



# Cipher Mining

May 2022

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# Cipher Mining: A Large-Scale U.S. Bitcoin Miner




## Cipher Mining


### Scale

### Low Cost

 **7.5 EH/s** expected capacity deployment by early 2023


  
Equipment


 **\$45.01** average price per TH/s, with **32.1 J/TH** average efficiency<sup>(1)</sup>

 **Multiple** relationships with **top-tier** power companies




Power

 **5-year+** PPAs with average power price of **~2.73 c/kWh**<sup>(2)</sup>

 **4** sites currently in development, with **275 MW** available for self-mining by **YE 2022**

  
Operations

 **\$450k** anticipated infrastructure capex / MW for current sites<sup>(3)</sup>

Source: Cipher Mining management

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

<sup>(2)</sup> Represents the expected weighted average power price across sites currently under contract. This calculation excludes potential deals under non-binding term sheets

<sup>(3)</sup> Preliminary estimate of non-miner infrastructure capex based on the current market environment (subject to change)



## Mining Rig Installation



- First 0.3 EH/s (2,949 mining rigs) installed at Alborz
- January – March Bitmain monthly allocations deployed

- Improved machine allocation from MicroBT for 2022 deliveries
- 400 PH/s added to 2022 delivery forecast, **bringing new CIPHER hashrate forecast to 7.5 EH/s<sup>(1)</sup>**



