
**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): August 11, 2022

Core Scientific, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-40046
(Commission
File Number)

86-1243837
(IRS Employer
Identification No.)

210 Barton Springs Road, Suite 300
Austin, Texas
(Address of principal executive offices)

78704
(Zip Code)

Registrant's telephone number, including area code: (512) 402-5233

(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 obligations 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 \$0.0001 per share	CORZ	The Nasdaq Global Select Market
Warrants, exercisable for shares of common stock	CORZW	The Nasdaq Global Select Market

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 August 11, 2022, Core Scientific, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended June 30, 2022. A copy of the press release is furnished hereto as Exhibit 99.1 and is incorporated herein by reference.

On August 11, 2022, the Company also released a corporate presentation reporting such results. A copy of the presentation is furnished hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

The information contained in Item 2.02 is incorporated herein by reference.

The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statement and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated August 11, 2022
99.2	Company Presentation dated August 11, 2022
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.

Core Scientific, Inc.

Dated: August 11, 2022

By: */s/ Todd M. DuChene*
Name: Todd M. DuChene
Title: Executive Vice President, General Counsel, Chief Compliance Officer and Secretary

Core Scientific Announces Second Quarter 2022 Results

AUSTIN, Texas—August 11, 2022—Core Scientific, Inc. (NASDAQ: CORZ), a leader in high-performance blockchain data centers and software solutions, reported its financial results for the second quarter ended June 30, 2022.

Second Quarter 2022 Financial Highlights (Compared to Second Quarter 2021)¹

- Self-mining bitcoin production increased 1,769% to 3,365 bitcoins
- 1,959 bitcoins held as of June 30, 2022
- Total hashrate of 17.9 EH/s consisting of 10.3 EH/s self-mining and 7.6 EH/s hosting

YTD 2022 Financial Highlights (Compared to YTD 2021)¹

- Self-mining bitcoin production increased 1,601% to 6,567 bitcoins

“Our team remained focused on our business objectives, delivering second quarter revenue of \$164.0 million, an increase of more than 115 percent over the prior year,” said Mike Levitt, Core Scientific Chief Executive Officer. “We are now managing over 200,000 servers generating over 20 EH/s in approximately 800,000 square feet of our own custom-developed data centers across five states. We deployed 14,000 servers in July and have already deployed over 17,000 in August. This month we are averaging over 40 self-mined bitcoins per day, including producing a company record 45.7 bitcoin in a single day on August 10. With enhanced liquidity from bitcoin sales and our committed equity facility, line of sight to improved hosting margins and manageable principal and interest payments on our liabilities, we remain well positioned to navigate current market conditions and emerge from these markets a larger, stronger and more profitable company.”

Second Quarter 2022 Financial Results (Compared to Second Quarter 2021)¹

Total revenue of \$164.0 million increased by \$88.7 million, or 118%, from \$75.3 million. The increase in total revenue was driven primarily by increases in digital asset mining revenue and hosting revenue, partially offset by a decrease in equipment sales.

Total hosting revenue of \$38.9 million increased by \$20.4 million, or 110%, from \$18.6 million. The increase in hosting revenue from customers was driven primarily by the onboarding of new clients and the execution of new related party hosting contracts for miners deployed.

Total equipment sales of \$15.2 million decreased by \$30.8 million, or 67%, from \$46.0 million. The decrease in equipment sales to customers was primarily driven by fewer miners being deployed, partially offset by higher equipment sales to related parties driven by higher demand for new generation mining equipment.

Digital asset mining revenue of \$109.8 million increased by \$99.1 million, or 920%, from \$10.8 million. The increase in mining revenue was driven primarily by an increase in our self-mining hash rate to 10.3 EH/s from 0.45 EH/s. The total number of bitcoins awarded was 3,365 compared to 180. The average price of bitcoin was \$32,502 as compared to \$46,498, a decrease of 30%.

¹ Results are preliminary. The Company expects to file its Quarterly Report on Form 10-Q on August 15, 2022 and actual results may vary.

Cost of revenue of \$151.3 million increased by \$100.5 million, or 198%, from \$50.8 million. The increase in cost of revenue was primarily attributable to higher power consumption costs of \$45.9 million driven by an increase in the number of self-mining and hosted miners operating in our fleet. Depreciation expense increased \$46.3 million driven by an increase in the number of self-mining units deployed, higher personnel and facilities operating costs driven by the opening and expansion of our data centers of \$25.8 million, which includes increased stock-based compensation of \$16.9 million, increased payroll and benefit costs for personnel of \$3.6 million. The increase in cost of revenue was partially offset by lower equipment sales costs of \$17.6 million. As a percentage of total revenue, cost of revenue totaled 92% and 67% for the three months ended June 30, 2022 and 2021, respectively.

Gross profit of \$12.7 million decreased by \$11.8 million, or 48%, from \$24.5 million. The decrease in gross profit was driven primarily by a \$18.9 million decrease in gross profit in the hosting and equipment segment, partially offset by an \$7.1 million increase in gross profit for the mining segment, driven by an increase in mining revenue. The decrease in gross margin for the mining segment was driven by higher miner depreciation as well as higher power costs and lower average price per bitcoin mined.

