



Cipher  
Mining

# Presentation for Business Update

AUGUST 8, 2023

## 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, 2022, 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) depreciation of fixed assets, (ii) change in fair value of warrant liability, (iii) non-cash change in fair value of our derivative asset and (iv) stock compensation expense.

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# Positioned to Win – The Halving is Coming

## BUILT TO SUCCEED

**~2.7c**

Anticipated  
Weighted Avg.  
**Power Price**  
(c/kWh)<sup>(1)</sup>

**~96%**

of Portfolio  
Energized  
Through **Fixed**  
**Price Power**



**70k+**

**Owned  
Rigs**



**32**

**Cipher  
Employees**

## GROWTH UPDATES

- Long lead time items acquired for 30 MW expansions at Bear & Chief data centers
- ERCOT approval for supplemental grid connection at Alborz
- 117 MW capacity at new JV data centers slated for 2024
- Potential acquisition opportunities likely to build ahead of the 2024 halving

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



# Key Indicators as of July 31, 2023

## SELF-MINING HASH RATE

**6.8 EH/s**  **7.2 EH/s**  **8.7 EH/s**  
Current Q3 2023E Near-Term Expansion Potential<sup>(1)</sup>



**2,831 BTC**  
Year to Date Production



**16.5 BTC**  
Production Capacity<sup>(2)</sup>



**518 BTC**  
BTC Held



**418 BTC**  
Monthly Production July

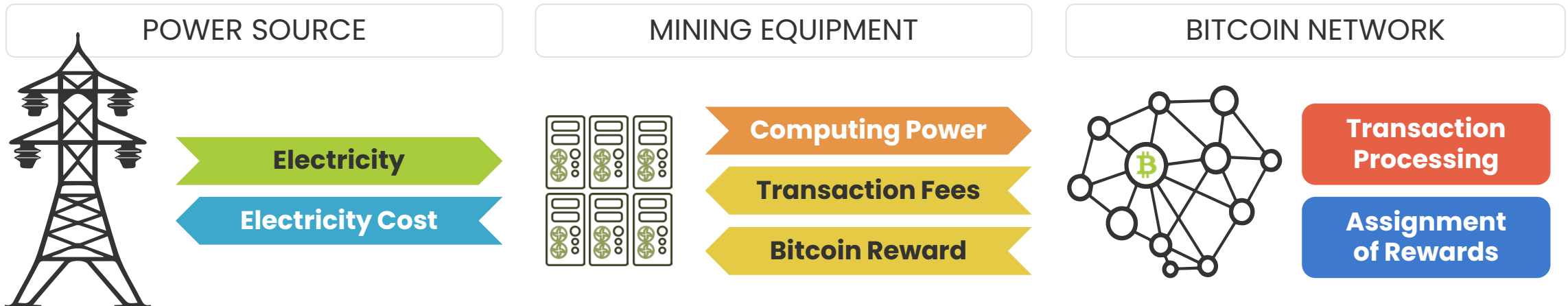
Note: Values represented are approximations

(1) Assumes an efficiency of 21.5 J/TH/s per rig for 30 MW expansion at Bear, 30 MW expansion at Chief and 10 MW expansion at Alborz data centers

