



Cipher
Mining

Presentation for Business Update

MAY 9, 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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Prudent Growth through the Cycle

BUILT TO SUCCEED

~2.7c

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

~96%

of Portfolio
Energized Through
Fixed Price Power

DEPLOYMENT UPDATES

- Deployed fleet of over 59,000 miners
- Purchased an additional 11,000 miners to complete the Odessa buildout in Q3
- Evaluating potential expansion plans at Bear and Chief data centers as well as other new opportunities

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



Key Indicators as of April 30, 2023

HASHRATE

6.0 EH/s  **7.2 EH/s**  **8.2 EH/s**
Current Q3 2023E 2023 Potential⁽¹⁾

MACHINES

59,000+  **70,000+**
Operating Expected Q3 2023



16.44 BTC

Daily Production High



427 BTC

BTC Held



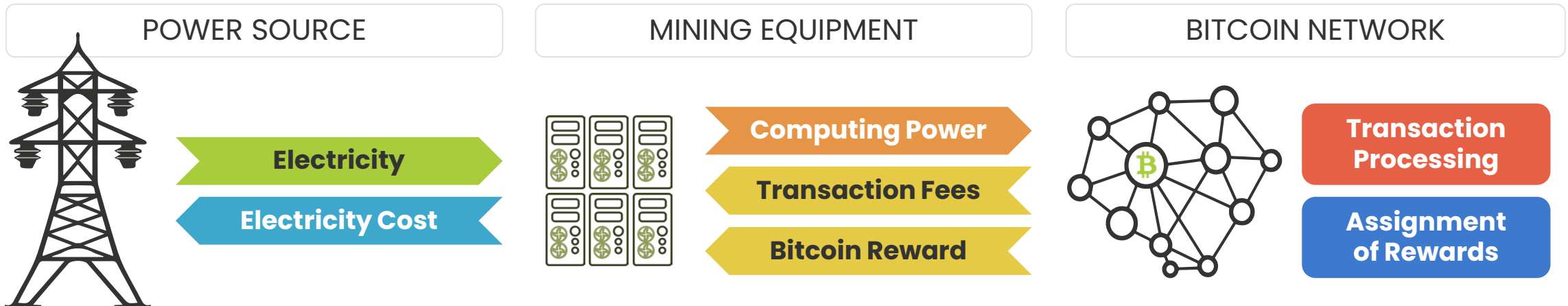
406 BTC

Monthly Production April

Note: Values represented are approximations
(1) Potential growth for the 2023 calendar year



Cipher Mining's 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⁾

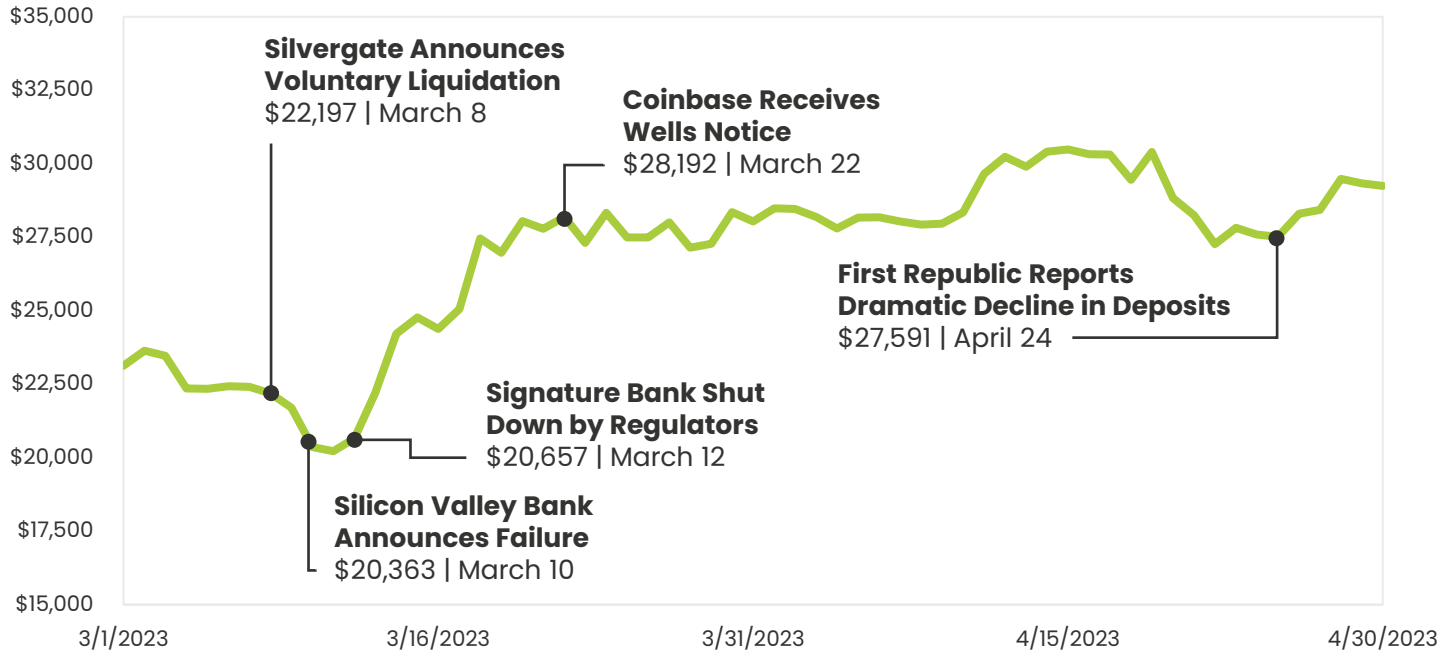
Transaction fees are additional bitcoin paid to miners for confirming transactions

