

**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 08, 2023

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 \$0.001 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 8, 2023, Cipher Mining Inc. (the “Company”) announced its results for the third quarter ended September 30, 2023. 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.**Earnings Release**

On November 8, 2023, 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.

Miner Purchase

On October 4, 2023, the Company entered into an agreement with Bitmain Technologies Delaware Limited to purchase 1.2 EH/s worth of HASH Super Computing Servers (Antminer S21-200.0T model), for a total commitment of \$24.0 million to be paid in cash and coupons, or \$16.8 million in cash after applying coupons (the “Bitmain Agreement”). The Company expects the miners purchased under this agreement to be shipped in batches between January and June 2024. The Company expects to make periodic payments in accordance with the payment schedule under the Bitmain Agreement, with the final payment expected to occur one year after the delivery of the last batch of miners. Pursuant to the Bitmain Agreement, the Company is responsible for all logistics costs related to transportation, packaging for transportation and insurance related to the delivery of the miners.

Black Pearl Purchase

On November 6, 2023, the Company and its wholly-owned subsidiary, Cipher Black Pearl LLC, entered into a Purchase and Sale Agreement (the “PSA”) with Trinity Mining Group, Inc. (“Trinity”) to purchase a data center lease (the “Lease”) related to certain tracts or parcels of land containing at least 50 acres of land located in Winkler County, Texas (the “Leased Property”) and certain other agreements (the “Assumed Agreements”) providing for the construction of a new data center the Company expects to build and call “Black Pearl” or the “Black Pearl Facility”. The Lease has an initial term of ten years, and the Company has four consecutive options to renew for periods of ten years each. In addition to the Lease and the Assumed Agreements, the purchased assets under the PSA include certain books, records, reports, studies and governmental approvals related to the Leased Property, and an approval from the Electric Reliability Council of Texas (“ERCOT”) conditionally approving up to 300 MW of energy consumption at the interconnection point of the Leased Property (the “Purchased Assets”).

The consideration for the Purchased Assets will be \$7.0 million (the “Purchase Price”). The Purchase Price will be paid by delivery of a number of whole shares of the Company’s common stock. The amount of the Company’s stock to be delivered under the PSA will be calculated by dividing the Purchase Price by the volume weighted average price of the Company’s common stock traded on the Nasdaq Global Select Market for the thirty (30) trading days immediately preceding the signing of the Purchase and Sale Agreement, determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

The shares of the Company’s common stock to be issued to Trinity will be issued pursuant to the Company’s shelf registration statement on Form S-3, which was declared effective on October 6, 2022 (the “Registration Statement”), including all information, documents and exhibits filed with or incorporated by reference into the Registration Statement, providing for the offering, issuance and sale by the Company from time to time of up to \$500.0 million in aggregate of the Company’s common stock, preferred stock, warrants and units. The Company’s obligations to consummate the transactions contemplated by the PSA are subject to the satisfaction of certain conditions precedent. To the extent those conditions are satisfied, or waived by the Company, the Company expects the closing date to occur before the end of December 2023. If the closing date occurs before the end of December 2023, the Company expects to deliver to Oncor Electric Delivery Company LLC (“Oncor”) up to \$6.3 million as collateral that Oncor will be obligated to return to the Company, provided that the Company energizes at least 135MW at the Black Pearl Facility by May 15, 2026.

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 8, 2023
99.2	Presentation of the Company, dated November 8, 2023
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 hereunto duly authorized.

Cipher Mining Inc.

Date: November 8, 2023

By:

/s/ Tyler Page

Tyler Page
Chief Executive Officer

Cipher Mining Provides Third Quarter 2023 Business Update

Completed the Build-out of the Odessa Data Center and Achieved All-Time High Self-Mining Hash Rate Capacity of up to 7.2 Exahash per Second (“EH/s”)

Signed Agreement to Acquire a New Texas-based, ERCOT-approved Site with Interconnection up to 300 MW, Expected to Come Online in 2025

Purchased ~1.2 EH/s of the Latest Generation S21 Bitmain Rigs, Bringing Total Hash Rate in Operation and Under Contract to ~8.4 EH/s

GAAP Diluted Net Loss of \$0.07 per Share

Non-GAAP Diluted Net Income of \$0.02 per Share

NEW YORK—November 8, 2023—Cipher Mining Inc. (**NASDAQ: CIPR**) (“Cipher” or the “Company”), a leading developer and operator of bitcoin mining data centers, today announced results for its third quarter 2023, with an update on its operations and deployment strategy.

