/TH average efficiency⁽¹⁾

Equipment

Up to ~7.0 EH/s expected self-mining capacity by early 2023⁽³⁾

5-year+ PPAs with average power price of ~2.7 c/kWh⁽²⁾

Power

Diversified structures to optimize for lowest operational costs

Real-time power pricing model optimizes profitability

Operations

3 of 4 initial data centers completed with expected total capacity of 267 MW in early 2023

Source: Cipher Mining management

⁽¹⁾ Includes Bitmain and MicroBT contracts, net of contribution to joint ventures with WindHQ LLC

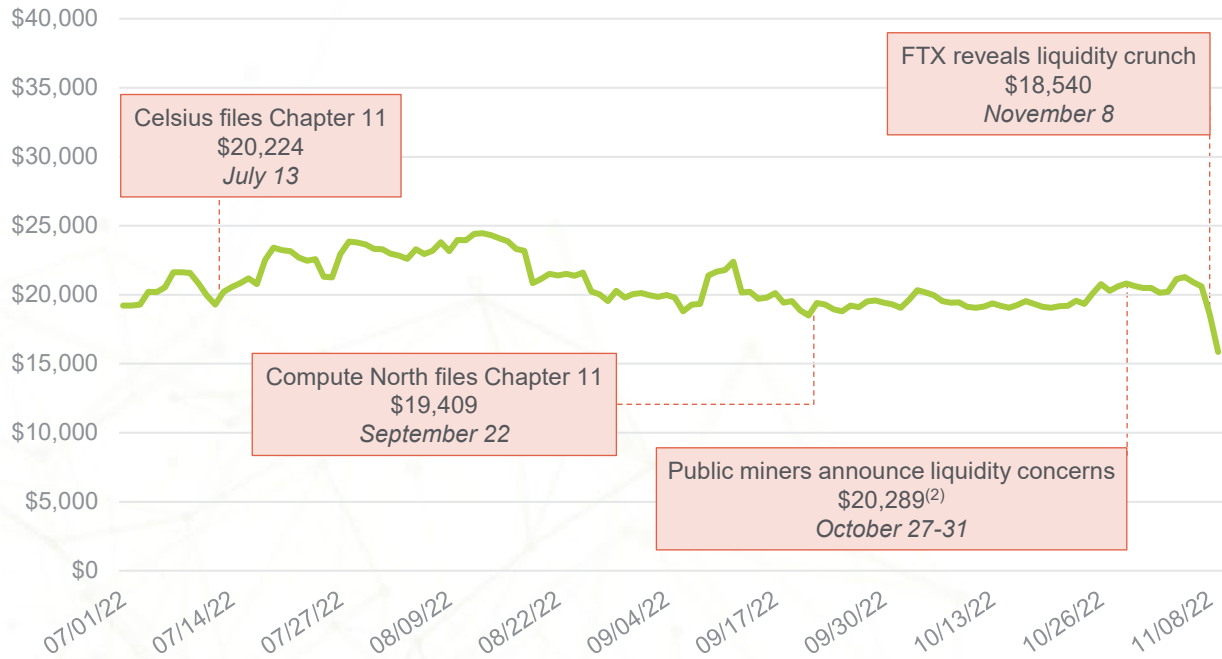
⁽²⁾ Represents the expected weighted average power price across sites currently under contract

⁽³⁾ Of the ~7.0 EH/s, ~5.8 EH/s are fully paid for and delivered / to be delivered



Market Timeline

Bitcoin Price (\$USD)⁽¹⁾



Implications

- 1 BTC Mining Distress**
- 2 Machine Prices Continue to Plummet**
 - Large transactions at <\$20 per TH/s
- 3 Shifting Competitive Landscape**
 - High energy prices and rising network hashrate squeezing competitors



1

Find low-risk cyclical opportunities

2

Focus on delivering data centers



Alborz Operational Highlights

~1.3 EH/s⁽¹⁾
40 MW
Operating Capacity

~196
*BTC Mined
in Q3 2022*

~\$4,571
*All-in Electricity Cost
per BTC⁽²⁾*

~4.50
*Daily BTC Mining
Capacity⁽³⁾*



Source: Cipher Mining management

⁽¹⁾ Joint venture with WindHQ LLC, of which Cipher owns approximately ~0.64 EH/s

⁽²⁾ Includes taxes, customer charges, and 2021 storm surcharge

⁽³⁾ Assumes full up-time, network hash rate of 260 EH/s and 900 bitcoins mined per day