⁽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

BITCOIN PRICE \$USD⁽¹⁾



IMPLICATIONS

- 1 **Bitcoin Rally – Flight to Safe Haven**
- 2 **Rapidly Evolving Regulatory Landscape**
- 3 **Buyer's Market for Rigs**



CURRENT EMPHASIS



Expansion Planning



Secure Machines While Still Cheap

(1) Represents average USD market price across major Bitcoin exchanges from March 1, 2023, to April 30, 2023, per data.nasdaq.com





Data Centers Update

Alborz – **Complete**

~\$6,747 all-in electricity cost per BTC⁽¹⁾

Bear & Chief – **Complete**

~\$5,927 all-in electricity cost per BTC⁽²⁾

Odessa – **Completion Expected Q3 2023**

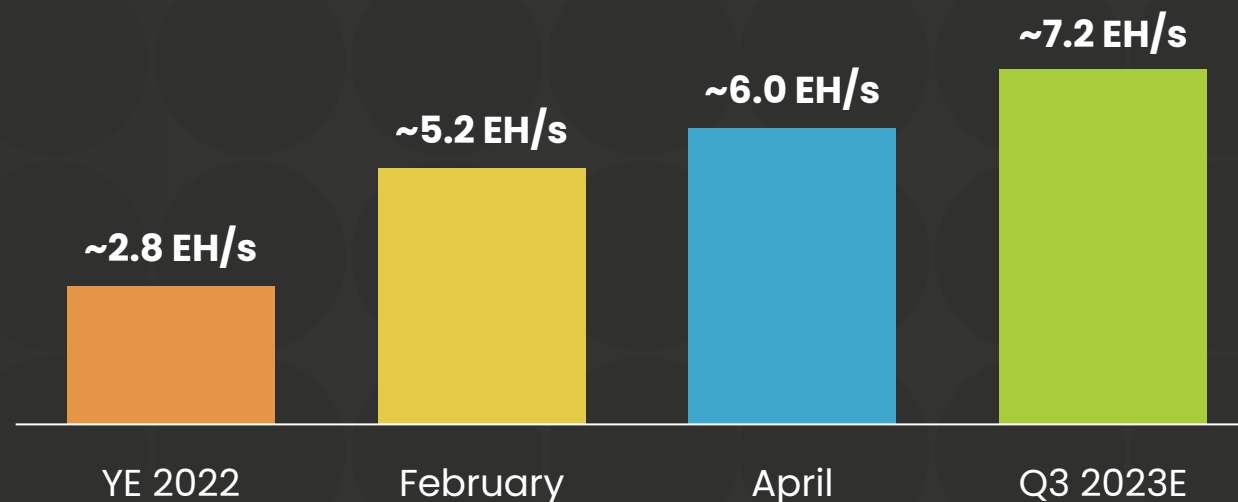
~\$7,309 all-in electricity cost per BTC⁽³⁾

Capable of mining up to ~13.6 BTC daily⁽⁴⁾



Rapid Scaling

Hash Rate Growth



(1) Reflects electricity cost during March 2023, including taxes, customer charges, and 2021 storm surcharge; March 2023 represents the latest electricity bill received

(2) Reflects combined electricity cost during March 2023, including taxes, settlement charges, and TSDP charges; March 2023 represents the latest electricity bills received