“We are pleased to announce that we finalized the build-out of our Odessa facility and have achieved a self-mining capacity of up to 7.2 EH/s across our portfolio,” said Tyler Page, CEO of Cipher. “With this first phase of the Company’s growth now complete, we are also delighted to announce that we have signed an agreement to acquire a new Texas-based, ERCOT-approved site, called “Black Pearl,” with interconnection up to 300 MW.”

Cipher’s obligations under the Black Pearl purchase agreement are subject to certain conditions precedent that, if satisfied or waived by Cipher, would result in Cipher taking over a land lease for up to 50 years for the site itself, as well as the assignment of certain agreements relating to developing and running the site. Upon closing, Cipher will pay to the seller \$7 million in consideration, to be paid by delivery of a number of Cipher common shares to be issued under the Company’s shelf registration statement previously filed on Form S-3. Cipher anticipates closing the transaction before the end of the year.

“Now that the first chapter of our growth story is complete, we are excited to embark on the next major phase of expansion,” said Mr. Page. “Black Pearl is a front-of-the-meter site that we aim to bring online in 2025. Having already successfully deployed four data centers, we are eager to start working on the fifth.”

“We have also purchased ~1.2 EH/s worth of the latest generation S21 Bitmain mining rigs for \$14/TH, using a payment schedule that extends until one year after the delivery of the last batch of miners,” continued Mr. Page. “We remain committed to our disciplined approach to managing growth throughout the cycle. Whether it is purchasing new mining rigs, expanding our data centers, or developing a new site, we are proud

of the rigorous approach we consistently apply to developing the Company's growth strategy. We believe we are well-positioned to come out a clear winner on the other side of the halving."

Finance and Operations Highlights

- Completed the build-out of its Odessa facility and deployed up to 7.2 EH/s of self-mining capacity across the Company's four data centers
- Executed agreement to acquire a new site in Texas with a conditional ERCOT interconnection approval for up to 300 MW of energy consumption
- Purchased ~1.2 EH/s worth of Bitmain S21 rigs for \$14/TH for delivery beginning in January 2024
- Produced a third quarter 2023 GAAP diluted net loss of \$0.07 per share, and a non-GAAP diluted net income of \$0.02 per share

Business Update Call and Webcast

The live webcast, to be held today at 8:00 a.m. Eastern Time, and a webcast replay of the conference call can be accessed from the investor relations section of CIPHER's website at <https://investors.ciphermining.com>. To access this conference call by telephone, register here to receive dial-in numbers and a unique PIN to join the call.

About CIPHER

CIPHER is an emerging technology company focused on the development and operation of bitcoin mining data centers. 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 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 press release 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, including the closing of the Black Pearl purchase agreement and development of the Black Pearl facility, expectations regarding the operations of mining centers and delivery of mining rigs, 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,” “strategy,” “future,” “forecasts,” “opportunity,” “predicts,” “potential,” “would,” “will likely result,” “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 press release, 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 14, 2023, and in Cipher's subsequent filings with the SEC. 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.

Contacts:

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CIPHER MINING INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share and per share amounts)