Bear Operational Highlights

~0.3 EH/s⁽¹⁾
10 MW
Operating Capacity

~0.90
Daily BTC Mining
Capacity^(2,3)



Chief Operational Highlights

~0.3 EH/s⁽¹⁾
10 MW
Operating Capacity

~1.13
Daily BTC Mining
Capacity⁽²⁾



Source: Cipher Mining management

⁽¹⁾ Joint venture with WindHQ LLC, of which Cipher owns approximately ~0.32 EH/s across both sites

⁽²⁾ Assumes full up-time, network hash rate of 260 EH/s and 900 bitcoins mined per day

⁽³⁾ Due to faulty transformer, Bear is currently operating at 8 MW of capacity

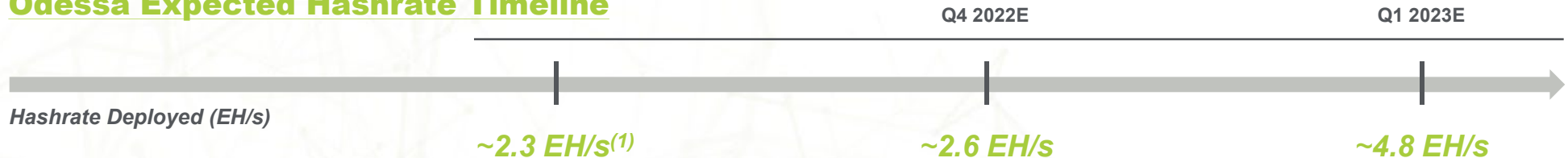
Significant Progress at Odessa



Odessa Power Schedule

	October	November	December	January	February
Odessa	35 MW	70 MW	105 MW	177 MW	207 MW

Odessa Expected Hashrate Timeline



Source: Cipher Mining management
⁽¹⁾ Expected upon commencement of operations

Note: ~44 MW of excess power & infrastructure capacity beyond current machines



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Key Statistics

~\$31.52 Anticipated Weighted Average Cost for Mining Rigs (\$/TH/s)⁽¹⁾

~31.5 Anticipated Weighted Average Mining Rig Efficiency (J/TH)⁽¹⁾

~2.7c Anticipated Weighted Average Power Price (c/kWh)⁽²⁾

<\$500k Anticipated Infrastructure Capex Costs per MW (\$)⁽³⁾

Cipher Mining

Liquidity Profile

- ~\$25 million of cash as of November 9, 2022
- ~161 BTC on balance sheet on November 9, 2022
- No burdensome debt overhang
- No unfunded mining rig purchase obligations
- \$250mm at-the-market equity shelf in place and untapped

Consolidated Balance Sheets



	September 30, 2022	December 31, 2021
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 28,111	\$ 209,841
Receivables, related party	731	-
Prepaid expenses and other current assets	8,276	13,819
Cryptocurrencies	2,263	-
Derivative asset	30,393	-
Total current assets	69,774	223,660
Deposits on equipment	200,033	114,857
Property and equipment, net	40,751	5,124
Security deposits	11,455	10,352
Investment in equity investee	31,690	-
Right-of-use asset	5,303	-
Derivative asset	48,487	-
Deferred investment costs	-	174
Total assets	<u>\$ 407,493</u>	<u>\$ 354,167</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 4,665	\$ 242
Accounts payable, related party	3,216	-
Operating lease liability, current portion	1,002	-
Accrued expenses	10,726	257
Total current liabilities	19,609	499
Operating lease liability, net of current portion	4,762	-
Warrant liability	22	137
Total liabilities	24,393	636
Commitments and contingencies (Note 11)		
Stockholders' equity		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of September 30, 2022 and December 31, 2021	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 251,043,649 and 252,131,679 shares issued as of September 30, 2022 and December 31, 2021, respectively, and 247,518,966 and 249,279,420 shares outstanding as of September 30, 2022 and December 31, 2021, respectively	251	252
Additional paid-in capital	442,435	425,438
Treasury stock, at par, 3,524,683 and 2,852,259 shares at September 30, 2022 and December 31, 2021, respectively	(4)	(3)
Accumulated deficit	(59,582)	(72,156)
Total stockholders' equity	383,100	353,531
Total liabilities and stockholders' equity	<u>\$ 407,493</u>	<u>\$ 354,167</u>

