



Cipher
Mining

Presentation for Business Update

MARCH 5, 2024

Forward-Looking Statements

This communication 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 communication 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 bitcoin mining data 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,” “forecasts,” “predicts,” “potential” or “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 communication, 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 for the year ended December 31, 2023, 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.

Non-GAAP Financial Measures

We use non-GAAP financial measures to assess and analyze our operational results and trends and to make financial and operational decisions. We believe these non-GAAP financial measures are useful to investors because they provide greater transparency regarding our operating performance. The non-GAAP financial measures included in this presentation should not be considered alternatives to measurements required by GAAP, and should not be considered measures of liquidity. These non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies. Reconciliation of non-GAAP financial measures and GAAP financial measures are included in the tables accompanying this presentation. Reported results are presented in accordance with GAAP, whereas adjusted results are GAAP results adjusted to exclude 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.

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Financial Highlights

REVENUES

\$3.0m

Q4 2022



\$43.4m

Q4 2023

BTC MINED⁽¹⁾

377 BTC

Q4 2022



1,327 BTC

Q4 2023

GAAP NET EARNINGS

(\$51.6m)

Q4 2022



\$10.6m

Q4 2023

ADJUSTED EARNINGS

(\$22.8m)

Q4 2022



\$27.8m

Q4 2023

BTC HELD

1,433 BTC

As of February 29, 2024

CASH

\$69.4m

As of February 29, 2024

SELF-MINING HASHRATE

7.4 EH/s

As of February 29, 2024

Note: Values represented are approximations

(1) Bitcoin mined figure represents bitcoin mined at Odessa as well as the share of bitcoin mined at JV sites



Positioned to Win Through the Halving

BUILT TO SUCCEED

~2.7c

Anticipated
Weighted Average
Power Price
(c/kWh)⁽¹⁾

~96%

of Portfolio
Energized
Through **Fixed**
Price Power



~29.9 J/TH
Current Operating
Fleet Efficiency



~22.0 J/TH
2025 Expected
Fleet Efficiency⁽²⁾

GROWTH UPDATES

- 30 MW expansion at each of Bear and Chief JV data centers delivering ~1.25 EH/s of self-mining capacity on track for Q2 2024 deployment
- Hardware and software optimization expected to add an incremental ~0.62 EH/s, expected by Q3 2024
- 300 MW Black Pearl data center construction commenced with expected energization in Q2 2025

⁽¹⁾ Represents the expected weighted average power price at Cipher's current sites

⁽²⁾ Reflects Cipher's expected fleet efficiency with the current operating fleet, energization of contracted rigs / hardware, implementation of software, and energization of the full Bitmain T21 purchase option



Bitcoin Mining Business Model



Bitcoin Mining Dynamics

Data center revenue includes a reward for the block mined, transaction fees, and potential power sales⁽¹⁾