	September 30, 2023	December 31, 2022
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,342	\$ 11,927
Accounts receivable	360	98
Receivables, related party	-	1,102
Prepaid expenses and other current assets	3,962	7,254
Bitcoin	13,667	6,283
Derivative asset	33,087	21,071
Total current assets	54,418	47,735
Property and equipment, net	258,295	191,784
Deposits on equipment	1,220	73,018
Investment in equity investees	33,609	37,478
Derivative asset	46,963	45,631
Operating lease right-of-use asset	4,399	5,087
Security deposits	17,586	17,730
Total assets	\$ 416,490	\$ 418,463
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 4,604	\$ 14,286
Accounts payable, related party	1,554	3,083
Accrued expenses and other current liabilities	24,813	19,353
Finance lease liability, current portion	6,749	2,567
Operating lease liability, current portion	1,117	1,030
Warrant liability	56	7
Total current liabilities	38,893	40,326
Asset retirement obligation	17,966	16,682
Finance lease liability	12,014	12,229
Operating lease liability	3,645	4,494
Deferred tax liability	1,285	1,840
Total liabilities	73,803	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 September 30, 2023 and December 31, 2022	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 259,682,742 and 251,095,305 shares issued as of September 30, 2023 and December 31, 2022, respectively, and 254,558,178 and 247,551,958 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	259	251
Additional paid-in capital	490,655	453,854
Accumulated deficit	(148,222)	(111,209)
Treasury stock, at par, 5,124,564 and 3,543,347 shares at September 30, 2023 and December 31, 2022, respectively	(5)	(4)
Total stockholders' equity	342,687	342,892
Total liabilities and stockholders' equity	\$ 416,490	\$ 418,463

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 September 30,	
	2023	2022	2023	2022
Revenue - bitcoin mining	\$ 30,304	\$ -	\$ 83,423	\$ -
Costs and operating expenses (income)				
Cost of revenue	13,008	-	37,017	-
General and administrative	23,898	17,755	62,653	51,849
Depreciation	16,217	11	42,284	26
Change in fair value of derivative asset	(4,744)	(85,658)	(13,294)	(85,658)
Power sales	(2,720)	-	(8,469)	-
Equity in losses of equity investees	1,998	8,345	4,179	20,577
Realized gain on sale of bitcoin	(2,505)	(6)	(10,711)	(6)
Impairment of bitcoin	3,443	320	8,076	859
Other gains	(95)	-	(2,355)	-
Total costs and operating expenses (income)	48,500	(59,233)	119,380	(12,353)
Operating (loss) income	(18,196)	59,233	(35,957)	12,353
Other income (expense)				
Interest income	11	55	112	106
Interest expense	(627)	-	(1,513)	-
Change in fair value of warrant liability	10	4	(49)	115
Other expense	(6)	-	(18)	-
Total other (expense) income	(612)	59	(1,468)	221
(Loss) income before taxes	(18,808)	59,292	(37,425)	12,574
Current income tax expense	(95)	-	(143)	-
Deferred income tax benefit	1,192	-	555	-
Total income tax benefit	1,097	-	412	-
Net (loss) income	\$ (17,711)	\$ 59,292	\$ (37,013)	\$ 12,574
Net (loss) income per share - basic	\$ (0.07)	\$ 0.24	\$ (0.15)	\$ 0.05
Net (loss) income per share - diluted	\$ (0.07)	\$ 0.24	\$ (0.15)	\$ 0.05
Weighted average shares outstanding - basic	251,789,350	247,508,745	249,858,033	248,461,373
Weighted average shares outstanding - diluted	251,789,350	248,342,200	249,858,033	248,782,665