(2) Assumes network hash rate of 378 EH/s and 921 bitcoins mined per day



# Cipher Mining's Business Model



## Bitcoin Mining Dynamics

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

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<sup>(2)</sup>

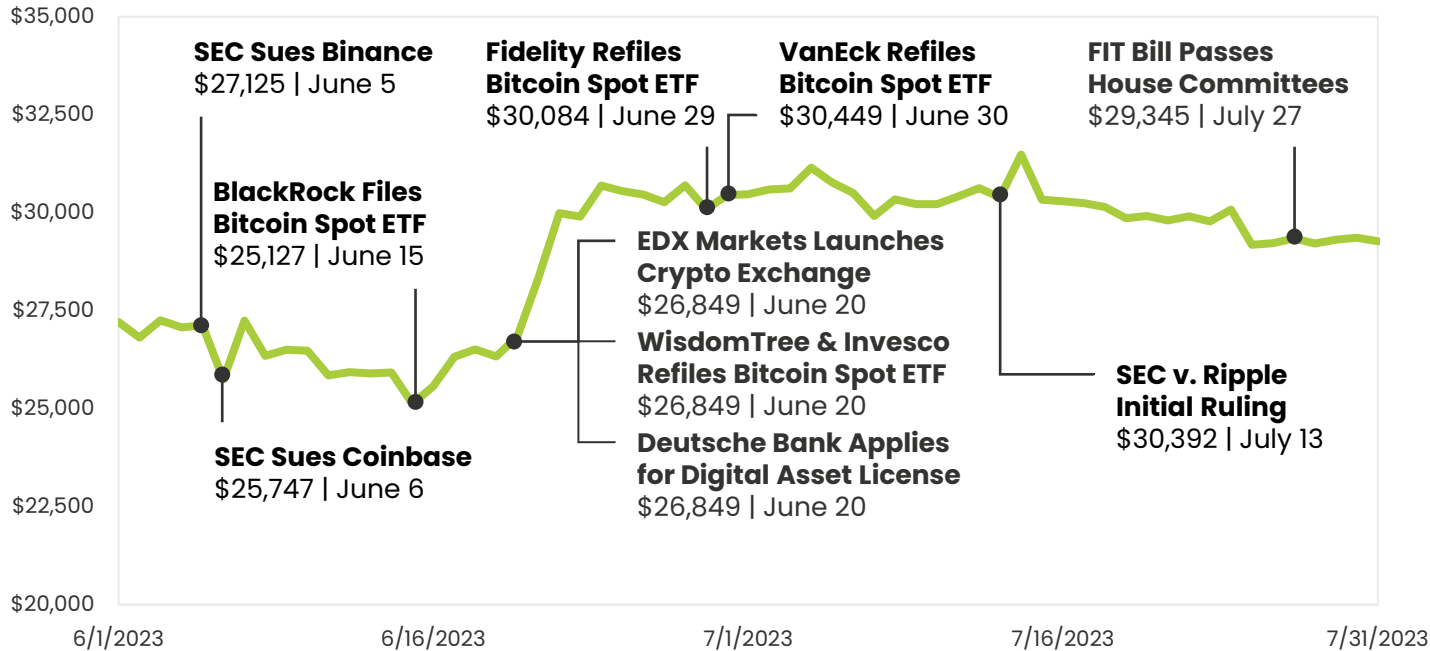
Transaction fees are additional bitcoin paid to miners for confirming transactions

(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

## BITCOIN PRICE \$USD<sup>(1)</sup>



## IMPLICATIONS

- 1 **Increasing Institutional Involvement in BTC**
- 2 **Range-Bound BTC and Rising Network Hash Rate Stresses Competitors Ahead of Halving**
- 3 **M&A Opportunities**



CURRENT EMPHASIS



Optimize Production



Expansion Planning



Find Cyclical Opportunities

(1) Represents average USD market price across major Bitcoin exchanges from June 1, 2023, to July 31, 2023, per data.nasdaq.com



## KEY UPDATES



### Data Centers Update

**~\$8,034 Weighted Avg. Electricity Cost per BTC<sup>(1)</sup>**

#### Odessa

~\$8,308 all-in electricity cost per BTC<sup>(2)</sup>

90.0% of BTC production<sup>(3)</sup>

#### Alborz

~\$6,312 all-in electricity cost per BTC<sup>(4)</sup>

5.7% of BTC production<sup>(3)</sup>

#### Bear & Chief

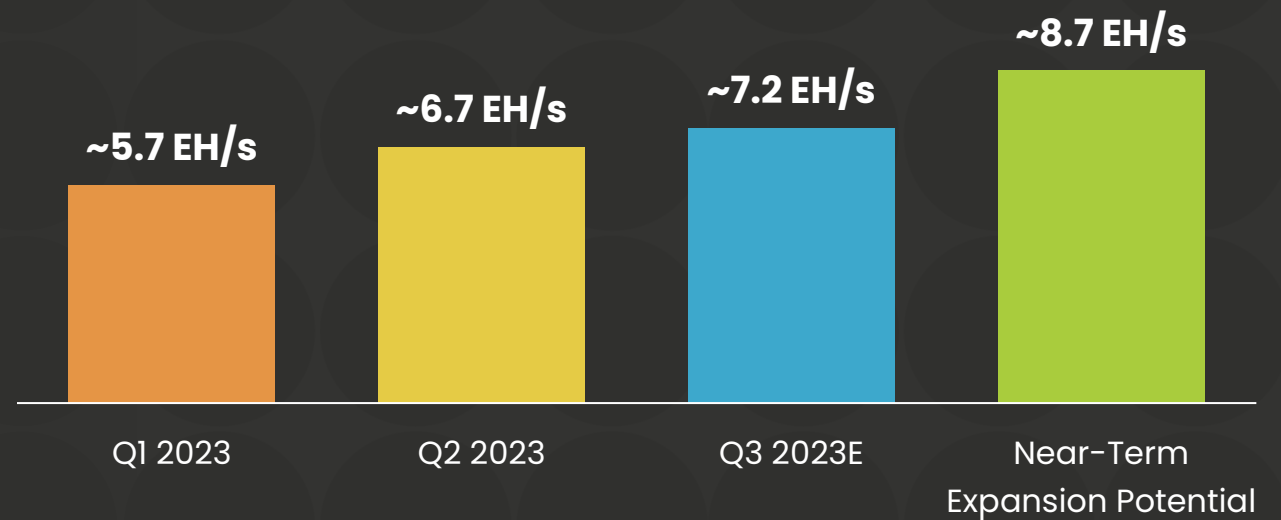
~\$6,511 all-in electricity cost per BTC<sup>(5)</sup>