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⁽²⁾

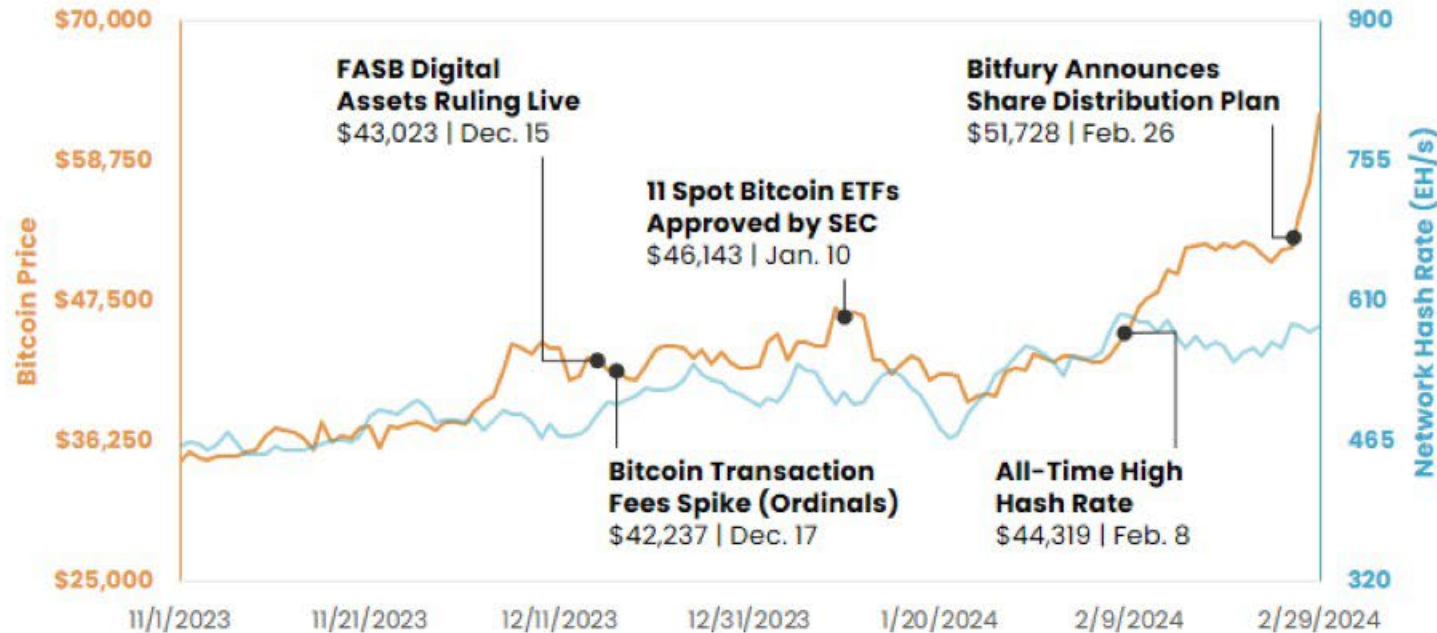
Transaction fees are additional bitcoin paid to miners for confirming transactions

⁽¹⁾ At certain sites, Cipher can opportunistically elect to use power at data center or sell to the market.
⁽²⁾ The block reward is cut in half after every 210,000 blocks are mined (~every 4 years); the latest revision was in May 2020.



Market Update

BTC PRICE & NETWORK HASH RATE^(1,2)



-  **1 Maturation of the Industry with BTC Spot ETF Approved**
-  **2 BTC Halving Approaching**
-  **3 Relentless Growth in Hash Rate**

 Cipher Mining

CURRENT EMPHASIS



Execute
Data Center
Build-Outs



Optimize
Production
Pre-Halving



Prudently Manage
/ Maximize Growth
Through Next Cycle

(1) Represents average USD market price across major bitcoin exchanges from November 1, 2023, to February 29, 2024, per blockchain.com
(2) Reflects Bitcoin network hash rate from November 1, 2023, to February 28, 2024, per blockchain.com



