



Cipher Mining

March 2022



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Cipher Mining

Summary

- U.S. large scale bitcoin miner with key competitive advantages in power, equipment and operations
- Commenced mining operations in February 2022, with significant build-out plans for 2022 and 2023
- Positioned to withstand cyclicalities in bitcoin mining profitability:
 - 5-year+ power purchase agreements with compelling weighted average power price of ~2.73 c / kWh⁽¹⁾
 - Significant mining rig purchase contracts with multiple providers at \$42.81 / TH/s⁽²⁾



1

Bitcoin Production

- On February 24, 2022, Cipher Mining began mining bitcoin at Alborz data center
- 100% of power to Alborz supplied by wind

2

New Joint Venture

- Non-binding term sheet for new joint venture with private investor group for ~80 MW site (41 MW to Cipher) available in 2H 2022

3

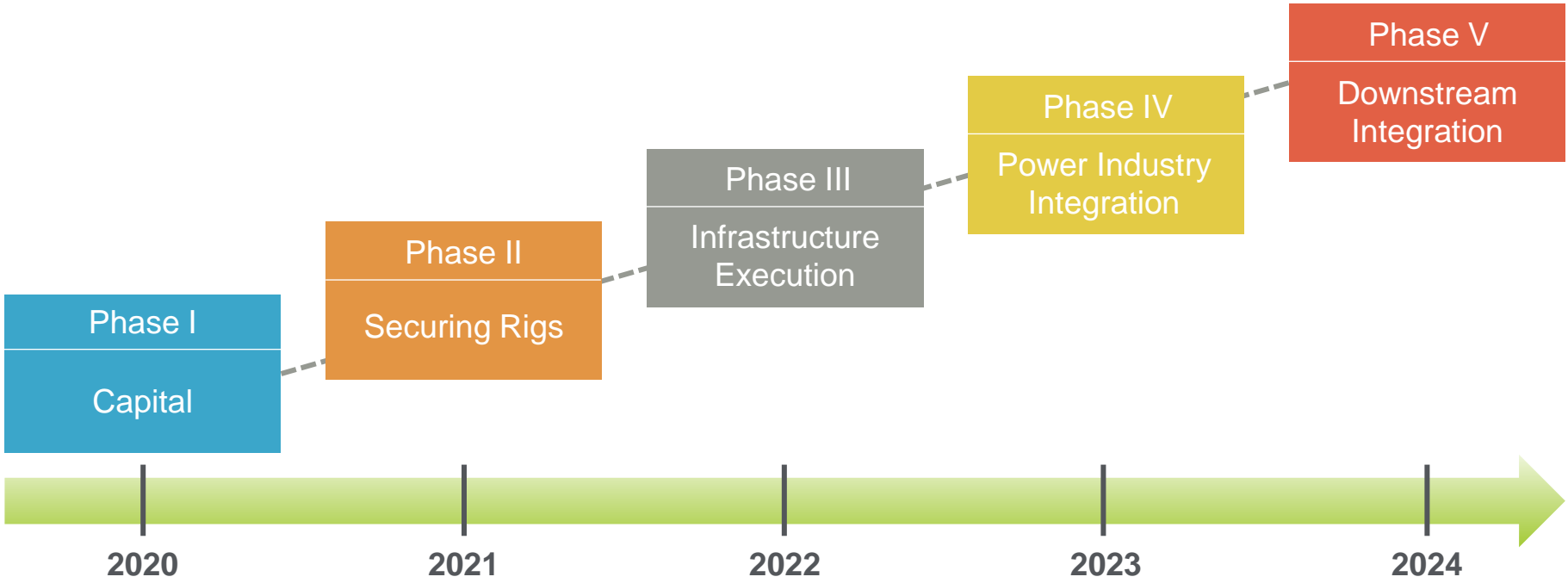
New PPA

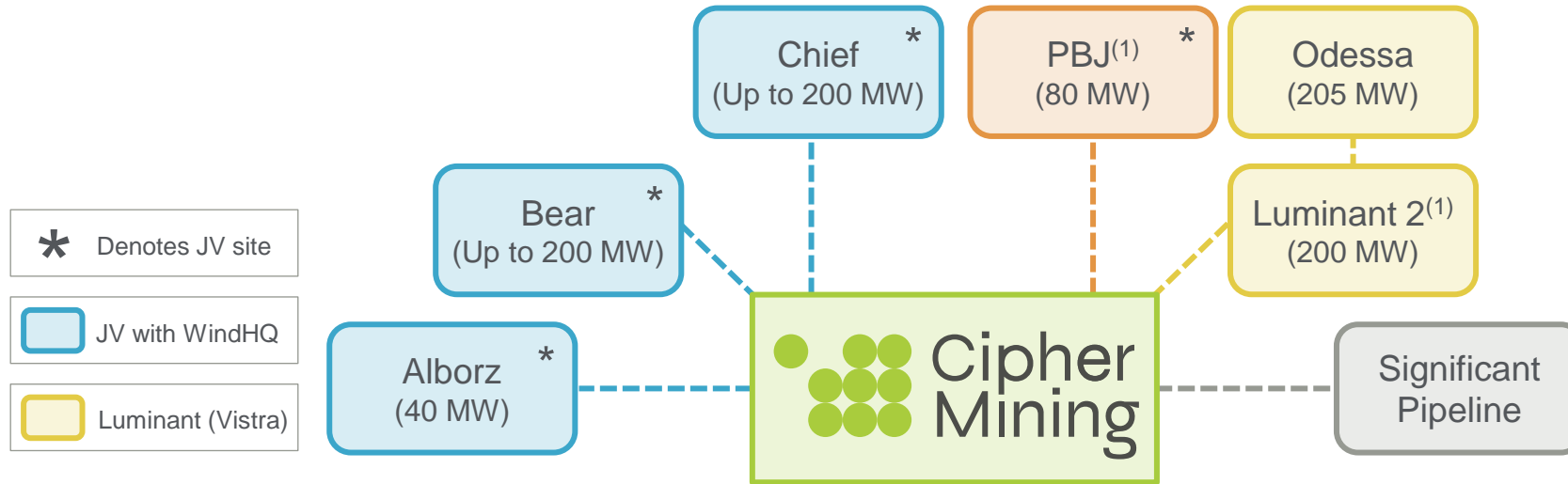
- Non-binding term sheet with Luminant (Vistra) for ~200 MW site with 15-year PPA beginning June 30, 2023, connected to a renewable energy source (solar)



The Evolving Bitcoin Mining Landscape