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

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities		
Net (loss) income	\$ (37,013)	\$ 12,574
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	42,284	26
Amortization of operating right-of-use asset	688	556
Share-based compensation	28,687	30,072
Equity in losses of equity investees	4,179	20,577
Impairment of bitcoin	8,076	859
Non-cash lease expense	1,477	-
Deferred income taxes	(555)	-
Bitcoin received as payment for services	(83,161)	-
Change in fair value of derivative asset	(13,294)	(85,658)
Change in fair value of warrant liability	49	(115)
Realized gain on sale of bitcoin	(10,711)	(6)
Changes in assets and liabilities:		
Proceeds from sale of bitcoin	78,729	23
Proceeds from power sales	-	1,722
Proceeds from reduction of scheduled power	-	5,056
Accounts receivable	(262)	-
Receivables, related party	(958)	(731)
Prepaid expenses and other current assets	3,238	5,412
Security deposits	144	(1,103)
Accounts payable	2,366	400
Accounts payable, related party	(1,529)	-
Accrued expenses and other current liabilities	10,732	1,408
Lease liabilities	(762)	37
Net cash provided by (used in) operating activities	<u>32,404</u>	<u>(8,891)</u>
Cash flows from investing activities		
Deposits on equipment	(4,533)	(184,095)
Purchases of property and equipment	(32,980)	(28,958)
Capital distributions from equity investees	3,807	43,291
Investment in equity investees	(3,545)	-
Prepayments on financing lease	(3,676)	-
Net cash used in investing activities	<u>(40,927)</u>	<u>(169,762)</u>
Cash flows from financing activities		
Proceeds from the issuance of common stock	11,644	-
Offering costs paid for the issuance of common stock	(298)	-
Repurchase of common shares to pay employee withholding taxes	(3,224)	(3,077)
Principal payments on financing lease	(8,184)	-
Net cash used in financing activities	<u>(62)</u>	<u>(3,077)</u>
Net decrease in cash and cash equivalents	(8,585)	(181,730)
Cash and cash equivalents, beginning of the period	11,927	209,841
Cash and cash equivalents, end of the period	<u>\$ 3,342</u>	<u>\$ 28,111</u>
Supplemental disclosure of noncash investing and financing activities		
Reclassification of deposits on equipment to property and equipment	\$ 74,186	\$ -
Right-of-use asset obtained in exchange for finance lease liability	\$ 14,212	\$ -
Reclassification of receivables, related party to investment in equity investees	\$ 2,060	\$ -
Equity method investment acquired for non-cash consideration	\$ 1,926	\$ 93,208
Sales tax accruals reversed due to exemption	\$ 1,837	\$ -
Bitcoin received from equity investees	\$ 317	\$ 3,139
Common stock cancelled	\$ -	\$ 10,000
Property and equipment purchases in accounts payable, accounts payable, related party and accrued expenses	\$ -	\$ 6,695
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	\$ -	\$ 4,289
Reclassification of deferred investment costs to investment in equity investees	\$ -	\$ 174

Non-GAAP Financial Measures

The following is a reconciliation of our non-GAAP income (loss) from operations, which excludes 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 and (iv) nonrecurring gains, to its most directly comparable GAAP measure for the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of non-GAAP income (loss) from operations:				
Operating (loss) income	\$ (18,196)	\$ 59,233	\$ (35,957)	\$ 12,353
Depreciation and amortization	16,453	11	42,972	26
Change in fair value of derivative asset	(4,744)	(85,658)	(13,294)	(85,658)
Share-based compensation expense	10,699	10,494	28,687	30,072
Other gains - nonrecurring	-	-	(2,349)	-
Non-GAAP income (loss) from operations	\$ 4,212	\$ (15,920)	\$ 20,059	\$ (43,207)

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 (in thousands, except for per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of non-GAAP net income (loss):				
Net (loss) income	\$ (17,711)	\$ 59,292	\$ (37,013)	\$ 12,574
Non-cash adjustments to net (loss) income:				
Depreciation and amortization	16,453	11	42,972	26
Change in fair value of derivative asset	(4,744)	(85,658)	(13,294)	(85,658)
Share-based compensation expense	10,699	10,494	28,687	30,072
Other gains - nonrecurring	-	-	(2,349)	-
Change in fair value of warrant liability	10	4	(49)	115
Deferred income tax expense	1,192	-	555	-
Total non-cash adjustments to net (loss) income	23,610	(75,149)	56,522	(55,445)
Non-GAAP net income (loss)	\$ 5,899	\$ (15,857)	\$ 19,509	\$ (42,871)

Reconciliation of non-GAAP basic and diluted net income (loss) per share:

Basic and diluted net (loss) income per share	\$ (0.07)	\$ 0.24	\$ (0.15)	\$ 0.05
Depreciation and amortization (per share)	0.07	-	0.17	-
Change in fair value of derivative asset (per share)	(0.02)	(0.35)	(0.05)	(0.35)
Share-based compensation expense (per share)	0.04	0.04	0.11	0.12
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	\$ 0.02	\$ (0.07)	\$ 0.07	\$ (0.18)



Cipher
Mining

Presentation for Business Update

NOVEMBER 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 – Growing Through the Cycle