KEY UPDATES

Data Centers Update

~\$8,626 All-in Electricity Cost per BTC in 2023

Odessa

~\$8,579 all-in electricity cost per BTC⁽¹⁾

~88% of 2023 BTC production

Alborz

~\$7,237 all-in electricity cost per BTC⁽²⁾

~7% of 2023 BTC production

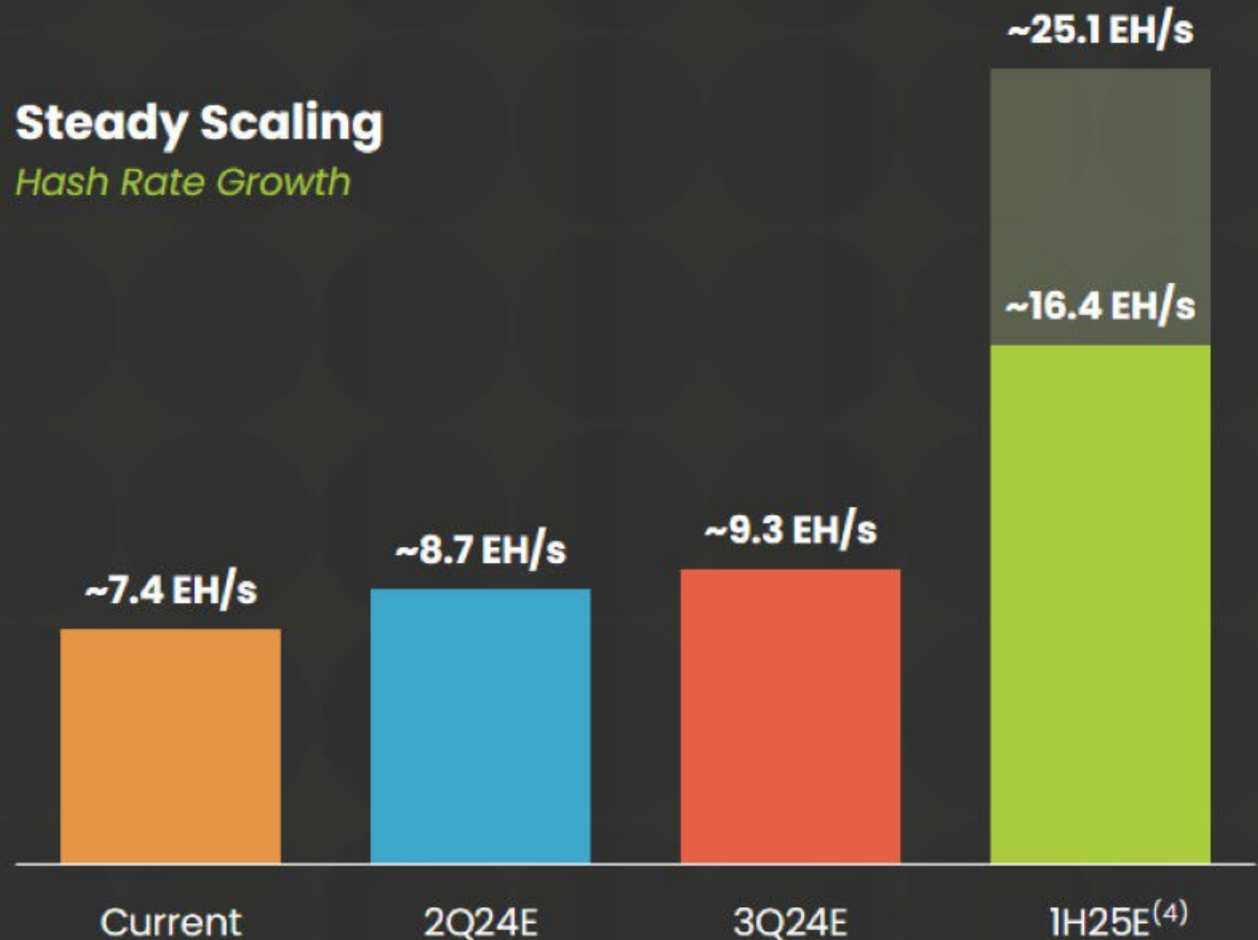
Bear & Chief

~\$11,531 all-in electricity cost per BTC⁽³⁾

~5% of 2023 BTC production

Steady Scaling

Hash Rate Growth



(1) Reflects electricity cost from 2023, including TDU charges and net of revenue generated from opportunistic power sales
 (2) Reflects electricity cost from 2023, including taxes, customer charges, and 2021 storm surcharge
 (3) Reflects combined electricity cost from 2023, including taxes, settlement charges, and TSDP charges
 (4) Assumes 3Q24E hash rate plus the energization of contracted Bitmain T21 rigs and the full Bitmain T21 purchase option



Operational Highlights

Odessa – 89% of BTC Production⁽¹⁾

~6.4 EH/s
207 MW

Operating
Capacity

~635

BTC Mined
YTD⁽²⁾




~\$8,579

All-in Electricity
Cost per BTC⁽³⁾

~10.8

Daily BTC
Mining
Capacity⁽⁴⁾



(1) Reflects approximate percentage of Cipher's February 2024 BTC production
(2) YTD through February 2024
(3) Reflects electricity cost from 2023, including TDU charges and net of revenue generated from opportunistic power sales
(4) Assumes full up-time, February 2024 average network hashrate of 568 EH/s & 951 bitcoins mined per day

