



Cipher
Mining

Presentation for Business Update

MAY 7, 2024

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, 2023, 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) the non-cash change in fair value of derivative asset, (ii) share-based compensation expense, (iii) depreciation and amortization, (iv) deferred income tax expense, (v) nonrecurring gains and losses and (vi) the non-cash change in fair value of warrant liability.

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First Quarter 2024 Update

REVENUES

\$43m  **\$48m**
Q4 2023 Q1 2024

GAAP NET EARNINGS

\$11m  **\$40m**
Q4 2023 Q1 2024

ADJUSTED EARNINGS

\$28m  **\$63m**
Q4 2023 Q1 2024



\$96m
Cash⁽¹⁾



2,033 BTC
BTC Held⁽¹⁾



7.7 EH/s
Self-Mining Hash Rate ⁽¹⁾



Built to Succeed and Positioned to Win Post-Halving



~2.7c

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

96%

of Cipher's Portfolio Energized Through Fixed Price Power



~29.0 J/TH

Current Operating Fleet Efficiency



~22.0 J/TH

2025 Expected Fleet Efficiency⁽²⁾

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

⁽²⁾ Reflects Cipher's expected fleet efficiency with the current operating fleet, energization of contracted rigs / hardware, implementation of software, and energization of the full Bitmain T21 purchase option



Bear & Chief Expansions

30 MW Expansion at Each of Bear and Chief JV Data Centers

- Delivering ~1.25 EH/s of self-mining hash rate for Cipher
- Full energization on track for Q2 2024