4.3% of BTC production<sup>(3)</sup>



### Steady Scaling

Hash Rate Growth



(1) Reflects weighted average all-in electricity cost from January to June 2023; June 2023 represents the latest electricity bills received  
 (2) Reflects electricity cost from January to June 2023, including TDU charges and net of revenue generated from opportunistic power sales; June 2023 represents the latest electricity bill received  
 (3) Reflects percentage of Cipher's July BTC production  
 (4) Reflects electricity cost from January to June 2023, including taxes, customer charges, and 2021 storm surcharge; June 2023 represents the latest electricity bill received  
 (5) Reflects combined electricity cost from January to June 2023, including taxes, settlement charges, TSDP charges, and assumes the continued avoidance of material 4CP charges through August & September; June 2023 represents the latest electricity bills received



# Operational Highlights

Odessa – 90.0% of BTC Production<sup>(1)</sup>

**~5.8 EH/s**  
**193 MW**

Operating Capacity<sup>(2)</sup>

**~2,443**

BTC Mined YTD<sup>(2)</sup>



**~\$8,308**

All-in Electricity Cost per BTC<sup>(3)</sup>

**~14.2**

Daily BTC Mining Capacity<sup>(4)</sup>

Odessa Growth Timeline

Hash Rate Deployed (EH/s)

~4.7 EH/s

~5.0 EH/s

~5.0 EH/s

~5.7 EH/s

~5.8 EH/s

~6.2 EH/s

March

April

May

June

July

Q3 2023

(1) Reflects percentage of Cipher's July BTC production

(2) As of July 31, 2023

(3) Reflects electricity cost from January to June 2023, including TDU charges and net of revenue generated from opportunistic power sales; June 2023 represents the latest electricity bill received

(4) Estimated for July 2023; assumes full up-time, network hash rate of 378 EH/s and 921 bitcoins mined per day





# Operational Highlights

Alborz – 5.7% of BTC Production<sup>(1)</sup>

**~1.3 EH/s**

**40 MW**

Operating Capacity<sup>(2)</sup>

**~464**

BTC Mined YTD<sup>(3)</sup>



**~\$6,312**

All-in Electricity Cost per BTC<sup>(4)</sup>

**~3.17**

Daily BTC Mining Capacity<sup>(5)</sup>



(1) Reflects percentage of Cipher's July BTC production  
(2) Joint venture with WindHQ LLC, of which Cipher owns ~0.64 EH/s  
(3) YTD through July 2023; joint venture with WindHQ LLC, of which Cipher owns ~227 BTC  
(4) Reflects electricity cost from January to June 2023, including taxes, customer charges, and 2021 storm surcharge; June 2023 represents the latest electricity bill received  
(5) Estimated for July 2023; assumes full up-time, network hash rate of 378 EH/s and 921 bitcoins mined per day

# Operational Highlights

Bear & Chief – 4.3% of BTC Production<sup>(1)</sup>

**~0.65 EH/s**

**20 MW**

Operating Capacity<sup>(2)</sup>

**~327**

BTC Mined YTD<sup>(3)</sup>

Expansion Capacity up to 270 MW<sup>(4)</sup>



**~\$6,511**

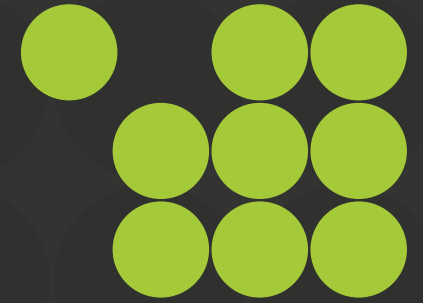
All-in Electricity Cost per BTC<sup>(5)</sup>