Consolidated Statement of Operations



	<u>Three Months Ended September 30,</u>		<u>Nine Months</u>	<u>Eight Months</u>
	<u>2022</u>	<u>2021</u>	<u>Ended</u>	<u>Ended</u>
			<u>September 30, 2022</u>	<u>September 30, 2021</u>
Costs and operating expenses (income)				
General and administrative	\$ 17,755	\$ 2,283	\$ 51,849	\$ 2,942
Depreciation	11	-	26	1
Change in fair value of derivative asset	(85,658)	-	(85,658)	-
Realized gain on sale of cryptocurrencies	(6)	-	(6)	-
Impairment of cryptocurrencies	320	-	859	-
Equity in loss of equity investment	8,345	-	20,577	-
Total costs and operating expenses (income)	(59,233)	2,283	(12,353)	2,943
Operating income (loss)	59,233	(2,283)	12,353	(2,943)
Other income (expense)				
Interest income	55	1	106	1
Interest expense	-	(26)	-	(27)
Change in fair value of warrant liability	4	(113)	115	(113)
Total other income (expense)	59	(138)	221	(139)
Net income (loss)	<u>\$ 59,292</u>	<u>\$ (2,421)</u>	<u>\$ 12,574</u>	<u>\$ (3,082)</u>
Net income (loss) per share - basic	\$ 0.24	\$ (0.01)	\$ 0.05	\$ (0.01)
Net income (loss) per share - diluted	\$ 0.24	\$ (0.01)	\$ 0.05	\$ (0.01)
Weighted average shares outstanding - basic	247,508,745	217,644,991	248,461,373	206,708,013
Weighted average shares outstanding - diluted	248,342,200	217,644,991	248,782,665	206,708,013

Non-GAAP Measures



The following is a reconciliation of our non-GAAP loss from operations, which excludes the impact of (i) depreciation of fixed assets, (ii) non-cash change in fair value of our derivative asset and (iii) stock compensation expense, to its most directly comparable GAAP measure for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,
	2022	2021	2022	2021
Reconciliation of non-GAAP loss from operations:				
Operating income (loss)	\$ 59,233	\$ (2,283)	\$ 12,353	\$ (2,943)
Depreciation	11	-	26	1
Change in fair value of derivative asset	(83,936)	-	(83,936)	-
Stock compensation expense	10,494	-	30,072	-
Non-GAAP loss from operations	<u>\$ (14,198)</u>	<u>\$ (2,283)</u>	<u>\$ (41,485)</u>	<u>\$ (2,942)</u>

The following are reconciliations of our non-GAAP net loss and non-GAAP basic and diluted net loss per share, in each case excluding the impact of (i) depreciation of fixed assets (ii) non-cash change in fair value of derivative asset, (iii) change in fair value of warrant liability and (iv) stock compensation expense, to the most directly comparable GAAP measures for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	Eight Months Ended September 30,
	2022	2021	2022	2021
Reconciliation of non-GAAP net loss:				
Net income (loss)	\$ 59,292	\$ (2,421)	\$ 12,574	\$ (3,082)
Non-cash adjustments to net income (loss):				
Depreciation	11	-	26	1
Change in fair value of derivative asset	(83,936)	-	(83,936)	-
Change in fair value of warrant liability	4	(113)	115	(113)
Stock compensation expense	10,494	-	30,072	-
Total non-cash adjustments to net income (loss)	<u>(73,427)</u>	<u>(113)</u>	<u>(53,723)</u>	<u>(112)</u>
Non-GAAP net loss	<u>\$ (14,135)</u>	<u>\$ (2,534)</u>	<u>\$ (41,149)</u>	<u>\$ (3,194)</u>
Reconciliation of non-GAAP basic and diluted net loss per share:				
Basic and diluted net income (loss) per share	\$ 0.24	\$ (0.01)	\$ 0.05	\$ (0.01)
Depreciation of fixed assets (per share)	-	-	-	-
Change in fair value of derivative asset (per share)	(0.34)	-	(0.34)	-
Change in fair value of warrant liability (per share)	-	-	-	-
Stock compensation expense (per share)	0.04	-	0.12	-
Non-GAAP basic and diluted net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.01)</u>	<u>\$ (0.17)</u>	<u>\$ (0.01)</u>

Appendix



Cipher Mining

Statements of Changes in Stockholders' Equity (Deficit)