## Increased Hashrate Forecast

## Equipment Financing



- Closed \$46.9 million debt financing for Alborz JV from BlockFi on May 2, 2022

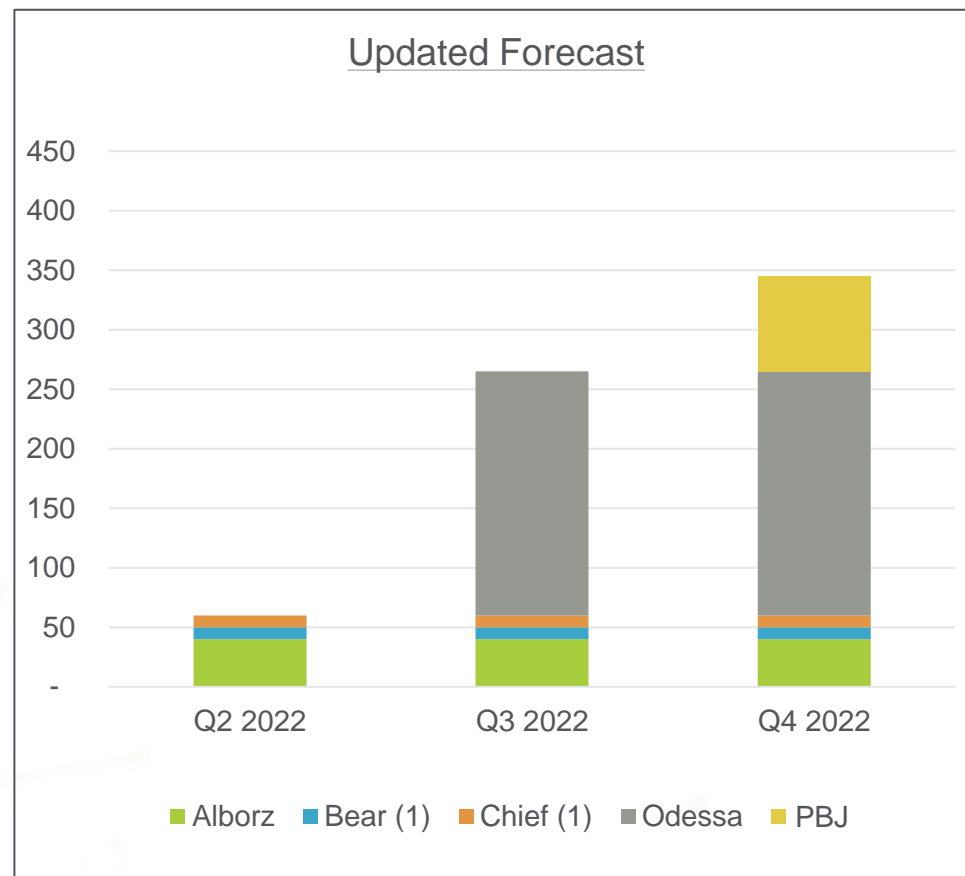
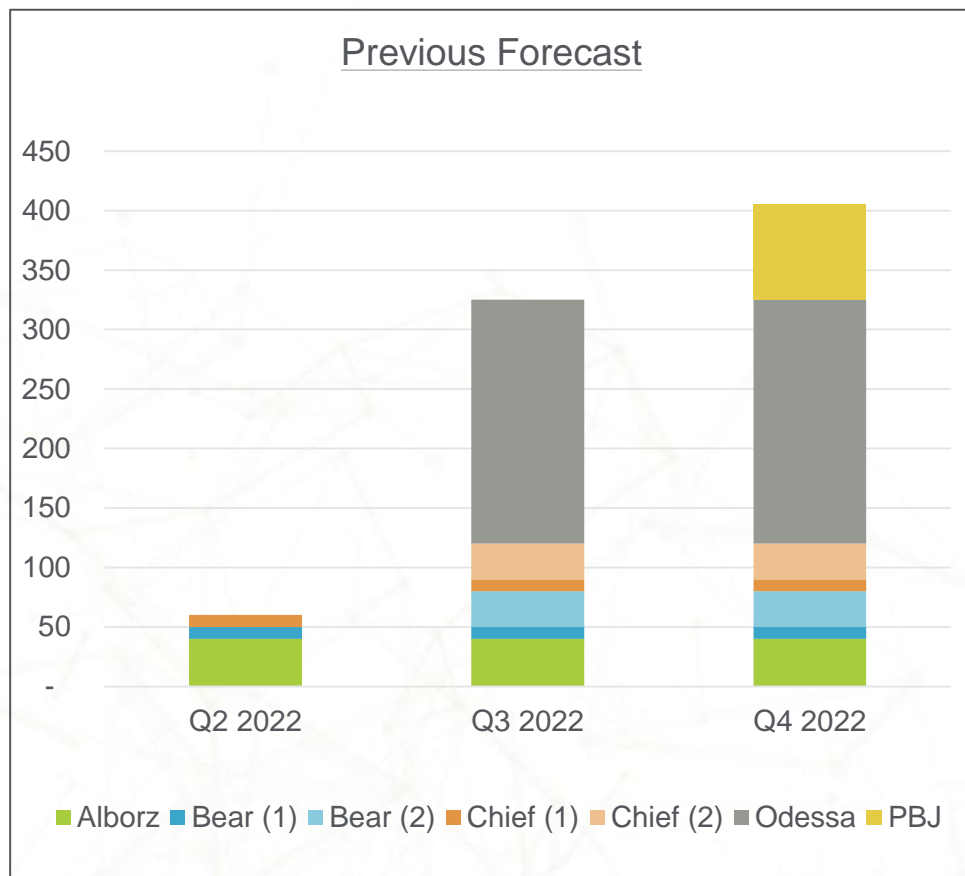