**~1.58**

Daily BTC Mining Capacity<sup>(6)</sup>



(1) Reflects percentage of CIPHER's July BTC production  
(2) Joint venture with WindHQ LLC, of which CIPHER owns ~0.32 EH/s  
(3) YTD through July 2023; joint venture with WindHQ LLC, of which CIPHER owns ~160 BTC  
(4) Represents expansion capacity up to 135 MW at each site; expansion capacity above 75 MW at each site is subject to ERCOT approval  
(5) Reflects combined electricity cost from January to June 2023, including taxes, settlement charges, TSDP charges, and assumes the continued avoidance of material 4CP charges through August & September; June 2023 represents the latest electricity bills received  
(6) Estimated for July 2023; assumes full up-time, network hash rate of 378 EH/s and 921 bitcoins mined per day



# Financial Update

# Consolidated Balance Sheets



	<u>June 30, 2023</u> (unaudited)	<u>December 31, 2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,741	\$ 11,927
Accounts receivable	380	98
Receivables, related party	1,614	1,102
Prepaid expenses and other current assets	2,260	7,254
Bitcoin	10,536	6,283
Derivative asset	25,786	21,071
Total current assets	42,317	47,735
Property and equipment, net	267,790	191,784
Deposits on equipment	1,675	73,018
Investment in equity investees	33,098	37,478
Derivative asset	49,466	45,631
Operating lease right-of-use asset	4,635	5,087
Security deposits	17,742	17,730
<b>Total assets</b>	<b>\$ 416,723</b>	<b>\$ 418,463</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 2,053	\$ 14,286
Accounts payable, related party	1,554	3,083
Accrued expenses and other current liabilities	22,746	19,353
Finance lease liability, current portion	11,189	2,567
Operating lease liability, current portion	1,087	1,030
Warrant liability	66	7
Total current liabilities	38,695	40,326
Asset retirement obligation	17,538	16,682
Finance lease liability	10,836	12,229
Operating lease liability	3,936	4,494
Deferred tax liability	2,508	1,840
Total liabilities	73,513	75,571
Commitments and contingencies (Note 12)		
Stockholders' equity		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of June 30, 2023 and December 31, 2022	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 254,795,626 and 251,095,305 shares issued as of June 30, 2023 and December 31, 2022, respectively, and 250,413,891 and 247,551,958 shares outstanding as of June 30, 2023 and December 31, 2022, respectively	254	251
Additional paid-in capital	473,471	453,854
Accumulated deficit	(130,511)	(111,209)
Treasury stock, at par, 4,381,735 and 3,543,347 shares at June 30, 2023 and December 31, 2022, respectively	(4)	(4)
Total stockholders' equity	343,210	342,892
<b>Total liabilities and stockholders' equity</b>	<b>\$ 416,723</b>	<b>\$ 418,463</b>

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



# Consolidated Statement of Operations



	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue - bitcoin mining	\$ 31,224	\$ -	\$ 53,119	\$ -
Costs and operating expenses (income)				
Cost of revenue	15,868	-	24,009	-
General and administrative	21,335	16,704	38,755	34,094
Depreciation	14,412	8	26,067	15
Change in fair value of derivative asset	(3,222)	-	(8,550)	-
Power sales	(5,651)	-	(5,749)	-
Equity in losses of equity investees	1,431	12,079	2,181	12,232
Realized gain on sale of bitcoin	(4,185)	-	(8,206)	-
Impairment of bitcoin	2,828	535	4,633	539
Other gains	-	-	(2,260)	-
Total costs and operating expenses	42,816	29,326	70,880	46,880
Operating loss	(11,592)	(29,326)	(17,761)	(46,880)
Other income (expense)				
Interest income	25	44	101	51
Interest expense	(485)	-	(886)	-
Change in fair value of warrant liability	(22)	63	(59)	111
Other expense	(12)	-	(12)	-
Total other income (expense)	(494)	107	(856)	162
Loss before taxes	(12,086)	(29,219)	(18,617)	(46,718)
Current income tax expense	(31)	-	(48)	-
Deferred income tax expense	(584)	-	(637)	-
Total income tax expense	(615)	-	(685)	-
Net loss	\$ (12,701)	\$ (29,219)	\$ (19,302)	\$ (46,718)
Net loss per share - basic and diluted	\$ (0.05)	\$ (0.12)	\$ (0.08)	\$ (0.19)
Weighted average shares outstanding - basic and diluted	249,127,664	247,730,410	248,892,181	248,945,581



