

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 14, 2022

CIPHER MINING INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-39625
(Commission
File Number)

85-1614529
(IRS Employer
Identification No.)

1 Vanderbilt Avenue
Floor 54, Suite C
New York, New York
(Address of Principal Executive Offices)

10017
(Zip Code)

Registrant's Telephone Number, Including Area Code: (332) 262-2300

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.001 per share	CIFR	The Nasdaq Stock Market LLC
Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of \$11.50 per whole share	CIFRW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 14, 2022, Cipher Mining, Inc. (the “Company”) announced its results for the three and nine months ended September 30, 2022. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K (the “Report”).

Item 7.01 Regulation FD Disclosure.

On November 14, 2022, the Company posted a presentation to its website at <https://investors.ciphermining.com> (the “Presentation”). A copy of the Presentation is furnished as Exhibit 99.2 to this Report. The Company expects to use the Presentation, in whole or in part, and possibly with modifications, in connection with the earnings call with investors, analysts and others.

The information contained in the Presentation is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission (“SEC”) filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Presentation speaks only as of the date of this Report. The Company undertakes no duty or obligation to publicly update or revise the information contained in the Presentation, although it may do so from time to time. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure. In addition, the exhibit furnished herewith contains statements intended as “forward-looking statements” that are subject to the cautionary statements about forward-looking statements set forth in such exhibit. By furnishing the information contained in the Presentation, the Company makes no admission as to the materiality of any information in the Presentation that is required to be disclosed solely by reason of Regulation FD.

The information in Items 2.02 and 7.01 of this Report (including Exhibits 99.1 and 99.2 attached hereto) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly provided by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits related to Item 2.02 and Item 7.01 shall be deemed to be furnished, and not filed:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of the Company, dated November 14, 2022
99.2	Presentation of the Company, dated November 14, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cipher Mining Inc.

Date: November 14, 2022

By: _____
/s/ Tyler Page
Tyler Page
Chief Executive Officer

Cipher Mining Provides Third Quarter 2022 Business Update

*GAAP Diluted Net Income of \$0.24 per Share (Non-GAAP Diluted Net Loss of \$0.06 per Share)
Two Additional Data Centers Completed and Now Hashing
Odessa Data Center Expected to Begin Mining this Month*

NEW YORK—November 14, 2022—Cipher Mining Inc. (NASDAQ: CIPR) (“Cipher” or the “Company”), a U.S.-based bitcoin mining company, today announced results for its third quarter ending September 30, 2022, along with an update on its operations and deployment strategy.

“Against challenging market conditions, we are pleased to announce earnings that demonstrate our resilient position as a low-cost producer of bitcoin, while continuing to complete significant deployment milestones in the completion of our data centers,” said Tyler Page, CEO of Cipher. “We brought our Alborz data center up to full mining capacity, and shortly after quarter end, we completed our Bear and Chief data centers. We expect to bring the first 2.3 EH/s of hash rate online this month at our 207-megawatt facility at Odessa.”

Finance and Operations Updates

- Cipher’s GAAP Diluted Net Income of \$0.24 per share was driven primarily by third quarter valuation of Odessa power contract at ~\$78.9 million.
- Cipher’s initial data centers are on track and continue to reach major milestones:
 - Alborz: 40 MW wind-powered site with Cipher’s joint venture partner, now producing up to ~1.3 EH/s; and capable of mining up to ~4.5 bitcoin daily.
 - Bear and Chief: Completed in October with a total initial capacity of up to 20 MW, now producing up to ~0.6 EH/s; and capable of mining up to ~2.0 bitcoin daily.
 - Odessa: 207 MW site with infrastructure and rig installation complete for first ~2.3 EH/s expected to begin mining this month; mining rigs capable of producing an additional ~2.6 EH/s either shipped or scheduled to ship by year-end.
- Across four initial data centers, Cipher remains on track to deploy up to ~7.0 EH/s by early 2023, with a highly efficient machine fleet, averaging ~31.5 J/TH, purchased at an average price of ~\$31.52/TH/s.
- The weighted average power price at the company’s sites currently under contract is approximately 2.7 c/kWh.
- ~196 bitcoin mined in the third quarter of 2022.

Business Update Call and Webcast

Cipher will host a conference call and webcast today at 8:00 a.m. Eastern Time to discuss the third quarter results for 2022 and management’s outlook for future financial and operational performance. The live webcast and a webcast replay of the conference call can be accessed from the investor relations page of Cipher’s website at <https://investors.ciphermining.com>. To access this conference call, dial (800) 715-9871 or (646) 307-1963 and use the conference ID 4350879.