Odessa Timeline Comparison

Odessa Data Center
Pre-Construction



14
Months



Odessa Data Center
November 2022



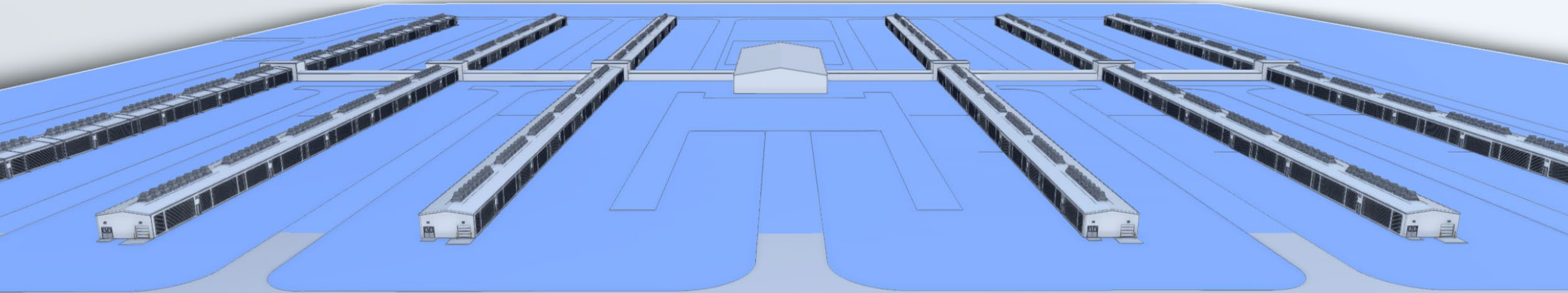
Black Pearl Expansion

Black Pearl Data Center Construction Commenced

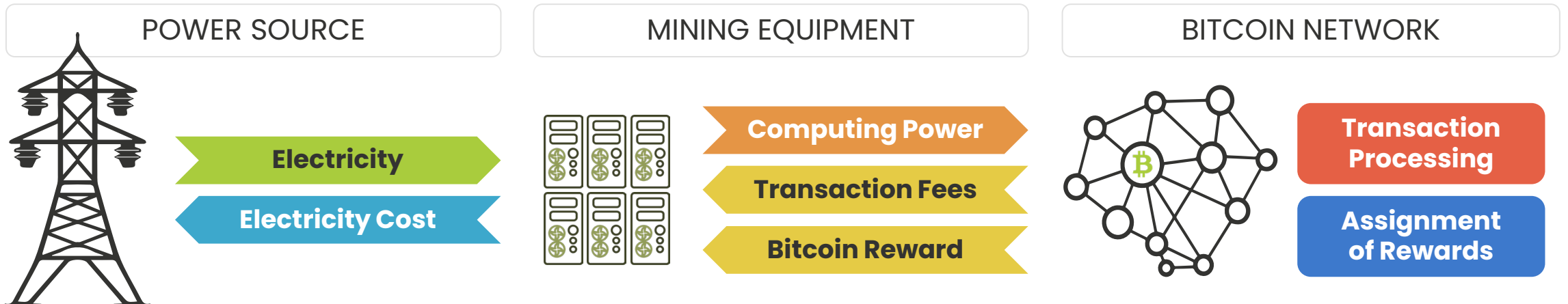
- Delivering 300 MW of total capacity
- Full energization expected in 2025



Black Pearl Facility 3D Rendering



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 3.125 bitcoins per block⁽²⁾

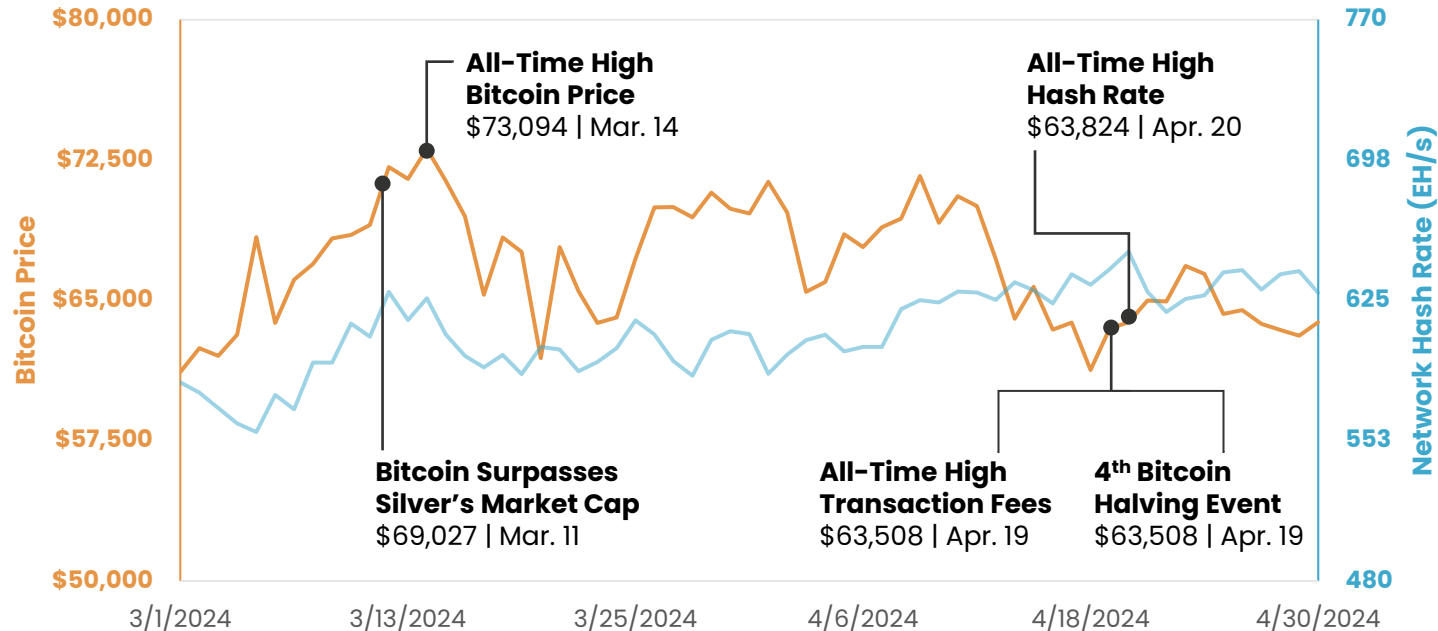
Transaction fees are additional bitcoin paid to miners for confirming transactions