# Non-GAAP Measures

The following is a reconciliation of our non-GAAP loss from operations, which excludes the impact of

- i. depreciation and amortization
- ii. non-cash change in fair value of our derivative asset
- iii. share-based compensation expense
- iv. nonrecurring gains, to its most directly comparable GAAP measure for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Reconciliation of non-GAAP income (loss) from operations:</b>				
Operating loss	\$ (11,592)	\$ (29,326)	\$ (17,761)	\$ (46,880)
Depreciation and amortization	14,642	8	26,519	15
Change in fair value of derivative asset	(3,222)	-	(8,550)	-
Share-based compensation expense	9,178	10,064	17,988	19,578
Other gains - nonrecurring	-	-	(2,255)	-
Non-GAAP income (loss) from operations	\$ 9,006	\$ (19,254)	\$ 15,941	\$ (27,287)

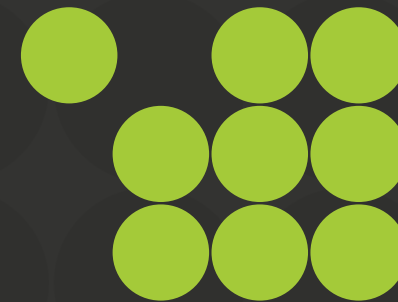
The following are reconciliations of our non-GAAP net income (loss) and non-GAAP basic and diluted net income (loss) per share, in each case excluding the impact of (i) depreciation and amortization, (ii) the non-cash change in the fair value of our derivative asset, (iii) share-based compensation expense,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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Reconciliation of non-GAAP net income (loss):</b>				
Net loss	\$ (12,701)	\$ (29,219)	\$ (19,302)	\$ (46,718)
Non-cash adjustments to net loss:				
Depreciation and amortization	14,642	8	26,519	15
Change in fair value of derivative asset	(3,222)	-	(8,550)	-
Share-based compensation expense	9,178	10,064	17,988	19,578
Other gains - nonrecurring	-	-	(2,255)	-
Change in fair value of warrant liability	(22)	63	(59)	111
Deferred income tax expense	(584)	-	(637)	-
Total non-cash adjustments to net loss	19,992	10,135	33,006	19,704
Non-GAAP net income (loss)	\$ 7,291	\$ (19,084)	\$ 13,704	\$ (27,014)

<b>Reconciliation of non-GAAP basic and diluted net income (loss) per share:</b>				
Basic and diluted net loss per share	\$ (0.05)	\$ (0.12)	\$ (0.08)	\$ (0.19)
Depreciation and amortization (per share)	\$ 0.06	-	0.11	-
Change in fair value of derivative asset (per share)	\$ (0.01)	-	(0.03)	-
Share-based compensation expense (per share)	\$ 0.04	0.04	0.07	0.08
Other gains - nonrecurring (per share)	\$ -	-	(0.01)	-
Change in fair value of warrant liability (per share)	\$ -	-	-	-
Deferred income tax expense (per share)	\$ -	-	-	-
Non-GAAP basic and diluted net income (loss) per share	\$ 0.04	\$ (0.08)	\$ 0.06	\$ (0.11)

Note: In thousands, except for per share amounts





# Appendix

# Statements of Changes in Stockholders' Equity (Deficit)

## Three Months Ended June 30, 2023

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
<b>Balance as of March 31, 2023</b>	<b>253,050,088</b>	<b>\$ 253</b>	<b>\$ 462,181</b>	<b>\$ (117,810)</b>	<b>(4,144,081)</b>	<b>\$ (4)</b>	<b>\$ 344,620</b>
Issuance of common shares, net of offering costs - At-the-market offering	978,207	1	2,744	-	-	-	2,745
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	674,817	-	(632)	-	(237,654)	-	(632)
Share-based compensation	92,514	-	9,178	-	-	-	9,178
Net loss	-	-	-	(12,701)	-	-	(12,701)
<b>Balance as of June 30, 2023</b>	<b>254,795,626</b>	<b>\$ 254</b>	<b>\$ 473,471</b>	<b>\$ (130,511)</b>	<b>(4,381,735)</b>	<b>\$ (4)</b>	<b>\$ 343,210</b>