Operational Highlights

Alborz – 7% of BTC Production⁽¹⁾

~1.3 EH/s
40 MW

Operating Capacity⁽²⁾

~88

BTC Mined YTD⁽³⁾




~\$7,237

All-in Electricity Cost per BTC⁽⁴⁾

~2.2

Daily BTC Mining Capacity⁽⁵⁾



(1) Reflects approximate percentage of CIPHER's February 2024 BTC production
(2) Joint venture with WindHQ LLC, of which CIPHER owns ~0.84 EH/s
(3) YTD through February 2024; joint venture with WindHQ LLC, of which CIPHER owns ~43 BTC
(4) Reflects electricity cost from 2023, including taxes, customer charges, and 2021 storm surcharge
(5) Assumes full up-time, February 2024 average network hashrate of 569 EH/s & 951 bitcoins mined per day

Operational Highlights

Bear & Chief – 4% of BTC Production⁽¹⁾

~0.7 EH/s
20 MW

Operating Capacity⁽²⁾

~54

BTC Mined YTD⁽³⁾


~\$11,531

All-in Electricity Cost per BTC⁽⁴⁾

~1.1

Daily BTC Mining Capacity⁽⁵⁾



(1) Reflects approximate percentage of Cipher's February 2024 BTC production
(2) Joint venture with WindHQ LLC, of which Cipher owns ~0.32 EH/s
(3) YTD through February 2024; joint venture with WindHQ LLC, of which Cipher owns ~26 BTC
(4) Reflects combined electricity cost from 2023, including taxes, settlement charges, and TSDP charges
(5) Assumes full up-time, February 2024 average network hashrate of 569 EH/s & 951 bitcoins mined per day

2024 Expansion





Financial Update

Fourth Quarter and Full Year 2023 Update

REVENUES

\$43.4m  **\$126.8m**
Q4 2023 2023

BTC MINED⁽¹⁾

1,195 BTC  **4,334 BTC**
Q4 2023 2023

GAAP NET EARNINGS

\$10.6m  **(\$25.8m)**
Q4 2023 2023

GAAP NET EARNINGS PER SHARE

\$0.04  **(\$0.10)**
Q4 2023 2023

ADJUSTED EARNINGS

\$27.8m  **\$46.2m**
Q4 2023 2023

ADJUSTED EARNINGS PER SHARE

\$0.11  **\$0.18**
Q4 2023 2023

Note: Values represented are approximations

(1) Bitcoin mined figure represents bitcoin mined at Odessa and excludes the share of bitcoin mined at JV sites



Consolidated Balance Sheets



	December 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 86,105	\$ 11,927
Accounts receivable	622	98
Receivables, related party	245	1,102
Prepaid expenses and other current assets	3,670	7,254
Bitcoin	32,978	6,283
Derivative asset	31,878	21,071
Total current assets	155,498	47,735
Property and equipment, net	243,815	191,188
Deposits on equipment	30,812	73,018
Intangible assets, net	8,109	596
Investment in equity investees	35,258	37,478
Derivative asset	61,713	45,631
Operating lease right-of-use asset	7,077	5,087
Security deposits	23,855	17,730
Total assets	<u>\$ 566,137</u>	<u>\$ 418,463</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 4,980	\$ 14,286
Accounts payable, related party	1,554	3,083
Accrued expenses and other current liabilities	22,439	19,353
Finance lease liability, current portion	3,404	2,567
Operating lease liability, current portion	1,166	1,030
Warrant liability	250	7
Total current liabilities	33,793	40,326
Asset retirement obligation	18,394	16,682
Finance lease liability	11,128	12,229
Operating lease liability	6,280	4,494
Deferred tax liability	5,206	1,840
Total liabilities	74,801	75,571
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of December 31, 2023 and December 31, 2022	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 296,276,536 and 251,095,305 shares issued as of December 31, 2023 and December 31, 2022, respectively, and 290,957,862 and 247,551,958 shares outstanding as of December 31, 2023, and December 31, 2022, respectively	296	251
Additional paid-in capital	627,822	453,854
Accumulated deficit	(136,777)	(111,209)
Treasury stock, at par, 5,318,674 and 3,543,347 shares at December 31, 2023 and December 31, 2022, respectively	(5)	(4)
Total stockholders' equity	491,336	342,892
Total liabilities and stockholders' equity	<u>\$ 566,137</u>	<u>\$ 418,463</u>