BUILT TO SUCCEED

~2.7c

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

~96%

of Portfolio
Energized
Through **Fixed
Price Power**



7.2 EH/s

**Self-Mining
Hash Rate**



33

**Cipher
Employees**

GROWTH UPDATES

- Signed agreement to acquire a Texas-based greenfield site with a conditional ERCOT interconnection approval for up to 300 MW, called “Black Pearl”
- Purchased 1.2 EH/s of Bitmain’s newest generation S21 rigs for \$14/TH
- Continued progress on grid connection at Alborz data center, expected 1H 2024

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



Key Indicators as of October 31, 2023

SELF-MINING HASH RATE

7.2 EH/s

Current



8.4 EH/s

Current + Contracted



23.5 EH/s

2025 Potential⁽¹⁾



4,032 BTC

Year to Date Production



14.9 BTC

Daily Production Capacity⁽²⁾



516 BTC

BTC Held



428 BTC

Monthly Production October

Note: Values represented are approximations

(1) Assumes a PUE of 1.05 and an efficiency of 17.5 J/TH/s per rig for 300 MW build out at recently acquired greenfield site, Black Pearl

(2) Assumes network hash rate of 444 EH/s and 923 bitcoins mined per day



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

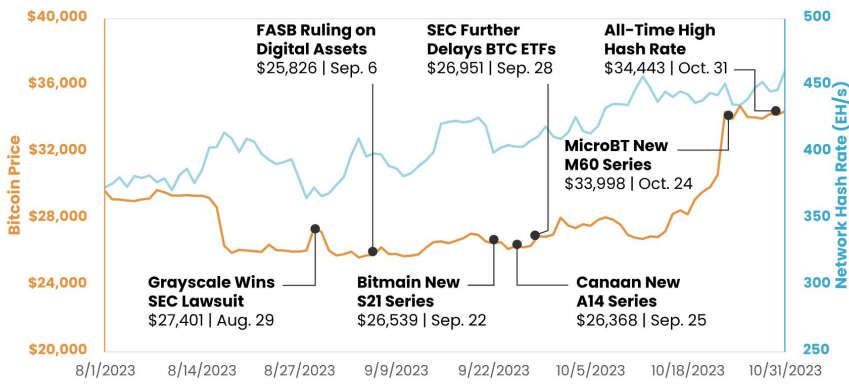
Current block reward amounts to 6.25 bitcoins per block⁽²⁾

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  Is an ETF coming?
- 2  Continued Network Hash Rate Growth
- 3  Shifting Landscape for Mining Rigs?



CURRENT EMPHASIS



Acquire Assets at Cyclical Lows



Power Use / Trading Optimization



Optimize Production Pre-Halving

⁽¹⁾ Represents average USD market price across major bitcoin exchanges from August 1, 2023, to October 31, 2023, per data.nasdaq.com
⁽²⁾ Reflects Bitcoin network hash rate from August 1, 2023, to October 31, 2023, per blockchain.com