⁽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 every 210,000 blocks are mined (~every 4 years); the latest revision was in April 2024



Market Update

BTC PRICE & NETWORK HASH RATE^(1,2)



-  **1 The Halving has Passed**
-  **2 Supply/Demand Imbalance Incoming?**
-  **3 Wave of M&A?**



CURRENT EMPHASIS



Execute
Data Center
Build-Outs



Select
Best M&A
Opportunities



Focus on
Long-Term
Expansion Goals

(1) Represents average USD market price across major bitcoin exchanges from March 1, 2024, to April 30, 2024, per blockchain.com
(2) Reflects Bitcoin network hash rate from March 1, 2024, to April 30, 2024, per blockchain.com



KEY UPDATES

Data Centers Update

~\$11,912 All-in Electricity Cost per BTC in Q1 '24

Odessa

~\$11,892 all-in electricity cost per BTC⁽¹⁾

~90% of Q1 '24 BTC production

Alborz

~\$11,234 all-in electricity cost per BTC⁽²⁾

~6% of Q1 '24 BTC production

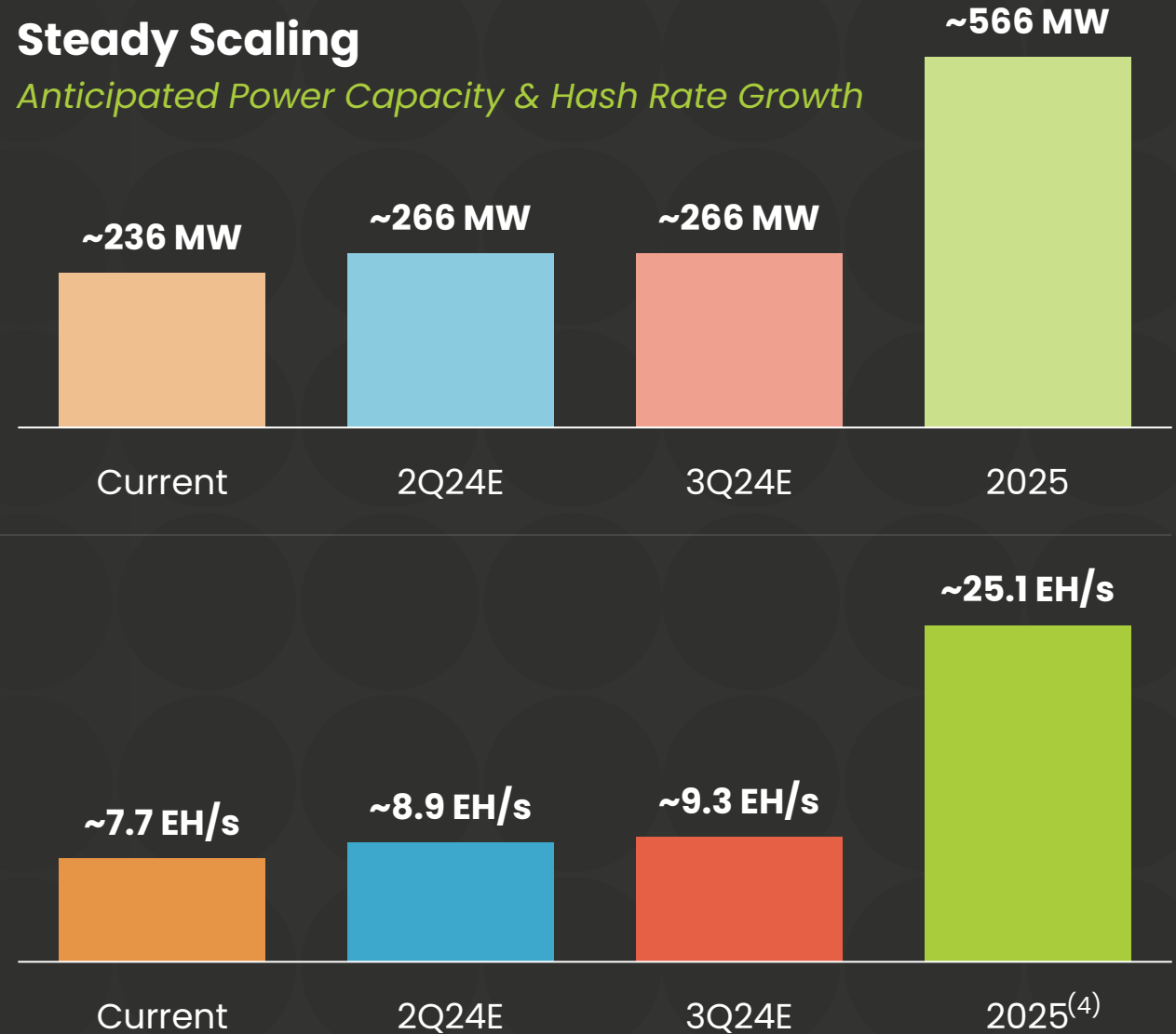
Bear & Chief

~\$13,546 all-in electricity cost per BTC⁽³⁾

~4% of Q1 '24 BTC production

Steady Scaling

Anticipated Power Capacity & Hash Rate Growth



(1) Reflects electricity cost from Q1 '24, including TDU charges and net of revenue generated from opportunistic power sales
(2) Reflects electricity cost from Q1 '24, including taxes, customer charges, and 2021 storm surcharge
(3) Reflects combined electricity cost from Q1 '24, including taxes, settlement charges, and TSDP charges
(4) Assumes 3Q24E hash rate plus the energization of contracted Bitmain T21 rigs and the full Bitmain T21 purchase option