Notes: In thousands, except for share and per share amounts



Consolidated Statement of Operations



	Years ended December 31,	
	2023	2022
Revenue - bitcoin mining	\$ 126,842	\$ 3,037
Costs and operating expenses (income)		
Cost of revenue	50,309	748
General and administrative	85,195	70,836
Depreciation and amortization	59,093	4,378
Change in fair value of derivative asset	(26,836)	(73,479)
Power sales	(9,941)	(458)
Equity in losses of equity investees	2,530	36,972
Gains on fair value of bitcoin	(11,038)	(6)
Impairment of bitcoin	-	1,467
Other gains	(2,355)	-
Total costs and operating expenses (income)	146,957	40,458
Operating loss	(20,115)	(37,421)
Other income (expense)		
Interest income	164	215
Interest expense	(1,999)	(137)
Change in fair value of warrant liability	(243)	130
Other expense	(17)	-
Total other (expense) income	(2,095)	208
Loss before taxes	(22,210)	(37,213)
Current income tax expense	(201)	-
Deferred income tax expense	(3,366)	(1,840)
Total income tax expense	(3,567)	(1,840)
Net loss	\$ (25,777)	\$ (39,053)
Net loss per share - basic and diluted	\$ (0.10)	\$ (0.16)
Weighted average shares outstanding - basic and diluted	252,439,461	248,227,458

Notes: In thousands, except for share and per share amounts



Non-GAAP 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:

	Years ended December 31,	
	2023	2022
Reconciliation of Adjusted Earnings:		
Net loss	\$ (25,777)	\$ (39,053)
Change in fair value of derivative asset	(26,836)	(73,479)
Share-based compensation expense	38,470	41,504
Depreciation and amortization	59,093	4,378
Deferred income tax expense	3,366	1,840
Other gains - nonrecurring	(2,355)	-
Change in fair value of warrant liability	243	(130)
Adjusted earnings	46,204	(64,940)





Appendix

Statements of Changes in Stockholders' Equity (Deficit)

Year Ended December 31, 2023

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of January 1, 2023	251,095,305	\$ 251	\$ 453,854	\$ (111,209)	(3,543,347)	\$ (4)	\$ 342,892
Cumulative effect upon adoption of ASU 2023-08	-	-	-	209	-	-	209
Issuance of common shares, net of offering costs - At-the-market offering	37,433,923	37	132,406	-	-	-	132,443
Issuance of common shares - Black Pearl asset acquisition	2,397,424	2	6,998	-	-	-	7,000
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	4,942,906	5	(3,906)	-	(1,775,327)	(1)	(3,902)
Share-based compensation	406,978	1	38,470	-	-	-	38,471
Net loss	-	-	-	(25,777)	-	-	(25,777)
Balance as of December 31, 2023	296,276,536	\$ 296	\$ 627,822	\$ (136,777)	(5,318,674)	\$ (5)	\$ 491,336

Year Ended December 31, 2022

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of January 1, 2022	252,131,679	\$ 252	\$ 425,438	\$ (72,156)	(2,852,259)	\$ (3)	\$ 353,531
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	1,853,779	2	(3,091)	-	(691,088)	(1)	(3,090)
Warrants exercised	20	-	-	-	-	-	-
Common stock cancelled	(2,890,173)	(3)	(9,997)	-	-	-	(10,000)
Share-based compensation	-	-	41,504	-	-	-	41,504
Net loss	-	-	-	(39,053)	-	-	(39,053)
Balance as of December 31, 2022	251,095,305	\$ 251	\$ 453,854	\$ (111,209)	(3,543,347)	\$ (4)	\$ 342,892