Data Centers Update

~\$8,379 Weighted Avg. Electricity Cost per BTC⁽¹⁾

Odessa

~\$8,390 all-in electricity cost per BTC⁽²⁾
90% of BTC production⁽³⁾

Alborz

~\$6,794 all-in electricity cost per BTC⁽⁴⁾
6% of BTC production⁽³⁾

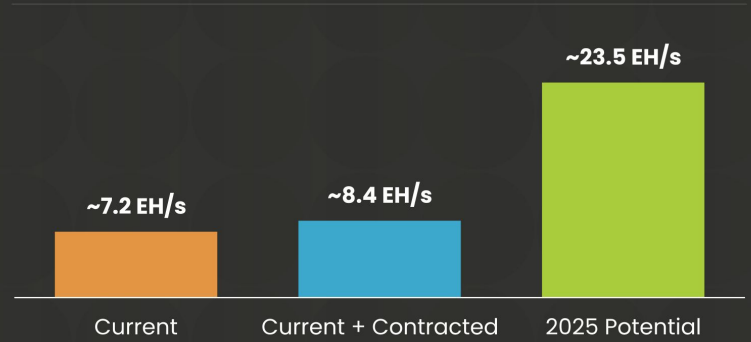
Bear & Chief

~\$10,448 all-in electricity cost per BTC⁽⁵⁾
4% of BTC production⁽³⁾



Steady Scaling

Hash Rate Growth



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



Operational Highlights

Odessa – 90% of BTC Production⁽¹⁾

~6.2 EH/s
207 MW

Operating Capacity

~3,531

BTC Mined YTD⁽²⁾



~\$8,390

All-in Electricity Cost per BTC⁽³⁾

~12.9

Daily BTC Mining Capacity⁽⁴⁾



(1) Reflects approximate percentage of Cipher's October BTC production YTD through October 2023
(2) Reflects electricity cost from January to September 2023, including TDU charges and net of revenue generated from opportunistic power sales; September 2023 represents the latest electricity bill received
(3) Estimated for October 2023; assumes full up-time, network hash rate of 444 EH/s and 923 bitcoins mined per day

Operational Highlights

Alborz – 6% of BTC Production⁽¹⁾

~1.3 EH/s
40 MW

Operating Capacity⁽²⁾

~603

BTC Mined YTD⁽³⁾



~\$6,794

All-in Electricity Cost per BTC⁽⁴⁾

~2.7

Daily BTC Mining Capacity⁽⁵⁾



(1) Reflects approximate percentage of Cipher's October BTC production
(2) Joint venture with WindHQ LLC, of which Cipher owns ~0.64 EH/s
(3) YTD through October 2023; joint venture with WindHQ LLC, of which Cipher owns ~265 BTC
(4) Reflects electricity cost from January to September 2023, including taxes, customer charges, and 2021 storm surcharge; September 2023 represents the latest electricity bill received
(5) Estimated for October 2023; assumes full up-time, network hash rate of 444 EH/s and 923 bitcoins mined per day

Operational Highlights

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

~0.65 EH/s
20 MW

Operating Capacity⁽²⁾

~421

BTC Mined YTD⁽³⁾



~\$10,448

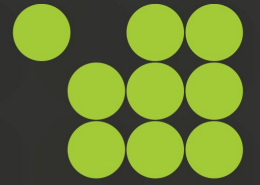
All-in Electricity Cost per BTC⁽⁴⁾

~1.4

Daily BTC Mining Capacity⁽⁵⁾



(1) Reflects approximate percentage of Cipher's October BTC production
(2) Joint venture with WindHQ LLC, of which Cipher owns ~0.32 EH/s
(3) YTD through October 2023; joint venture with WindHQ LLC, of which Cipher owns ~208 BTC
(4) Reflects combined electricity cost from January to September 2023, including taxes, settlement charges, and TSDP charges; September 2023 represents the latest electricity bills received
(5) Estimated for October 2023; assumes full up-time, network hash rate of 444 EH/s and 923 bitcoins mined per day



Financial Update

Consolidated Balance Sheets



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

	September 30, 2023 (unaudited)	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,342	\$ 11,927
Accounts receivable	360	98
Receivables, related party	-	1,102
Prepaid expenses and other current assets	3,962	7,254
Bitcoin	13,667	6,283
Derivative asset	33,087	21,071
Total current assets	54,418	47,735
Property and equipment, net	258,295	191,784
Deposits on equipment	1,220	73,018
Investment in equity investees	33,609	37,478
Derivative asset	46,963	45,631
Operating lease right-of-use asset	4,399	5,087
Security deposits	17,586	17,730
Total assets	\$ 416,490	\$ 418,463
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 4,604	\$ 14,286
Accounts payable, related party	1,554	3,083
Accrued expenses and other current liabilities	24,813	19,353
Finance lease liability, current portion	6,749	2,567
Operating lease liability, current portion	1,117	1,030
Warrant liability	56	7
Total current liabilities	38,893	40,326
Asset retirement obligation	17,966	16,682
Finance lease liability	12,014	12,229
Operating lease liability	3,645	4,494
Deferred tax liability	1,285	1,840
Total liabilities	73,803	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 September 30, 2023 and December 31, 2022	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 259,682,742 and 251,095,305 shares issued as of September 30, 2023 and December 31, 2022, respectively, and 254,558,178 and 247,551,958 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	259	251
Additional paid-in capital	490,655	453,854
Accumulated deficit	(148,222)	(111,209)
Treasury stock, at par, 5,124,564 and 3,543,347 shares at September 30, 2023 and December 31, 2022, respectively	(5)	(4)
Total stockholders' equity	342,687	342,892
Total liabilities and stockholders' equity	\$ 416,490	\$ 418,463