# Implementation Plan & Strategy

# Implementation – 2022 Site Readiness



## Total MW Capacity Under Development



Total site MW / CIPHER MW

60 / 29

325 / 264

405 / 305

60 / 29

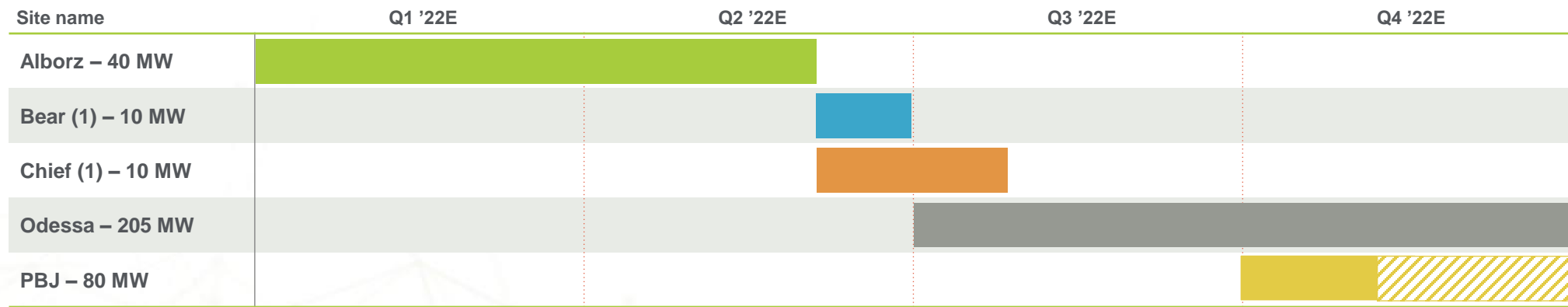
265 / 234

345 / 275

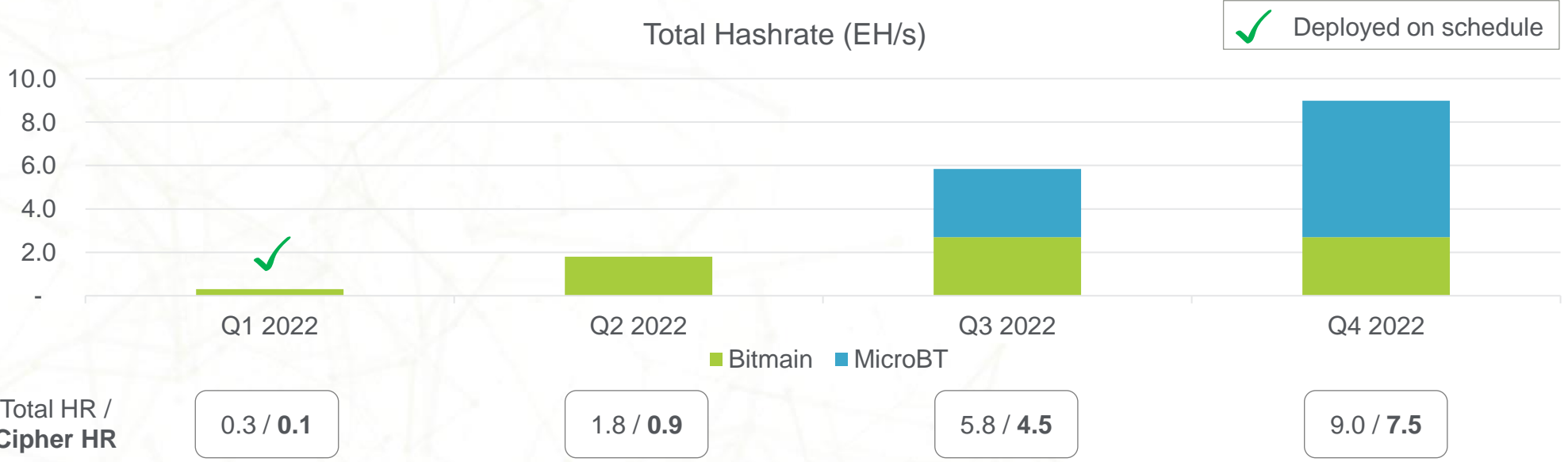
# Site Development on Track for Machine Delivery