Note: In thousands, except for share amounts



Consolidated Statement of Cash Flows



	Years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (25,777)	\$ (39,053)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	58,972	4,378
Amortization of intangible assets	121	-
Amortization of operating right-of-use asset	822	772
Share-based compensation	38,470	41,504
Equity in losses of equity investees	2,530	36,972
Impairment of bitcoin	-	1,467
Non-cash lease expense	1,940	137
Deferred income taxes	3,366	1,840
Bitcoin received as payment for services	(126,319)	(2,939)
Change in fair value of derivative asset	(26,836)	(73,479)
Change in fair value of warrant liability	243	(130)
Gains on fair value of bitcoin	(11,038)	(6)
Changes in assets and liabilities:		
Accounts receivable	(524)	(98)
Receivables, related party	(1,203)	(1,102)
Prepaid expenses and other current assets	3,531	6,433
Security deposits	(6,125)	(7,378)
Accounts payable	(9,306)	892
Accounts payable, related party	(1,529)	1,530
Accrued expenses and other current liabilities	5,311	748
Lease liabilities	(890)	(203)
Proceeds from power sales	-	1,721
Proceeds from reduction of scheduled power	-	5,056
Proceeds from sale of Bitcoin	-	23
Net cash used in operating activities	(94,241)	(20,915)
Cash flows from investing activities:		
Proceeds from sale of bitcoin	111,188	-
Deposits on equipment	(33,906)	(188,103)
Purchases of property and equipment	(20,480)	(39,219)
Purchases and development of software	(634)	(596)
Capital distributions from equity investees	3,808	54,009
Investment in equity investees	(3,545)	-
Prepayments on financing lease	(3,676)	-
Net cash provided by (used in) investing activities	52,755	(173,909)
Cash flows from financing activities:		
Proceeds from the issuance of common stock	135,848	-
Offering costs paid for the issuance of common stock	(3,404)	-
Repurchase of common shares to pay employee withholding taxes	(3,902)	(3,090)
Principal payments on financing lease	(12,878)	-
Net cash provided by (used in) financing activities	115,664	(3,090)
Net increase (decrease) in cash and cash equivalents	74,178	(197,914)
Cash and cash equivalents, beginning of the period	11,927	209,841
Cash and cash equivalents, end of the period	\$ 86,105	\$ 11,927
Supplemental disclosure of noncash investing and financing activities:		
Reclassification of deposits on equipment to property and equipment	\$ 74,186	\$ 105,904
Right-of-use asset obtained in exchange for finance lease liability	\$ 14,212	\$ 14,998
Issuance of common stock in exchange for intangible assets	\$ 7,000	\$ -
Right-of-use asset obtained in exchange for operating lease liability	\$ 2,812	\$ -
Reclassification of receivables, related party to investment in equity investees	\$ 2,060	\$ -
Equity method investment acquired for non-cash consideration	\$ 1,926	\$ 127,796
Sales tax accrual on machine purchases	\$ 1,209	\$ -
Bitcoin received from equity investees	\$ 317	\$ 4,828
Common stock cancelled	\$ -	\$ 10,000
Property and equipment purchases in accounts payable, accounts payable, related party and accrued expenses	\$ -	\$ 13,994
Right-of-use asset obtained in exchange for operating lease liability	\$ -	\$ 5,859
Investment in equity investees in accrued expenses	\$ -	\$ 5,316
Deposits on equipment in accounts payable, accounts payable, related party and accrued expenses	\$ -	\$ 13,403
Initial estimate of asset retirement obligation and related capitalized costs	\$ -	\$ 16,509
Reclassification of deferred investment costs to investment in equity investees	\$ -	\$ 174
Finance lease cost in accrued expenses	\$ -	\$ 339
Prepaid rent reclassified to operating lease liability	\$ -	\$ 132

Notes: In thousands