(3) Reflects electricity cost during March 2023, including TDU charges and net of revenue generated from opportunistic power sales; March 2023 represents the latest electricity bills received

(4) Estimated for April 2023, assumes full up-time, network hash rate of 343 EH/s and 927 bitcoins mined per day




Operational Highlights

Alborz

~1.3 EH/s
40 MW
Operating Capacity⁽¹⁾

~320
BTC Mined YTD⁽²⁾


~\$6,747
All-in Electricity Cost per BTC⁽³⁾

~3.51
Daily BTC Mining Capacity⁽⁴⁾



(1) Joint venture with WindHQ LLC, of which Ciper owns ~0.64 EH/s
(2) YTD through April 2023; Joint venture with WindHQ LLC, of which Ciper owns ~157 BTC
(3) Reflects electricity cost during March 2023, including taxes, customer charges, and 2021 storm surcharge; March 2023 represents the most recent electricity bill received
(4) Estimated for April 2023, assumes full up-time, network hash rate of 343 EH/s and 927 bitcoins mined per day


Operational Highlights

Bear & Chief

~0.65 EH/s
20 MW
Operating
Capacity⁽¹⁾

~199
BTC Mined
YTD⁽²⁾

Expansion Capacity up to 270 MW⁽³⁾


~\$5,927
All-in Electricity
Cost per BTC⁽⁴⁾

~1.76
Daily BTC
Mining
Capacity⁽⁵⁾



- (1) Joint venture with WindHQ LLC, of which Cipher owns ~0.32 EH/s
- (2) YTD through April 2023; Joint venture with WindHQ LLC, of which Cipher owns ~98 BTC
- (3) Represents expansion capacity up to 135 MW at each site; expansion capacity above 75 MW at each site is subject to ERCOT approval
- (4) Reflects combined electricity cost during March 2023, including taxes, settlement charges, and TSDP charges; March 2023 represents the latest electricity bills received
- (5) Estimated for April 2023, assumes full up-time, network hash rate of 343 EH/s and 927 bitcoins mined per day

Operational Highlights

Odessa

~5.0 EH/s
170 MW

Operating Capacity⁽¹⁾

~1,306

BTC Mined YTD⁽¹⁾



~\$7,309

All-in Electricity Cost per BTC⁽²⁾

~13.6

Daily BTC Mining Capacity⁽³⁾



Odessa Growth Timeline

Hashrate Deployed (EH/s)

~1.9 EH/s

~3.3 EH/s

~4.2 EH/s

~4.7 EH/s

~5.0 EH/s

~6.2 EH/s⁽⁴⁾

December

January

February

March

April

Q3 2023

(1) As of April 30, 2023

(2) Reflects electricity cost during March 2023, including TDU charges and net of revenue generated from opportunistic power sales; March 2023 represents the latest electricity bills received