## 2022 Updated Site Schedule



## Machine Shipping Schedule by Quarter



Total HR / CIPHER HR: 0.3 / 0.1

1.8 / 0.9

5.8 / 4.5

9.0 / 7.5

# Implementation – Full Infrastructure Deployed at Alborz



- Anticipated completion date: May 31, 2022





# Implementation – Infrastructure Progress at Bear + Chief



**Bear:**



**Chief:**





# Implementation – Construction at Odessa





# Implementation – Construction at Odessa





**\$45.01**

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

**32.1**

Anticipated Weighted Average Mining Rig Efficiency (J / TH)<sup>(1)</sup>

**~2.73c**

Anticipated Weighted Average Power Price (c / kWh)<sup>(2)</sup>

**~\$450k**

Anticipated Infrastructure Capex Costs per MW (\$)<sup>(3)</sup>



# Consolidated Balance Sheets



	March 31, 2022 (unaudited)	December 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 99,495	\$ 209,841
Prepaid expenses	11,400	13,819
Cryptocurrencies	191	-
<b>Total current assets</b>	<b>111,086</b>	<b>223,660</b>
Deposits on equipment	207,164	114,857
Property and equipment, net	15,178	5,124
Security deposits	11,362	10,352
Investment in equity investee	7,373	-
Right-of-use asset	5,718	-
Deferred investment costs	-	174
<b>Total assets</b>	<b>\$ 357,881</b>	<b>\$ 354,167</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,991	\$ 242
Accounts payable, related party	3,863	-
Operating lease liability, current portion	557	-
Accrued expenses	3,611	257
<b>Total current liabilities</b>	<b>10,022</b>	<b>499</b>
Operating lease liability, net of current portion	5,276	-
Warrant liability	89	137
<b>Total liabilities</b>	<b>15,387</b>	<b>636</b>
<b>Commitments and contingencies (Note 11)</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of March 31, 2022 and December 31, 2021	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 253,685,763 and 252,131,679 shares issued as of March 31, 2022 and December 31, 2021, respectively, and 250,174,273 and 249,279,420 shares outstanding as of March 31, 2022 and December 31, 2021, respectively	254	252
Additional paid-in capital	431,899	425,438
Treasury stock, at par, 3,511,490 and 2,852,259 shares at March 31, 2022 and December 31, 2021, respectively	(4)	(3)
Accumulated deficit	(89,655)	(72,156)
<b>Total stockholders' equity</b>	<b>342,494</b>	<b>353,531</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 357,881</b>	<b>\$ 354,167</b>

# Consolidated Statement of Operations



	Three Months Ended March 31, 2022	Two Months Ended March 31, 2021
<b>Costs and expenses</b>		
General and administrative	\$ 17,390	\$ 113
Depreciation	7	-
Impairment of cryptocurrencies	4	-
<b>Total costs and expenses</b>	<u>17,401</u>	<u>113</u>
Operating loss	<u>(17,401)</u>	<u>(113)</u>
<b>Other income</b>		
Interest income	7	-
Change in fair value of warrant liability	48	-
Equity in loss of equity investment	<u>(153)</u>	<u>-</u>
<b>Total other income</b>	<u>(98)</u>	<u>-</u>
Net loss	<u>\$ (17,499)</u>	<u>\$ (113)</u>
Basic and diluted net loss per share	<u>\$ (0.07)</u>	<u>\$ -</u>
Basic and diluted weighted average number of shares outstanding	250,174,255	200,000,000

# Non-GAAP Measures



The following is a reconciliation of our non-GAAP loss from operations, which excludes the impact of (i) depreciation of fixed assets and (ii) stock compensation expense, to its most directly comparable GAAP measure for the periods indicated:

	Three Months Ended March 31, 2022	Two Months Ended March 31, 2021
<b>Reconciliation of non-GAAP loss from operations:</b>		
Operating loss	\$ (17,401)	\$ (113)
Depreciation	7	-
Impairment of cryptocurrencies	4	-
Stock compensation expense	9,514	-
Non-GAAP loss from operations	<u>\$ (7,876)</u>	<u>\$ (113)</u>

The following are reconciliations of our non-GAAP net loss and non-GAAP basic and diluted net loss per share, in each case excluding the impact of (i) depreciation of fixed assets (ii) change in fair value of warrant liability and (iii) stock compensation expense, to the most directly comparable GAAP measures for the periods indicated:

	Three Months Ended March 31, 2022	Two Months Ended March 31, 2021
<b>Reconciliation of non-GAAP net loss:</b>		
Net loss	\$ (17,499)	\$ (113)
Non-cash adjustments to net loss		
Depreciation	7	-
Change in fair value of warrant liability	48	-
Impairment of cryptocurrencies	4	-
Stock compensation expense	9,514	-
Total non-cash adjustments to net loss	9,573	-
Non-GAAP net loss	<u>\$ (7,926)</u>	<u>\$ (113)</u>
<b>Reconciliation of non-GAAP basic and diluted net loss per share:</b>		
Basic and diluted net loss per share	\$ (0.07)	\$ -
Depreciation of fixed assets (per share)	-	-
Change in fair value of warrant liability (per share)	-	-
Impairment of cryptocurrencies (per share)	-	-
Stock compensation expense (per share)	0.04	-
Non-GAAP basic and diluted net loss per share	<u>\$ (0.03)</u>	<u>\$ -</u>