## Three Months Ended June 30, 2022

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
<b>Balance as of March 31, 2022</b>	<b>253,685,763</b>	<b>\$ 254</b>	<b>\$ 431,899</b>	<b>\$ (89,655)</b>	<b>(3,511,490)</b>	<b>\$ (4)</b>	<b>\$ 342,494</b>
Common stock cancelled	(2,890,173)	(3)	(9,997)	-	-	-	(10,000)
Delivery of common stock underlying restricted stock units	205,482	-	-	-	-	-	-
Share-based compensation	-	-	10,064	-	-	-	10,064
Net loss	-	-	-	(29,219)	-	-	(29,219)
<b>Balance as of June 30, 2022</b>	<b>251,001,072</b>	<b>\$ 251</b>	<b>\$ 431,966</b>	<b>\$ (118,874)</b>	<b>(3,511,490)</b>	<b>\$ (4)</b>	<b>\$ 313,339</b>

Note: In thousands, except for share amounts





# Consolidated Statement of Cash Flows



	Six Months Ended June 30,	
	2023	2022
<b>Cash flows from operating activities</b>		
Net loss	\$ (19,302)	\$ (46,718)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	26,067	15
Amortization of operating right-of-use asset	452	347
Share-based compensation	17,988	19,578
Equity in losses of equity investees	2,181	12,232
Impairment of bitcoin	4,633	539
Non-cash lease expense	878	-
Deferred income taxes	637	-
Bitcoin received as payment for services	(52,836)	-
Change in fair value of derivative asset	(8,550)	-
Change in fair value of warrant liability	59	(111)
Realized gain on sale of bitcoin	(8,206)	-
Changes in assets and liabilities:		
Proceeds from sale of bitcoin	52,474	-
Accounts receivable	(282)	-
Receivables, related party	(512)	(467)
Prepaid expenses and other current assets	4,994	4,134
Security deposits	(12)	(1,065)
Accounts payable	(184)	104
Accounts payable, related party	(1,529)	-
Accrued expenses and other current liabilities	6,323	1,209
Lease liabilities	(594)	271
Net cash provided by (used in) operating activities	<u>24,679</u>	<u>(9,932)</u>
<b>Cash flows from investing activities</b>		
Deposits on equipment	(2,932)	(156,811)
Purchases of property and equipment	(28,541)	(13,069)
Capital distributions from equity investees	3,807	10,065
Investment in equity investees	(3,095)	-
Prepayments on financing lease	(3,676)	-
Net cash used in investing activities	<u>(34,437)</u>	<u>(159,815)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issuance of common stock	2,821	-
Offering costs paid for the issuance of common stock	(76)	-
Repurchase of common shares to pay employee withholding taxes	(1,114)	(3,052)
Principal payments on financing lease	(2,059)	-
Net cash used in financing activities	<u>(428)</u>	<u>(3,052)</u>
Net decrease in cash and cash equivalents	(10,186)	(172,799)
Cash and cash equivalents, beginning of the period	11,927	209,841
Cash and cash equivalents, end of the period	<u>\$ 1,741</u>	<u>\$ 37,042</u>
<b>Supplemental disclosure of noncash investing and financing activities</b>		
Reclassification of deposits on equipment to property and equipment	\$ 72,130	-
Right-of-use asset obtained in exchange for finance lease liability	\$ 14,212	-
Finance lease costs in accrued expenses	\$ 2,034	-
Equity method investment acquired for non-cash consideration	\$ 1,926	75,933
Sales tax accruals reversed due to exemption	\$ 1,837	-
Bitcoin received from equity investees	\$ 317	1,326
Property and equipment purchases in accounts payable, accounts payable, related party and accrued expenses	\$ -	5,459
Deposits on equipment in accounts payable and accounts payable, related party	\$ -	10,972
Common stock cancelled	\$ -	10,000
Right-of-use asset obtained in exchange for operating lease liability	\$ -	5,859
Investment in equity investees in accrued expenses	\$ -	4,345
Reclassification of deferred investment costs to investment in equity investees	\$ -	174

Note: In thousands