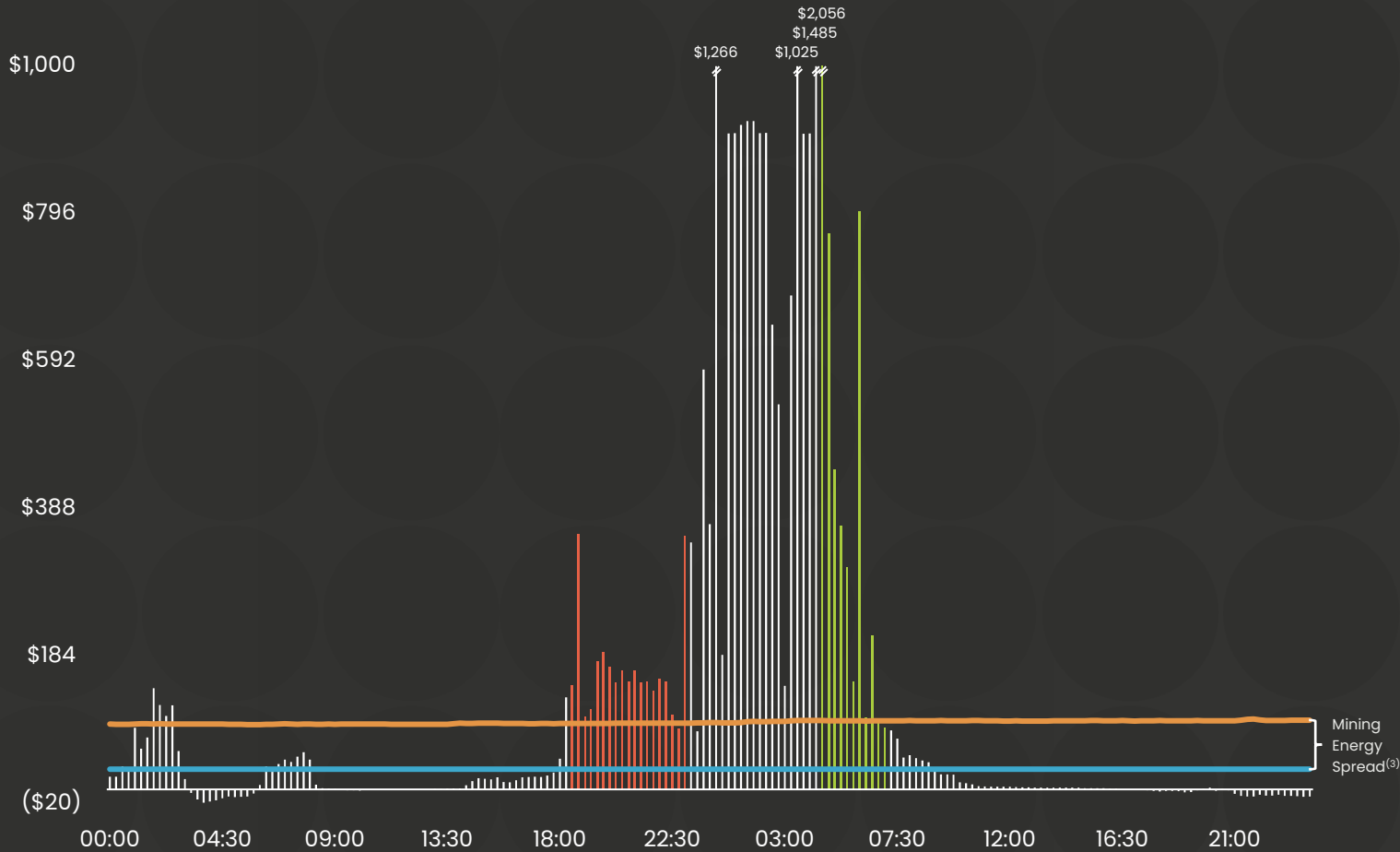
(3) Estimated for April 2023, assumes full up-time, network hash rate of 343 EH/s and 927 bitcoins mined per day

(4) Reflects Canaan A1346 mining rigs for available capacity



Optimization Case Study

POWER PRICES PER MWH IN ODESSA⁽¹⁾

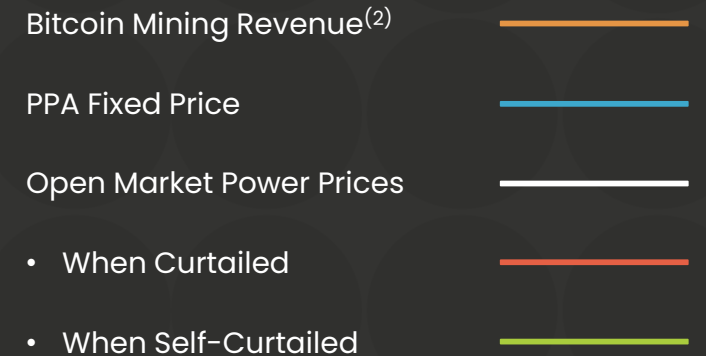


(1) Represents average 15-minute interval historical ERCOT OECCS CC2 prices from 03/28/23 through 03/29/23
 (2) Represents average 15-minute interval historical Bitcoin network economics from 03/28/23 through 03/29/23, assuming machine efficiency of 31.9 J/TH/s
 (3) Represents bitcoin mining revenue less direct energy expenses; notably, excludes other operating expenses associated with bitcoin mining
 (4) Incremental profits in excess of Mining Energy Spread