# Appendix



Cipher Mining



# Statements of Changes in Stockholders' Equity (Deficit)



## Three Months Ended March 31, 2022

	Common Stock			Additional Paid-in Capital	Treasury Stock			Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			Shares	Amount			
<b>Balance as of December 31, 2021</b>	252,131,679	\$ 252	\$ 425,438	(2,852,259)	\$ (3)		\$ (72,156)	\$ 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)	
<b>Balance as of March 31, 2022</b>	<b>253,685,763</b>	<b>\$ 254</b>	<b>\$ 431,899</b>	<b>(3,511,490)</b>	<b>\$ (4)</b>		<b>\$ (89,655)</b>	<b>\$ 342,494</b>	

## Two Months Ended March 31, 2021

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount			
<b>Balance as of January 31, 2021</b>	200,000,000	\$ 200	\$ (200)	\$ (3)	\$ (3)
Net loss	-	-	-	(113)	(113)
<b>Balance as of March 31, 2021</b>	<b>200,000,000</b>	<b>\$ 200</b>	<b>\$ (200)</b>	<b>\$ (116)</b>	<b>\$ (116)</b>

# Consolidated Statement of Cash Flows



	Three Months Ended March 31, 2022	Two Months Ended March 31, 2021
<b>Cash flows from operating activities</b>		
Net loss	\$ (17,499)	\$ (113)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	7	-
Amortization of right-of-use assets	140	-
Change in fair value of warrant liability	(48)	-
Share-based compensation	9,514	-
Equity in earnings (loss) of equity investment	153	-
Impairment of cryptocurrencies	4	-
Changes in assets and liabilities:		
Prepaid expenses	2,288	-
Security deposits	(1,010)	-
Accounts payable	120	67
Accounts payable, related party	-	2
Accrued expenses	2,904	(1)
Lease liability	106	-
Net cash used in operating activities	<u>(3,321)</u>	<u>(45)</u>
<b>Cash flows from investing activities</b>		
Deposits on equipment	(96,914)	-
Purchases of property and equipment	(7,059)	-
Net cash used in investing activities	<u>(103,973)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings on related party loan	-	100
Repurchase of common shares to pay employee withholding taxes	(3,052)	-
Net cash (used in) provided by financing activities	<u>(3,052)</u>	<u>100</u>
Net (decrease) increase in cash and cash equivalents	(110,346)	55
Cash and cash equivalents, beginning of the period	209,841	-
Cash and cash equivalents, end of the period	<u>\$ 99,495</u>	<u>\$ 55</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes, net	\$ -	\$ -
<b>Supplemental disclosure of noncash investing and financing activities</b>		
Equity method investment acquired for non-cash consideration	\$ 7,118	\$ -
Right-of-use asset obtained in exchange for operating lease liability	\$ 5,859	\$ -
Deposits on equipment in accounts payable, related party	\$ 2,506	\$ -
Property and equipment purchases in accounts payable	\$ 1,624	\$ 3
Property and equipment purchases in accounts payable, related party	\$ 1,357	\$ -
Investment in equity investee in accrued expenses	\$ 428	\$ -
Cryptocurrencies received from equity method investment	\$ 195	\$ -
Reclassification of deferred investment costs to equity method investment	\$ 174	\$ -
Property and equipment purchases in accrued expenses	\$ 22	\$ -
Deposits on equipment in accounts payable	\$ 5	\$ -
Deferred offering costs included in accrued expenses	\$ -	\$ 1,525
Deferred offering costs included in accounts payable	\$ -	\$ 98
Deferred investment costs included in accrued expenses	\$ -	\$ 97



# Cipher Mining

May 2022

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