



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.

The contents and appearance of this presentation is copyrighted and the trademarks and service marks are owned by Cipher Mining Inc. All rights reserved.



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⁾

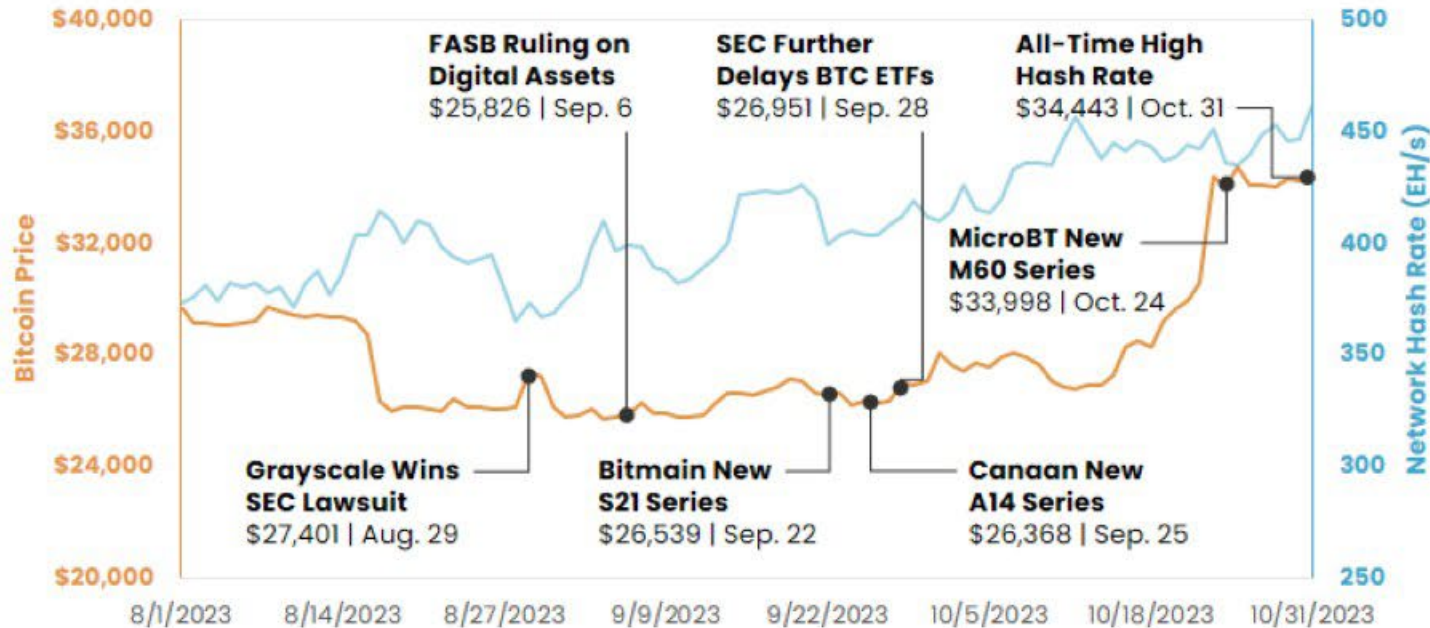
Transaction fees are additional bitcoin paid to miners for confirming transactions

⁽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?

 Cipher Mining

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⁾

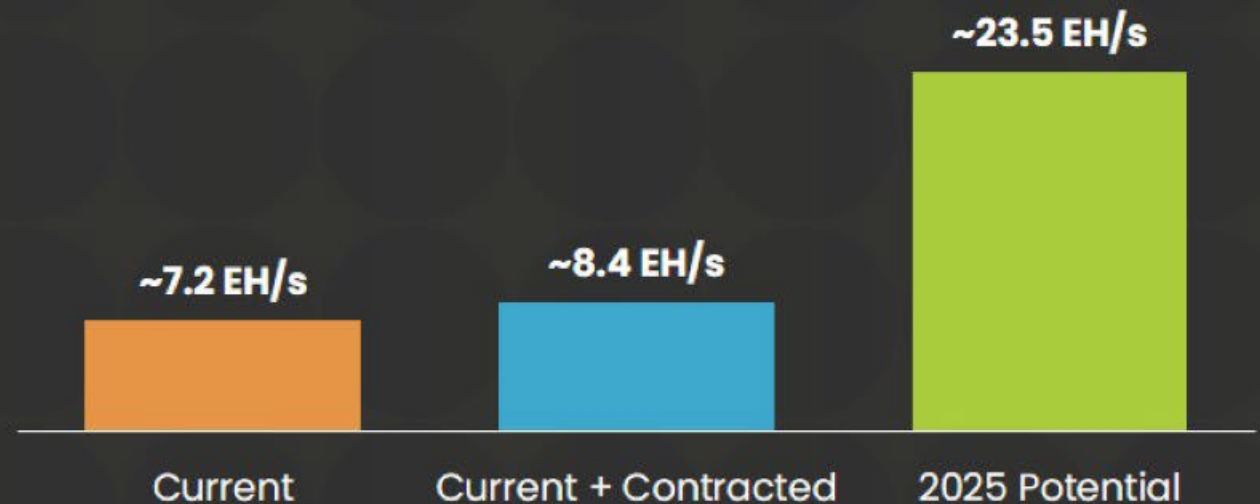
Bear & Chief

~\$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
(2) YTD through October 2023
(3) 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
(4) 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 ~0.84 EH/s
(3) YTD through October 2023; joint venture with WindHQ LLC, of which Cipher owns ~296 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 ~206 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



	<u>September 30, 2023</u> (unaudited)	<u>December 31, 2022</u>
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	<u>54,418</u>	<u>47,735</u>
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	<u>\$ 416,490</u>	<u>\$ 418,463</u>
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	<u>38,893</u>	<u>40,326</u>
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	<u>73,803</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 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	<u>342,687</u>	<u>342,892</u>
Total liabilities and stockholders' equity	<u>\$ 416,490</u>	<u>\$ 418,463</u>

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



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)

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)

Note: In thousands, except for per share amounts





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



Consolidated Statement of Cash Flows



	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

Note: In thousands