Operational Highlights

Odessa – 90% of BTC Production⁽¹⁾



~6.7 EH/s

Operating Hash Rate



207 MW

Operating Power Capacity



~\$11,892

All-in Electricity Cost per BTC⁽²⁾



~1,183 BTC

BTC Mined YTD⁽³⁾



(1) Reflects approximate percentage of Cipher's April 2024 BTC production
(2) Reflects electricity cost from Q1 '24, including TDU charges and net of revenue generated from opportunistic power sales
(3) YTD through April 2024

Operational Highlights

Alborz – 7% of BTC Production⁽¹⁾



~1.3 EH/s

Operating Hash Rate⁽²⁾



40 MW

Operating Power Capacity



~\$11,234

All-in Electricity Cost per BTC⁽³⁾



~168 BTC

BTC Mined YTD⁽⁴⁾



(1) Reflects approximate percentage of Cipher's April 2024 BTC production
(2) Joint venture with WindHQ LLC, of which Cipher owns ~0.64 EH/s
(3) Reflects electricity cost from Q1 '24, including taxes, customer charges, and 2021 storm surcharge
(4) YTD through April 2024; joint venture with WindHQ LLC, of which Cipher owns ~82 BTC

Operational Highlights

Bear & Chief – 3% of BTC Production⁽¹⁾



~0.7 EH/s

Operating Hash Rate⁽²⁾



20 MW

Operating Power Capacity



~\$13,546

All-in Electricity Cost per BTC⁽³⁾

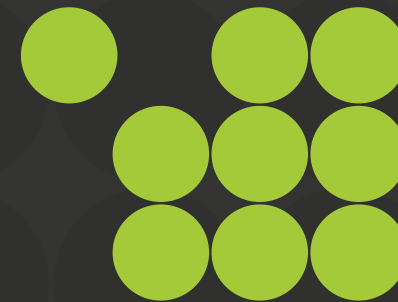


~96 BTC

BTC Mined YTD⁽⁴⁾



(1) Reflects approximate percentage of Cipher's April 2024 BTC production
(2) Joint venture with WindHQ LLC, of which Cipher owns ~0.32 EH/s
(3) Reflects combined electricity cost from Q1 '24, including taxes, settlement charges, and TSDP charges
(4) YTD through April 2024; joint venture with WindHQ LLC, of which Cipher owns ~47 BTC