Consolidated Statement of Operations



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue - bitcoin mining	\$ 30,304	\$ -	\$ 83,423	\$ -
Costs and operating expenses (income)				
Cost of revenue	13,008	-	37,017	-
General and administrative	23,898	17,755	62,653	51,849
Depreciation	16,217	11	42,284	26
Change in fair value of derivative asset	(4,744)	(85,658)	(13,294)	(85,658)
Power sales	(2,720)	-	(8,469)	-
Equity in losses of equity investees	1,998	8,345	4,179	20,577
Realized gain on sale of bitcoin	(2,505)	(6)	(10,711)	(6)
Impairment of bitcoin	3,443	320	8,076	859
Other gains	(95)	-	(2,355)	-
Total costs and operating expenses (income)	48,500	(59,233)	119,380	(12,353)
Operating (loss) income	(18,196)	59,233	(35,957)	12,353
Other income (expense)				
Interest income	11	55	112	106
Interest expense	(627)	-	(1,513)	-
Change in fair value of warrant liability	10	4	(49)	115
Other expense	(6)	-	(18)	-
Total other (expense) income	(612)	59	(1,468)	221
(Loss) income before taxes	(18,808)	59,292	(37,425)	12,574
Current income tax expense	(95)	-	(143)	-
Deferred income tax benefit	1,192	-	555	-
Total income tax benefit	1,097	-	412	-
Net (loss) income	\$ (17,711)	\$ 59,292	\$ (37,013)	\$ 12,574
Net (loss) income per share - basic	\$ (0.07)	\$ 0.24	\$ (0.15)	\$ 0.05
Net (loss) income per share - diluted	\$ (0.07)	\$ 0.24	\$ (0.15)	\$ 0.05
Weighted average shares outstanding - basic	251,789,350	247,508,745	249,858,033	248,461,373
Weighted average shares outstanding - diluted	251,789,350	248,342,200	249,858,033	248,782,665

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



Non-GAAP Measures

The following is a reconciliation of our non-GAAP income (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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of non-GAAP income (loss) from operations:				
Operating (loss) income	\$ (18,196)	\$ 59,233	\$ (35,957)	\$ 12,353
Depreciation and amortization	16,453	11	42,972	26
Change in fair value of derivative asset	(4,744)	(85,658)	(13,294)	(85,658)
Share-based compensation expense	10,699	10,494	28,687	30,072
Other gains - nonrecurring	-	-	(2,349)	-
Non-GAAP income (loss) from operations	\$ 4,212	\$ (15,920)	\$ 20,059	\$ (43,207)

Note: In thousands, except for per share amounts

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of non-GAAP net income (loss):				
Net (loss) income	\$ (17,711)	\$ 59,292	\$ (37,013)	\$ 12,574
Non-cash adjustments to net (loss) income:				
Depreciation and amortization	16,453	11	42,972	26
Change in fair value of derivative asset	(4,744)	(85,658)	(13,294)	(85,658)
Share-based compensation expense	10,699	10,494	28,687	30,072
Other gains - nonrecurring	-	-	(2,349)	-
Change in fair value of warrant liability	10	4	(49)	115
Deferred income tax expense	1,192	-	555	-
Total non-cash adjustments to net (loss) income	23,610	(75,149)	56,522	(55,445)
Non-GAAP net income (loss)	\$ 5,899	\$ (15,857)	\$ 19,509	\$ (42,871)
Reconciliation of non-GAAP basic and diluted net income (loss) per share:				
Basic and diluted net (loss) income per share	\$ (0.07)	\$ 0.24	\$ (0.15)	\$ 0.05
Depreciation and amortization (per share)	0.07	-	0.17	-
Change in fair value of derivative asset (per share)	(0.02)	(0.35)	(0.05)	(0.35)
Share-based compensation expense (per share)	0.04	0.04	0.11	0.12
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	\$ 0.02	\$ (0.07)	\$ 0.07	\$ (0.18)