Curtailment at Odessa



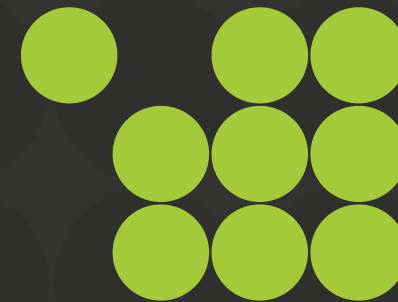
Optimizing for Increased Profitability



Foregone Mining Energy Spread⁽³⁾ ~\$41,193

Opportunistic Energy Monetization⁽⁴⁾ ~\$145,635





Financial Update

Consolidated Balance Sheets



	<u>March 31, 2023</u> (unaudited)	<u>December 31, 2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,922	\$ 11,927
Accounts receivable	281	98
Receivables, related party	1,291	1,102
Prepaid expenses and other current assets	4,279	7,254
Bitcoin	9,576	6,283
Derivative asset	17,129	21,071
Total current assets	<u>36,478</u>	<u>47,735</u>
Property and equipment, net	263,027	191,784
Deposits on equipment	1,143	73,018
Investment in equity investees	34,529	37,478
Derivative asset	54,901	45,631
Operating lease right-of-use asset	4,865	5,087
Security deposits	17,742	17,730
Total assets	<u>\$ 412,685</u>	<u>\$ 418,463</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 10,667	\$ 14,286
Accounts payable, related party	1,554	3,083
Accrued expenses and other current liabilities	17,341	19,353
Finance lease liability, current portion	2,638	2,567
Operating lease liability, current portion	1,058	1,030
Warrant liability	44	7
Total current liabilities	<u>33,302</u>	<u>40,326</u>
Asset retirement obligation	17,110	16,682
Finance lease liability	11,542	12,229
Operating lease liability	4,218	4,494
Deferred tax liability	1,893	1,840
Total liabilities	<u>68,065</u>	<u>75,571</u>
Commitments and contingencies (Note 12)		
Stockholders' equity		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of March 31, 2023 and December 31, 2022	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 253,050,088 and 251,095,305 shares issued as of March 31, 2023 and December 31, 2022, respectively, and 248,906,007 and 247,551,958 shares outstanding as of March 31, 2023 and December 31, 2022, respectively	253	251
Additional paid-in capital	462,181	453,854
Accumulated deficit	(117,810)	(111,209)
Treasury stock, at par, 4,144,081 and 3,543,347 shares at March 31, 2023 and December 31, 2022, respectively	(4)	(4)
Total stockholders' equity	<u>344,620</u>	<u>342,892</u>
Total liabilities and stockholders' equity	<u>\$ 412,685</u>	<u>\$ 418,463</u>

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



Consolidated Statement of Operations



	Three Months Ended March 31,	
	2023	2022
Revenue - bitcoin mining	\$ 21,895	\$ -
Costs and operating expenses (income)		
Cost of revenue	8,141	-
General and administrative	17,420	17,390
Depreciation	11,655	7
Change in fair value of derivative asset	(5,328)	-
Power sales	(98)	-
Equity in losses of equity investees	750	153
Realized gain on sale of bitcoin	(4,021)	-
Impairment of bitcoin	1,805	4
Other gains	(2,260)	-
Total costs and operating expenses	<u>28,064</u>	<u>17,554</u>
Operating loss	<u>(6,169)</u>	<u>(17,554)</u>
Other income (expense)		
Interest income	76	7
Interest expense	(401)	-
Change in fair value of warrant liability	(37)	48
Total other income (expense)	<u>(362)</u>	<u>55</u>
Loss before taxes	(6,531)	(17,499)
Current income tax expense	(17)	-
Deferred income tax expense	(53)	-
Total income tax expense	<u>(70)</u>	<u>-</u>
Net loss	<u>\$ (6,601)</u>	<u>\$ (17,499)</u>
Net loss per share - basic and diluted	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>
Weighted average shares outstanding - basic and diluted	<u>248,654,082</u>	<u>250,174,255</u>

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



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:

	<u>Three Months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Reconciliation of non-GAAP income (loss) from operations:		
Operating loss	\$ (6,169)	\$ (17,554)
Depreciation and amortization	11,877	7
Change in fair value of derivative asset	(5,328)	-
Share-based compensation expense	8,810	9,514
Other gains - nonrecurring	(2,254)	-
Non-GAAP income (loss) from operations	<u>\$ 6,936</u>	<u>\$ (8,033)</u>

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:

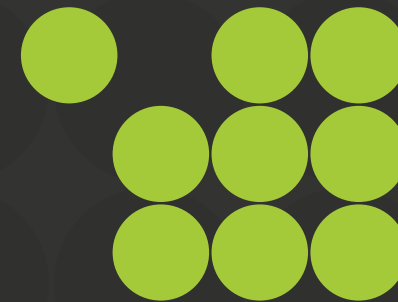
	<u>Three Months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Reconciliation of non-GAAP net income (loss):		
Net loss	\$ (6,601)	\$ (17,499)
Non-cash adjustments to net loss:		
Depreciation and amortization	11,877	7
Change in fair value of derivative asset	(5,328)	-
Share-based compensation expense	8,810	9,514
Other gains - nonrecurring	(2,254)	-
Change in fair value of warrant liability	(37)	48
Deferred income tax expense	(53)	-
Total non-cash adjustments to net loss	<u>13,015</u>	<u>9,569</u>
Non-GAAP net income (loss)	<u>\$ 6,414</u>	<u>\$ (7,930)</u>