Financial Update

Financial Highlights – Quarter Over Quarter

REVENUES

\$43m  **\$48m**
Q4 2023 Q1 2024

COMPENSATION & BENEFITS + G&A

\$23m  **\$19m**
Q4 2023 Q1 2024

GAAP NET EARNINGS

\$11m  **\$40m**
Q4 2023 Q1 2024

GAAP NET EARNINGS PER SHARE

\$0.04  **\$0.13**
Q4 2023 Q1 2024

ADJUSTED EARNINGS

\$28m  **\$63m**
Q4 2023 Q1 2024

ADJUSTED EARNINGS PER SHARE

\$0.11  **\$0.21**
Q4 2023 Q1 2024



Financial Highlights – Year Over Year

REVENUES

\$22m  **\$48m**
Q1 2023 Q1 2024

COMPENSATION & BENEFITS + G&A

\$17m  **\$19m**
Q1 2023 Q1 2024

GAAP NET EARNINGS

(\$5m)  **\$40m**
Q1 2023 Q1 2024

GAAP NET EARNINGS PER SHARE

(\$0.02)  **\$0.13**
Q1 2023 Q1 2024

ADJUSTED EARNINGS

\$8m  **\$63m**
Q1 2023 Q1 2024

ADJUSTED EARNINGS PER SHARE

\$0.03  **\$0.21**
Q1 2023 Q1 2024



Results of Operations QoQ and YoY Comparison

	Three Months Ended			Three Months Ended		
	March 31, 2024	December 31, 2023	% Change	March 31, 2024	March 31, 2023	% Change
Revenue - bitcoin mining	\$ 48,137	\$ 43,419	11%	\$ 48,137	\$ 21,895	120%
Costs and operating expenses (income)						
Cost of revenue	14,820	13,292	11%	14,820	8,141	82%
Compensation and benefits	13,036	15,723	(17)%	13,036	11,937	9%
General and administrative	6,077	6,819	(11)%	6,077	5,483	11%
Depreciation and amortization	17,244	16,809	3%	17,244	11,655	48%
Change in fair value of derivative asset	(7,359)	(13,542)	46%	(7,359)	(5,328)	(38)%
Power sales	(1,173)	(1,472)	20%	(1,173)	(98)	(1,097)%
Equity in losses of equity investees	(738)	(1,649)	55%	(738)	750	(198)%
Gains on fair value of bitcoin	(40,556)	(7,762)	(422)%	(40,556)	(4,264)	(851)%
Other gains	-	-	0%	-	(2,260)	100%
Total costs and operating expenses (income)	1,351	28,218	(95)%	1,351	26,016	(95)%
Operating income (loss)	46,786	15,201	208%	46,786	(4,121)	1,235%
Other income (expense)						
Interest income	786	52	1,412%	786	76	934%
Interest expense	(400)	(486)	18%	(400)	(401)	0%
Change in fair value of warrant liability	250	(194)	229%	250	(37)	776%
Other expense	(1,958)	1	(195,900)%	(1,958)	-	0%
Total other income (expense)	(1,322)	(627)	(111)%	(1,322)	(362)	(265)%
Income (loss) before taxes	45,464	14,574	212%	45,464	(4,483)	1,114%
Current income tax expense	(386)	(58)	(566)%	(386)	(17)	(2,171)%
Deferred income tax expense	(5,178)	(3,921)	(32)%	(5,178)	(53)	(9,670)%
Total income tax expense	(5,564)	(3,979)	(40)%	(5,564)	(70)	(7,849)%
Net income (loss)	\$ 39,900	\$ 10,595	277%	\$ 39,900	\$ (4,553)	976%