Three Months Ended September 30, 2022							
	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount		
Balance as of June 30, 2022	251,001,072	\$ 251	\$ 431,966	(3,511,490)	\$ (4)	\$ (118,874)	\$ 313,339
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	42,577	-	(25)	(13,193)	-	-	(25)
Share-based compensation	-	-	10,494	-	-	-	10,494
Net income	-	-	-	-	-	59,292	59,292
Balance as of September 30, 2022	<u>251,043,649</u>	<u>\$ 251</u>	<u>\$ 442,435</u>	<u>(3,524,683)</u>	<u>\$ (4)</u>	<u>\$ (59,582)</u>	<u>\$ 383,100</u>

Three Months Ended September 30, 2021						
	Common Stock		Subscription Receivable	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance as of June 30, 2021	200,000,000	\$ 200	\$ -	\$ (200)	\$ (664)	\$ (664)
Business Combination, net of redemptions and equity issuance costs of \$41.0 million	46,381,119	46	(1,690)	384,708	-	383,064
Net loss	-	-	-	-	(2,421)	(2,421)
Balance as of September 30, 2021	<u>246,381,119</u>	<u>\$ 246</u>	<u>\$ (1,690)</u>	<u>\$ 384,508</u>	<u>\$ (3,085)</u>	<u>\$ 379,979</u>

Consolidated Statement of Cash Flows

	Nine Months Ended September 30, 2022	Eight Months Ended September 30, 2021
Cash flows from operating activities		
Net income (loss)	\$ 12,574	\$ (3,082)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	26	1
Amortization of right-of-use assets	556	-
Change in fair value of derivative asset	(85,658)	-
Change in fair value of warrant liability	(115)	113
Share-based compensation	30,072	-
Equity in loss of equity investment	20,577	-
Realized gain on sale of cryptocurrencies	(6)	-
Impairment of cryptocurrencies	859	-
Changes in assets and liabilities:		
Proceeds from power sales	1,722	-
Proceeds from reduction of scheduled power	5,056	-
Proceeds from sale of cryptocurrencies	23	-
Receivables, related party	(731)	-
Prepaid expenses and other current assets	5,412	(14,916)
Security deposits	(1,103)	(9,381)
Accounts payable	400	87
Accrued expenses	1,408	78
Lease liability	37	-
Net cash used in operating activities	(8,891)	(27,100)
Cash flows from investing activities		
Deposits on equipment	(184,095)	(74,346)
Purchases of property and equipment	(28,958)	(130)
Capital distributions from equity investee	43,291	-
Net cash used in investing activities	(169,762)	(74,476)
Cash flows from financing activities		
Repurchase of common shares to pay employee withholding taxes	(3,077)	-
Business Combination, net of issuance costs paid	-	383,853
Proceeds from borrowings on related party loan	-	7,038
Repayments under related party loan	-	(7,038)
Net cash (used in) provided by financing activities	(3,077)	383,853
Net (decrease) increase in cash and cash equivalents	(181,730)	282,277
Cash and cash equivalents, beginning of the period	209,841	-
Cash and cash equivalents, end of the period	\$ 28,111	\$ 282,277
Supplemental disclosure of noncash investing and financing activities		
Equity method investment acquired for non-cash consideration	\$ 93,208	\$ -
Common stock cancelled	\$ 10,000	\$ -
Right-of-use asset obtained in exchange for operating lease liability	\$ 5,859	\$ -
Investment in equity investee in accrued expenses	\$ 5,316	\$ -
Property and equipment purchases in accounts payable	\$ 3,971	\$ -
Deposits on equipment in accrued expenses	\$ 3,746	\$ -
Cryptocurrencies received from equity method investment	\$ 3,139	\$ -
Property and equipment purchases in accounts payable, related party	\$ 2,724	\$ -
Deposits on equipment in accounts payable, related party	\$ 492	\$ -
Reclassification of deferred investment costs to equity method investment	\$ 174	\$ -
Prepaid rent reclassified to lease liability	\$ 132	\$ -
Deposits on equipment in accounts payable	\$ 51	\$ -
Business Combination costs included in accrued expenses	\$ -	\$ 1,024
Net assets assumed from GWAC in the Business Combination	\$ -	\$ 433
Non-cash fair value of private warrants	\$ -	\$ 261
Deferred investment costs included in accrued expenses	\$ -	\$ 174
Business combination costs included in accounts payable	\$ -	\$ 39



November 14, 2022