Appendix

Statements of Changes in Stockholders' Equity (Deficit)

Three Months Ended September 30, 2023

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of June 30, 2023	254,795,626	\$ 254	\$ 473,471	\$ (130,511)	(4,381,735)	\$ (4)	\$ 343,210
Issuance of common shares, net of offering costs - At-the-market offering	2,831,736	4	8,597	-	-	-	8,601
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	1,983,952	1	(2,112)	-	(742,829)	(1)	(2,112)
Share-based compensation	71,428	-	10,699	-	-	-	10,699
Net loss	-	-	-	(17,711)	-	-	(17,711)
Balance as of September 30, 2023	259,682,742	\$ 259	\$ 490,655	\$ (148,222)	(5,124,564)	\$ (5)	\$ 342,687

Three Months Ended September 30, 2022

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of June 30, 2022	251,001,072	\$ 251	\$ 431,966	\$ (118,874)	(3,511,490)	\$ (4)	\$ 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	251,043,649	\$ 251	\$ 442,435	\$ (59,582)	(3,524,683)	\$ (4)	\$ 383,100

Note: In thousands, except for share amounts

Consolidated Statement of Cash Flows



Note: In thousands

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities		
Net (loss) income	\$ (37,013)	\$ 12,574
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	42,284	26
Amortization of operating right-of-use asset	688	556
Share-based compensation	28,987	30,072
Equity in losses of equity investees	4,179	20,577
Impairment of bitcoin	8,076	859
Non-cash lease expense	1,477	-
Deferred income taxes	(555)	-
Bitcoin received as payment for services	(83,161)	-
Change in fair value of derivative asset	(13,294)	(85,658)
Change in fair value of warrant liability	49	(115)
Realized gain on sale of bitcoin	(10,711)	(6)
Changes in assets and liabilities:		
Proceeds from sale of bitcoin	78,729	23
Proceeds from power sales	-	1,722
Proceeds from reduction of scheduled power	-	5,056
Accounts receivable	(262)	-
Receivables, related party	(958)	(731)
Prepaid expenses and other current assets	3,238	5,412
Security deposits	144	(1,103)
Accounts payable	2,366	400
Accounts payable, related party	(1,529)	-
Accrued expenses and other current liabilities	10,732	1,408
Lease liabilities	(762)	37
Net cash provided by (used in) operating activities	32,404	(8,891)
Cash flows from investing activities		
Deposits on equipment	(4,533)	(184,095)
Purchases of property and equipment	(32,980)	(28,958)
Capital distributions from equity investees	3,807	43,291
Investment in equity investees	(3,545)	-
Prepayments on financing lease	(3,670)	-
Net cash used in investing activities	(40,927)	(169,762)
Cash flows from financing activities		
Proceeds from the issuance of common stock	11,644	-
Offering costs paid for the issuance of common stock	(298)	-
Repurchase of common shares to pay employee withholding taxes	(3,224)	(3,077)
Principal payments on financing lease	(8,184)	-
Net cash used in financing activities	(62)	(3,077)
Net decrease in cash and cash equivalents	(8,585)	(181,730)
Cash and cash equivalents, beginning of the period	11,927	209,841
Cash and cash equivalents, end of the period	3,342	28,111
Supplemental disclosure of noncash investing and financing activities		
Reclassification of deposits on equipment to property and equipment	\$ 74,186	\$ -
Right-of-use asset obtained in exchange for finance lease liability	\$ 14,212	\$ -
Reclassification of receivables, related party to investment in equity investees	\$ 2,060	\$ -
Equity method investment acquired for non-cash consideration	\$ 1,926	\$ 93,208
Sales tax accruals reversed due to exemption	\$ 1,837	\$ -
Bitcoin received from equity investees	\$ 317	\$ 3,139
Common stock cancelled	\$ -	\$ 10,000
Property and equipment purchases in accounts payable, accounts payable, related party and accrued expenses	\$ -	\$ 6,695
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	\$ -	\$ 4,289
Reclassification of deferred investment costs to investment in equity investees	\$ -	\$ 174