Note: In thousands



Non-GAAP Adjusted Earnings QoQ and YoY Comparison

	Three Months Ended			Three Months Ended		
	March 31, 2024	December 31, 2023	% Change	March 31, 2024	March 31, 2023	% Change
Reconciliation of Adjusted Earnings:						
Net income (loss)	\$ 39,900	\$ 10,595	277 %	\$ 39,900	\$ (4,553)	(976)%
Change in fair value of derivative asset	(7,359)	(13,542)	(46)%	(7,359)	(5,328)	38%
Share-based compensation expense	8,317	9,783	(15)%	8,317	8,810	(6)%
Depreciation and amortization	17,244	16,809	3 %	17,244	11,655	48%
Deferred income tax expense	5,178	3,921	32 %	5,178	53	9,670%
Other gains - nonrecurring	-	-	0 %	-	(2,260)	(100)%
Change in fair value of warrant liability	(250)	194	(229)%	(250)	37	(776)%
Adjusted earnings	<u>63,030</u>	<u>27,760</u>	127 %	<u>63,030</u>	<u>8,414</u>	649%



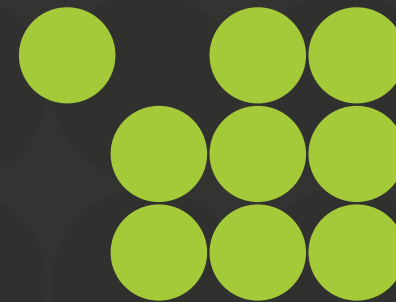
Consolidated Balance Sheets



	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 88,675	\$ 86,105
Accounts receivable	680	622
Receivables, related party	430	245
Prepaid expenses and other current assets	2,910	3,670
Bitcoin	123,307	32,978
Derivative asset	34,228	31,878
Total current assets	<u>250,230</u>	<u>155,498</u>
Property and equipment, net	238,541	243,815
Deposits on equipment	30,187	30,812
Intangible assets, net	8,162	8,109
Investment in equity investees	52,621	35,258
Derivative asset	66,722	61,713
Operating lease right-of-use asset	6,823	7,077
Security deposits	23,855	23,855
Total assets	<u>\$ 677,141</u>	<u>\$ 566,137</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 7,520	\$ 4,980
Accounts payable, related party	-	1,554
Accrued expenses and other current liabilities	18,661	22,439
Finance lease liability, current portion	3,595	3,404
Operating lease liability, current portion	1,204	1,166
Warrant liability	-	250
Total current liabilities	<u>30,980</u>	<u>33,793</u>
Asset retirement obligation	18,708	18,394
Finance lease liability	10,121	11,128
Operating lease liability	6,025	6,280
Deferred tax liability	10,383	5,206
Total liabilities	<u>76,217</u>	<u>74,801</u>
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of March 31, 2024 and December 31, 2023	-	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 312,649,102 and 296,276,536 shares issued as of March 31, 2024 and December 31, 2023, respectively, and 306,543,330 and 290,957,862 shares outstanding as of March 31, 2024, and December 31, 2023, respectively	313	296
Additional paid-in capital	697,494	627,822
Accumulated deficit	(96,877)	(136,777)
Treasury stock, at par, 6,105,772 and 5,318,674 shares at March 31, 2024 and December 31, 2023, respectively	(6)	(5)
Total stockholders' equity	<u>600,924</u>	<u>491,336</u>
Total liabilities and stockholders' equity	<u>\$ 677,141</u>	<u>\$ 566,137</u>

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





Appendix

Statements of Changes in Stockholders' Equity (Deficit)