About Cipher

Cipher is an emerging technology company focused on the development and operation of bitcoin mining data centers in the United States. 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 U.S. 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 or during the business update conference call that are not statements of historical fact, including statements about our beliefs and expectations regarding our performance, strategy, expansion plans, future operations, future operating results, projected costs, prospects, plans, and objectives of our management, 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 "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "forecast," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," 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 its 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 document, 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 4, 2022, the "Risk Factors" sections of our Quarterly Report on Form 10-Q filed with the SEC on May 10, 2022 and on August 9, 2022, and in Cipher's subsequent filings with the SEC including Cipher's Quarterly Report on Form 10-Q filed with the Securities

and Exchange Commission (“SEC”) on November 14, 2022. 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)

	September 30, 2022 (unaudited)	December 31, 2021
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	<u>24,393</u>	<u>636</u>
Commitments and contingencies		
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>

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

	Three Months Ended September 30,		Nine Months Ended	Eight Months Ended
	2022	2021	September 30, 2022	September 30, 2021
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)	\$ 59,292	\$ (2,421)	\$ 12,574	\$ (3,082)
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

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

	<u>Nine Months Ended September 30, 2022</u>	<u>Eight Months Ended September 30, 2021</u>
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	<u>(8,891)</u>	<u>(27,100)</u>
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	<u>(169,762)</u>	<u>(74,476)</u>
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	<u>(3,077)</u>	<u>383,853</u>
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	<u>\$ 28,111</u>	<u>\$ 282,277</u>
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

Non-GAAP Financial 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>



Cipher Mining

November 14, 2022

Safe Harbor

- This presentation has been prepared by Cipher Mining Inc. and is made for informational purposes only. The information set forth herein does not purport to be complete or to contain all of the information you may desire. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor.
 - Statements contained herein are made as of the date of this presentation unless stated otherwise, and this presentation shall not under any circumstances create an implication that the information contained herein is correct as of any time after such date or that information will be updated or revised to reflect information that subsequently becomes available or changes occurring after the date hereof. You should read the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2022, the risk factors contained therein, and the other documents that the Company has filed with the SEC for more information about the Company. You can obtain these documents for free by visiting EDGAR on the SEC website at www.sec.gov or on our website at <https://investors.ciphermining.com/financial-information/sec-filings>.
 - This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such state or jurisdiction. This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 presentation that are not statements of historical fact, including statements about the Company's beliefs and expectations regarding our performance, strategy, expansion plans, future operations, future operating results, projected costs, prospects plans, and objectives of our management, 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 statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast," "outlook," "guidance" and other similar expressions. The Company bases these forward-looking statements on its current expectations, plans and assumptions that the Company has made in light of its experience in the industry, as well as its perceptions of historical trends, current conditions, expected future developments and other factors the Company believes are appropriate under the circumstances at such time. As you read and consider this presentation, you should understand that these statements are not guarantees of future performance or results. The forward-looking statements are subject to and involve risks, uncertainties and assumptions, and you should not place undue reliance on these forward-looking statements. Although the Company believes that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect the Company's actual results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. All future written and oral forward-looking statements made in connection with this presentation attributable to the Company or persons acting on the Company's behalf are expressly qualified in their entirety by this paragraph.
 - The contents and appearance of this presentation is copyrighted and the trademarks and service marks are owned by Cipher Mining Inc. All rights reserved.
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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

Source: Cipher Mining management

⁽¹⁾ As of completion in October 2022, assumes full up-time, network hash rate of 260 EH/s and 900 bitcoins mined per day

⁽²⁾ Due to faulty transformer, Bear is currently operating at 8 MW of capacity

Bitcoin Mining Business Model

Power Source



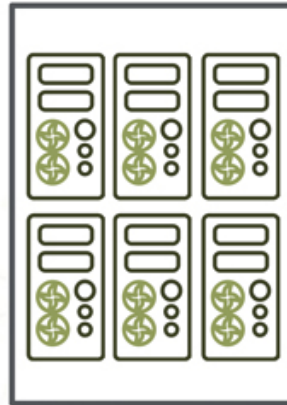
Electricity



Electricity cost



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

Source: Cipher Mining management

⁽¹⁾ The block reward is cut in half after every 210,000 blocks are mined (~every 4 years); the latest revision was in May 2020

Low-Cost Structure for Large Scale Mining



Low-Cost

Scale



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



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⁾



Diversified structures to optimize for lowest operational costs



Real-time power pricing model optimizes profitability



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

Source: Cipher Mining management

⁽¹⁾ Represents average USD market price across major Bitcoin exchanges from July 1, 2022, to November 09, 2022, per Blockchain.com

⁽²⁾ Reflects average USD market price across major Bitcoin exchanges on October 27, 2022, per Blockchain.com

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

Cipher Mining

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

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⁾ Preliminary estimate of non-miner infrastructure capex based on the current market environment (subject to change)

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>

Source: Cipher Mining management

Consolidated Statement of Operations

	Three Months Ended September 30,		Nine Months Ended September 30, 2022	Eight Months Ended September 30, 2021
	2022	2021		
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)	\$ 59,292	\$ (2,421)	\$ 12,574	\$ (3,082)
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, 2022	Eight Months Ended September 30, 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, 2022	Eight Month Ended September 30, 2021
	2022	2021		
Reconciliation of non-GAAP net loss:				
Net income (loss)	\$ 59,292	\$ (2,421)	\$ 12,574	\$ (3,083)
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	(11)
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>(11)</u>
Non-GAAP net loss	<u>\$ (14,135)</u>	<u>\$ (2,534)</u>	<u>\$ (41,149)</u>	<u>\$ (3,153)</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	\$ (0.03)
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>\$ (0.03)</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

Source: Cipher Mining management



November 14, 2022