- Tremendous advantages to having scale in mining bitcoin
- Miners and investors more comfortable with large capital allocations to projects
- As miners have come to market with increasing scale, the industry is evolving and will continue to go through phases of maturation





Competitive Advantages

- “Turnkey JV” solution
- Robust operating environment
- PPA structuring capabilities
- Data capture and optimization analysis
- Potential for future services to be offered

Why It Makes Sense

- Cipher secures cheapest power
- Higher margins for power provider while avoiding complications of managing bitcoin
- Further incentive for the development of renewable projects



Implementation Plan & Strategy



Market Update

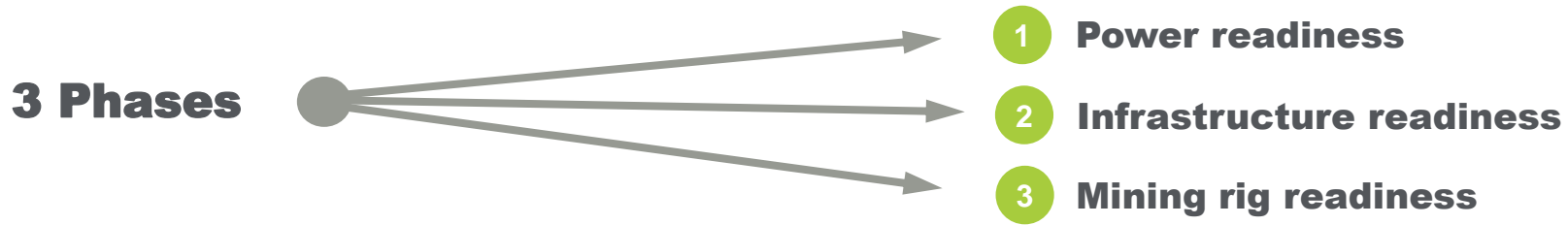


- 1 Volatile Bitcoin prices
- 2 Other miners finding infrastructure now the chokepoint preventing deployment
 - Inquiries from other miners asking to host idle machines
- 3 Mining rig market is evolving
 - Bitmain broadly launched S19 XP and S19 Pro+ Hyd.
 - Intel rumored to launch competitive ASIC miner
 - Inbound inquiries from secondary sellers with increasingly competitive pricing