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

Basic and diluted net loss per share	\$ (0.03)	\$ (0.07)
Depreciation and amortization (per share)	0.05	-
Change in fair value of derivative asset (per share)	(0.02)	-
Share-based compensation expense (per share)	0.04	0.04
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	<u>\$ 0.03</u>	<u>\$ (0.03)</u>

Note: In thousands, except for per share amounts





Appendix

Statements of Changes in Stockholders' Equity (Deficit)

Three Months Ended March 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
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	1,954,783	2	(483)	-	(600,734)	-	(481)
Share-based compensation	-	-	8,810	-	-	-	8,810
Net loss	-	-	-	(6,601)	-	-	(6,601)
Balance as of March 31, 2023	253,050,088	\$ 253	\$ 462,181	\$ (117,810)	(4,144,081)	\$ (4)	\$ 344,620

Three Months Ended March 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	1,554,064	2	(3,053)	-	(659,231)	(1)	(3,052)
Warrants exercised	20	-	-	-	-	-	-
Share-based compensation	-	-	9,514	-	-	-	9,514
Net loss	-	-	-	(17,499)	-	-	(17,499)
Balance as of March 31, 2022	253,685,763	\$ 254	\$ 431,899	\$ (89,655)	(3,511,490)	\$ (4)	\$ 342,494

Note: In thousands, except for share amounts



Consolidated Statement of Cash Flows



	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities		
Net loss	\$ (6,601)	\$ (17,499)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	11,655	7
Amortization of operating right-of-use asset	222	140
Share-based compensation	8,810	9,514
Equity in losses of equity investees	750	153
Impairment of bitcoin	1,805	4
Non-cash lease expense	401	-
Deferred income taxes	53	-
Bitcoin received as payment for services	(21,717)	-
Change in fair value of derivative asset	(5,328)	-
Change in fair value of warrant liability	37	(48)
Realized gain on sale of bitcoin	(4,021)	-
Changes in assets and liabilities:		
Proceeds from sale of bitcoin	20,958	-
Accounts receivable	(183)	-
Receivables, related party	(189)	-
Prepaid expenses and other current assets	2,975	2,288
Security deposits	(12)	(1,010)
Accounts payable	2,913	120
Accounts payable, related party	(1,529)	-
Accrued expenses and other current liabilities	65	2,904
Lease liabilities	(248)	106
Net cash provided by (used in) operating activities	<u>10,816</u>	<u>(3,321)</u>
Cash flows from investing activities		
Deposits on equipment	(1,106)	(96,914)
Purchases of property and equipment	(17,947)	(7,059)
Capital distributions from equity investees	3,807	-
Investment in equity investees	(3,094)	-
Net cash used in investing activities	<u>(18,340)</u>	<u>(103,973)</u>
Cash flows from financing activities		
Repurchase of common shares to pay employee withholding taxes	(481)	(3,052)
Net cash used in financing activities	<u>(481)</u>	<u>(3,052)</u>
Net decrease in cash and cash equivalents	(8,005)	(110,346)
Cash and cash equivalents, beginning of the period	11,927	209,841
Cash and cash equivalents, end of the period	<u>\$ 3,922</u>	<u>\$ 99,495</u>
Supplemental disclosure of noncash investing and financing activities		
Reclassification of deposits on equipment to property and equipment	\$ 71,533	\$ -
Property and equipment purchases in accounts payable, accounts payable, related party and accrued expenses	\$ 5,940	\$ 3,003
Equity method investment acquired for non-cash consideration	\$ 1,925	\$ 7,118
Finance lease costs in accrued expenses	\$ 1,017	\$ -
Deposits on equipment in accounts payable and accounts payable, related party	\$ 691	\$ 2,511
Bitcoin received from equity investees	\$ 317	\$ 195
Right-of-use asset obtained in exchange for operating lease liability	\$ -	\$ 5,859
Investment in equity investees in accrued expenses	\$ -	\$ 428
Reclassification of deferred investment costs to investment in equity investees	\$ -	\$ 174

Note: In thousands