Three Months Ended March 31, 2024

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of December 31, 2023	296,276,536	\$ 296	\$ 627,822	\$ (136,777)	(5,318,674)	\$ (5)	\$ 491,336
Issuance of common shares, net of offering costs - At-the-market offering	14,246,235	14	64,532	-	-	-	64,546
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	2,059,390	3	(3,177)	-	(787,098)	(1)	(3,175)
Share-based compensation	66,941	-	8,317	-	-	-	8,317
Net income	-	-	-	39,900	-	-	39,900
Balance as of March 31, 2024	312,649,102	\$ 313	\$ 697,494	\$ (96,877)	(6,105,772)	\$ (6)	\$ 600,924

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 December 31, 2022	251,095,305	\$ 251	\$ 453,854	\$ (111,209)	(3,543,347)	\$ (4)	\$ 342,892
Cumulative effect upon adoption of ASU 2023-08	-	-	-	209	-	-	209
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	-	-	-	(4,553)	-	-	(4,553)
Balance as of March 31, 2023	253,050,088	\$ 253	\$ 462,181	\$ (115,553)	(4,144,081)	\$ (4)	\$ 346,877



Consolidated Statement of Cash Flows



	Three months ended March 31,	
	2024	2023
Cash flows from operating activities		
Net income (loss)	\$ 39,900	\$ (4,553)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	17,097	11,655
Amortization of intangible assets	147	-
Amortization of operating right-of-use asset	254	222
Share-based compensation	8,317	8,810
Equity in (gains) losses of equity investees	(738)	750
Non-cash lease expense	392	401
Other operating activities	1,958	-
Income taxes	5,564	53
Bitcoin received as payment for services	(48,079)	(21,717)
Change in fair value of derivative asset	(7,359)	(5,328)
Change in fair value of warrant liability	(250)	37
Gains on fair value of bitcoin	(40,556)	(4,264)
Changes in assets and liabilities:		
Accounts receivable	(58)	(183)
Receivables, related party	(185)	(189)
Prepaid expenses and other current assets	760	2,975
Security deposits	-	(12)
Accounts payable	2,540	2,913
Accounts payable, related party	-	(1,529)
Accrued expenses and other current liabilities	(6,123)	65
Lease liabilities	(217)	(248)
Net cash used in operating activities	<u>(26,636)</u>	<u>(10,142)</u>
Cash flows from investing activities		
Proceeds from sale of bitcoin	-	20,958
Deposits on equipment	(4,536)	(1,106)
Purchases of property and equipment	(7,902)	(17,947)
Purchases and development of software	(200)	-
Capital distributions from equity investees	-	3,807
Investment in equity investees	(18,319)	(3,094)
Net cash (used in) provided by investing activities	<u>(30,957)</u>	<u>2,618</u>
Cash flows from financing activities		
Proceeds from the issuance of common stock	66,171	-
Offering costs paid for the issuance of common stock	(1,623)	-
Repurchase of common shares to pay employee withholding taxes	(3,177)	(481)
Principal payments on financing lease	(1,208)	-
Net cash provided by (used in) financing activities	<u>60,163</u>	<u>(481)</u>
Net increase (decrease) in cash and cash equivalents	2,570	(8,005)
Cash and cash equivalents, beginning of the period	86,105	11,927
Cash and cash equivalents, end of the period	<u>\$ 88,675</u>	<u>\$ 3,922</u>
Supplemental disclosure of noncash investing and financing activities		
Reclassification of deposits on equipment to property and equipment	\$ 5,161	\$ 71,533
Bitcoin received from equity investees	\$ 1,694	\$ 317
Settlement of related party payable related to master services and supply agreement	\$ 1,554	\$ -
Equity method investment acquired for non-cash consideration	\$ -	\$ 1,925
Property and equipment purchases in accounts payable, accounts payable, related party and accrued expenses	\$ -	\$ 5,940
Deposits on equipment in accounts payable, accounts payable, related party and accrued expenses	\$ -	\$ 691
Finance lease cost in accrued expenses	\$ -	\$ 1,017

Note: In thousands