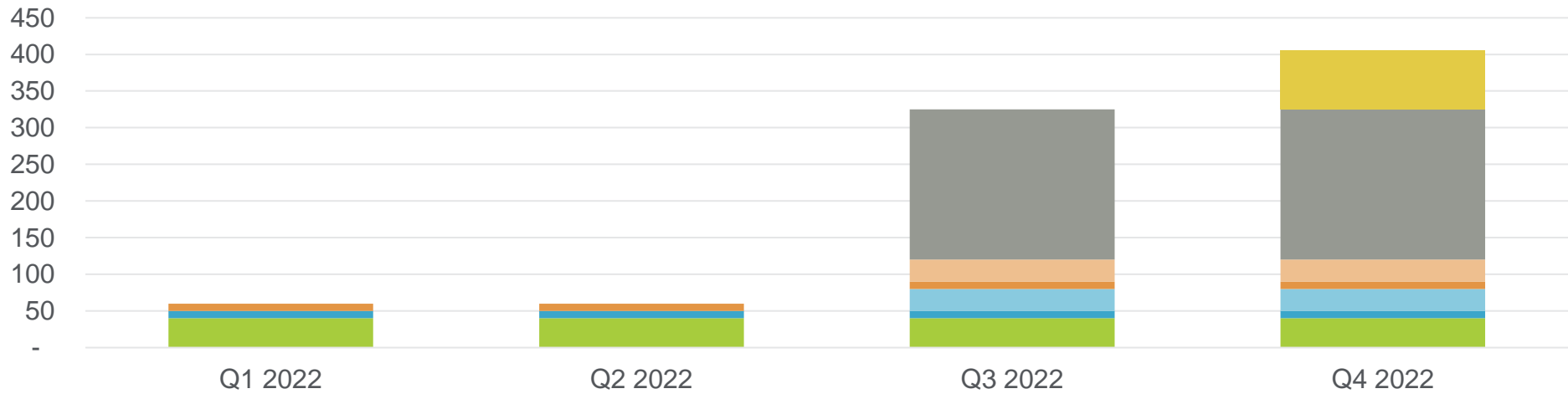
Key Priorities

- 1 **Continued timely deployment at current sites**
- 2 **Maintain flexibility in dynamic rig market**



Power & Infrastructure Readiness by Quarter

Total MW Capacity Currently Under Development



Total MW /
Cipher MW
Available

60 / 29

60 / 29

325 / 264

405 / 305

Source: Cipher Mining management
⁽¹⁾ Standard Power data center now targeted for 2023 deployment

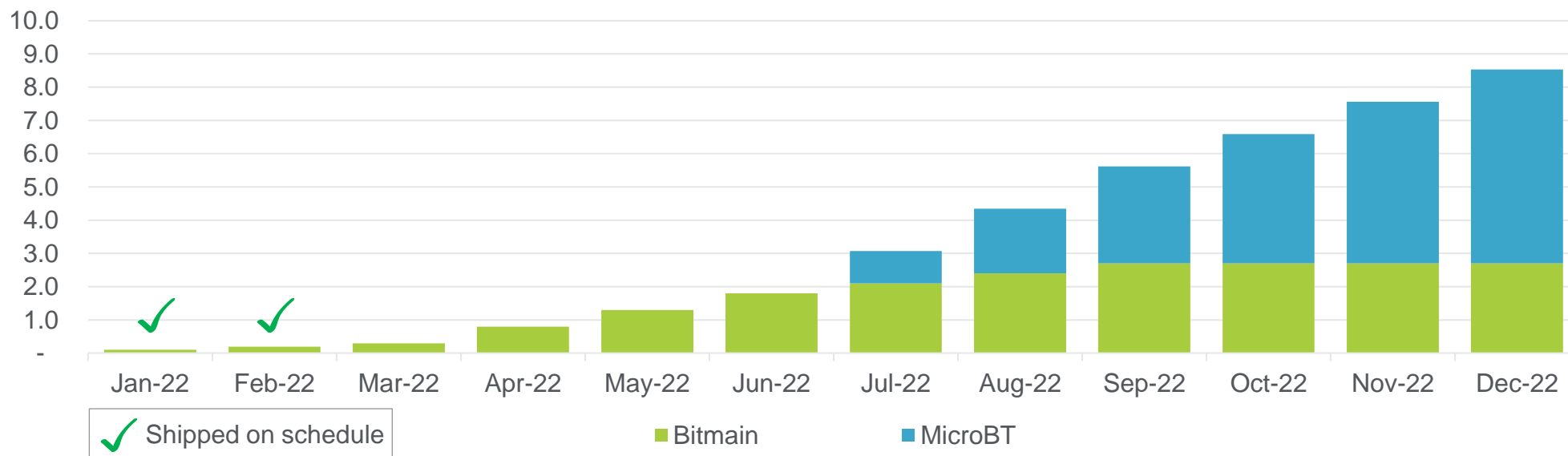
Implementation – Mining Rig Availability



- In an evolving market, we seek to maximize flexibility and be opportunistic while maintaining price discipline
- \$42.81 anticipated weighted average cost for mining rigs (\$ / TH/s)⁽¹⁾

Anticipated Machine Shipping Schedule by Month

Total Hash Rate (EH/s)



Month	Total HR / CIPHER HR Available
Jan-22	0.1 / 0.0
Feb-22	0.2 / 0.1
Mar-22	0.3 / 0.1
Apr-22	0.8 / 0.4
May-22	1.3 / 0.6
Jun-22	1.8 / 0.9
Jul-22	3.1 / 2.0
Aug-22	4.3 / 3.1
Sep-22	5.6 / 4.2
Oct-22	6.6 / 5.2
Nov-22	7.6 / 6.2
Dec-22	8.5 / 7.2

With opportunistic sourcing of rigs to fill unallocated 2022 infrastructure capacity:

**Hash Rate Potential⁽²⁾
12.3 / 9.1 EH/s**

Source: Cipher Mining management

⁽¹⁾ Includes Bitmain and MicroBT contracts, net of contribution to joint venture partner

⁽²⁾ Assumes unallocated infrastructure capacity is filled with Bitmain S19j Pro machines

Implementation – Infrastructure at Alborz



Source: Cipher Mining management

Implementation – Infrastructure at Alborz



Source: Cipher Mining management

Implementation – Infrastructure at Alborz



Source: Cipher Mining management

Implementation – Odessa Progress



Source: Cipher Mining management



\$42.81

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

33.8

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

~2.73c

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

~\$450k

Anticipated Infrastructure Capex Costs per MW (\$)⁽³⁾



Consolidated Balance Sheets

	December 31, 2021	January 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 209,841,257	\$ -
Prepaid expenses	13,818,825	-
Total current assets	223,660,082	-
Property and equipment, net	5,124,266	1,637
Deposits on equipment	114,856,314	-
Deferred offering costs	-	171,450
Deferred investment costs	174,250	-
Security deposits	10,352,306	-
Total assets	\$ 354,167,218	\$ 173,087
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 241,764	\$ 1,919
Accrued expenses	257,487	174,648
Total current liabilities	499,251	176,567
Warrant liability	136,800	-
Total liabilities	636,051	176,567
Commitments and contingencies (Note 9)		
Stockholders' equity (deficit)		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized and none issued and outstanding as of December 31, 2021, no shares authorized as of January 31, 2021	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 252,131,679 shares issued and 249,279,420 shares outstanding as of December 31, 2021, 200,000,000 shares authorized and subscribed as of January 31, 2021	252,132	200,000
Subscription receivable	-	(5)
Additional paid-in capital	425,437,931	(199,995)
Treasury stock, at par, 2,852,259 shares as of December 31, 2021, no shares as of January 31, 2021	(2,852)	-
Accumulated deficit	(72,156,044)	(3,480)
Total stockholders' equity (deficit)	353,531,167	(3,480)
Total liabilities and stockholders' equity (deficit)	\$ 354,167,218	\$ 173,087

Consolidated Statement of Operations



	Eleven Months Ended December 31, 2021	For the period January 7, 2021 (inception) through January 31, 2021
Costs and expenses		
General and administrative	\$ 72,146,944	\$ 3,475
Depreciation	4,867	5
Total costs and expenses	<u>72,151,811</u>	<u>3,480</u>
Operating loss	<u>(72,151,811)</u>	<u>(3,480)</u>
Other expense		
Interest income	4,331	-
Interest expense	(26,912)	-
Change in fair value of warrant liability	21,828	-
Total other expense	<u>(753)</u>	<u>-</u>
Net loss	<u>\$ (72,152,564)</u>	<u>\$ (3,480)</u>
Basic and diluted net loss per share	<u>\$ (0.33)</u>	<u>\$ -</u>
Basic and diluted weighted average number of shares outstanding	218,026,424	-



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 and (ii) stock compensation expense, to its most directly comparable GAAP measure for the periods indicated:

	Eleven Months Ended December 31, 2021	For the period January 7, 2021 (inception) through January 31, 2021
Reconciliation of non-GAAP loss from operations:		
Operating loss	\$ (72,151,811)	\$ (3,480)
Depreciation	4,867	5
Stock compensation expense	63,765,473	-
Non-GAAP loss from operations	<u>\$ (8,381,471)</u>	<u>\$ (3,475)</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) change in fair value of warrant liability and (iii) stock compensation expense, to the most directly comparable GAAP measures for the periods indicated:

	Eleven Months Ended December 31, 2021	For the period January 7, 2021 (inception) through January 31, 2021
Reconciliation of non-GAAP net loss:		
Net loss	\$ (72,152,564)	\$ (3,480)
Non-cash adjustments to net loss		
Depreciation	4,867	5
Change in fair value of warrant liability	21,828	-
Stock compensation expense	63,765,473	-
Total non-cash adjustments to net loss	<u>\$ 63,792,168</u>	<u>\$ 5</u>
Non-GAAP net loss	<u>\$ (8,360,396)</u>	<u>\$ (3,475)</u>
Reconciliation of non-GAAP basic and diluted net loss per share:		
Basic and diluted net loss per share	\$ (0.33)	\$ -
Depreciation of fixed assets (per share)	-	-
Change in fair value of warrant liability (per share)	-	-
Stock compensation expense (per share)	0.29	-
Non-GAAP basic and diluted net loss per share	<u>\$ (0.04)</u>	<u>\$ -</u>

A long-exposure photograph of a starry night sky, showing numerous curved star trails. A dark silhouette of a tree is visible in the lower right quadrant. A thin green horizontal line is positioned at the top of the image.

Appendix



Statements of Changes in Stockholders' Equity (Deficit)

	Preferred Stock		Common Stock		Subscription Receivable	Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			Shares	Amount		
Balance as of January 7, 2021, as previously reported	-	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subscription receivable	-	-	500	1	(5)	4	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	(3,480)	(3,480)
Balance as of January 31, 2021, as previously reported	-	-	500	1	(5)	4	-	-	(3,480)	(3,480)
Retroactive application of recapitalization	-	-	199,999,500	199,999	-	(199,999)	-	-	-	-
Balance as of January 31, 2021, after effect of reverse acquisition	-	-	200,000,000	200,000	(5)	(199,995)	-	-	(3,480)	(3,480)
Cash received for common stock subscribed	-	-	-	-	5	-	-	-	-	5
Business Combination, net of redemptions and equity issuance costs of \$40.6 million	-	-	46,381,119	46,381	-	385,121,265	-	-	-	385,167,646
Delivery of common stock underlying restricted stock units	-	-	5,750,560	5,751	-	(5,751)	-	-	-	-
Shares settled for tax withholding on vesting of restricted stock units	-	-	-	-	-	(23,243,061)	(2,852,259)	(2,852)	-	(23,245,913)
Share-based compensation	-	-	-	-	-	63,765,473	-	-	-	63,765,473
Net loss	-	-	-	-	-	-	-	-	(72,152,564)	(72,152,564)
Balance as of December 31, 2021	-	\$ -	252,131,679	\$ 252,132	\$ -	\$ 425,437,931	(2,852,259)	\$ (2,852)	\$ (72,156,044)	\$ 353,531,167



Consolidated Statement of Cash Flows

	Eleven Months Ended December 31, 2021	For the period January 7, 2021 (inception) through January 31, 2021
Cash flows from operating activities		
Net loss	\$ (72,152,564)	\$ (3,480)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,867	5
Change in fair value of warrant liability	(21,828)	-
Share-based compensation	63,765,473	-
Changes in assets and liabilities:		
Prepaid expenses	(13,385,639)	-
Security deposits	(10,352,306)	-
Accounts payable	221,775	277
Accrued expenses	254,289	3,198
Net cash used in operating activities	(31,665,933)	-
Cash flows from investing activities		
Deposits on equipment	(114,856,314)	-
Purchases of property and equipment	(5,109,426)	-
Payments for deferred investment costs	(174,250)	-
Net cash used in investing activities	(120,139,990)	-
Cash flows from financing activities		
Proceeds from borrowings on related party loan	7,038,038	-
Repayments under related party loan	(7,038,038)	-
Proceeds from the issuance of common stock	5	-
Business Combination, net of issuance costs paid	384,893,088	-
Repurchase of common shares to pay employee withholding taxes	(23,245,913)	-
Net cash provided by financing activities	361,647,180	-
Net increase in cash and cash equivalents	209,841,257	-
Cash and cash equivalents, beginning of the period	-	-
Cash and cash equivalents, end of the period	\$ 209,841,257	\$ -
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 26,912	\$ -
Cash paid for income taxes, net	\$ -	\$ -
Supplemental disclosure of noncash investing and financing activities		
Property and equipment purchases in accounts payable	\$ 18,070	\$ 1,642
Net assets assumed from GWAC in the Business Combination	\$ 433,186	\$ -
Non-cash fair value of private warrants	\$ 261,060	\$ -
Deferred offering costs included in accrued expenses	\$ -	\$ 171,450



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