Operating loss of \$1.09 billion decreased by \$1.11 billion from an operating income of \$15.5 million. The decrease was predominantly due to a \$840.0 million impairment of goodwill, a \$150.2 million impairment of digital assets, higher total operating expenses of \$106.9 million and a \$13.1 million loss on exchange or disposal of property, plant and equipment. The increase in total operating expenses was driven primarily by a \$92.0 million increase in stock-based compensation, primarily reflecting an amendment to our restricted stock unit awards made in June 2022 that resulted in the elimination of the performance condition that had previously required a change in control or public offering before the awards could vest. The increase in operating expenses was further driven by a \$4.6 million of higher professional fees, primarily related to investments made to support public company readiness, and \$3.4 million of higher payroll and benefit costs for personnel.

Net loss of \$861.7 million increased by \$858.3 million from a net loss of \$3.4 million. The increase in net loss was due to a \$840.0 million impairment of goodwill, a \$150.2 million impairment of digital assets and higher total operating expenses of \$106.9 million, partially offset by a decrease in the fair value of the convertible notes (excluding interest expense and changes in instrument-specific credit risk) and corresponding gain of \$195.1 million, a decrease in the fair value of the derivative warrant liabilities and corresponding gain of \$22.2 million and an increase in the income tax benefit of \$46.8 million.

Adjusted EBITDA increased \$38.3 million to \$59.1 million from \$20.8 million. The increase was due to higher gross profit, excluding depreciation and amortization and share-based compensation, partially offset by higher operating expenses, excluding stock-based compensation and depreciation and amortization.

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YTD 2022 Financial Results (Compared to YTD 2021)¹

Total revenue of \$356.5 million increased by \$226.9 million, or 175%, from \$129.5 million. The increase in total revenue was driven primarily by increases in digital asset mining revenue and hosting revenue, partially offset by a decrease in equipment sales.

Total hosting revenue of \$72.2 million increased by \$40.9 million, or 131%, from \$31.3 million. The increase in hosting revenue from customers was driven primarily by the onboarding of new clients and the execution of new related party hosting contracts for miners deployed.

Total equipment sales of \$41.5 million decreased by \$36.4 million, or 47%, from \$77.9 million. The decrease in equipment sales to customers was primarily driven by fewer miners being deployed, partially offset by higher equipment sales to related parties driven by higher demand for new generation mining equipment.

Digital asset mining revenue of \$242.8 million increased by \$222.4 million, from \$20.4 million. The year over year increase in mining revenue was driven primarily by an increase in our self-mining hash rate. The total number of bitcoins awarded was 6,567 compared to 386. The average price of bitcoin was \$36,876 as compared to \$45,914, a decrease of 20%.

Cost of revenue of \$273.8 million increased by \$183.3 million, or 203%, from \$90.5 million. The increase in cost of revenue was primarily attributable to higher power consumption costs of \$83.5 million driven by an increase in the number of self-mining and hosted miners operating in our fleet. Depreciation expense increased \$85.3 million driven by an increase in the number of self-mining units deployed, higher personnel and facilities operating costs driven by the opening and expansion of our data centers of \$35.7 million, which includes increased stock-based compensation of \$18.9 million, increased payroll and benefit costs for personnel of \$6.7 million. The increase in cost of revenue was partially offset by lower equipment sales costs of \$21.3 million. As a percentage of total revenue, cost of revenue totaled 77% and 70% for the six months ended June 30, 2022 and 2021, respectively.

Gross profit of \$82.7 million increased by \$43.6 million, or 112%, from \$39.1 million. The increase in gross profit was driven primarily by a \$63.4 million increase in gross profit for the mining segment, driven by higher mining revenue as described above, partially offset by a \$19.7 million decrease in the hosting and equipment segment. The decrease in gross margin for the mining segment was driven by higher miner depreciation as well as higher power costs and lower average price per bitcoin mined.

Operating loss of \$1.12 billion decreased by \$1.15 billion from an operating income of \$24.6 million. The decrease was predominantly due to a \$840.0 million impairment of goodwill, a \$204.2 million impairment of digital assets, higher total operating expenses of \$146.3 million and a \$13.1 million loss on exchange or disposal of property, plant and equipment. The increase in total operating expenses was driven primarily by a \$115.2 million increase in stock-based compensation, primarily reflecting an amendment to our restricted stock unit awards made in June 2022 that resulted in the elimination of the performance condition that had previously required a change in control or public offering before the awards could vest. The increase in operating expenses was further driven by a \$12.4 million of higher professional fees, primarily related to investments made to support public company readiness, and \$5.6 million of higher payroll and benefit costs for personnel. These decreases in operating income were partially offset by an increase in gross profit of \$43.6 million and an increase on gain from sales of digital assets of \$14.0 million.

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Net loss of \$1.33 billion decreased by \$1.33 billion from net income of \$3.4 million. The decrease in net income was due to a \$840.0 million impairment of goodwill, a \$204.2 million increase in impairment of digital assets, an increase in the fair value of the convertible notes (excluding interest expense and changes in instrument-specific credit risk) and corresponding loss of \$191.0 million, higher total operating expenses of \$146.3 million and an increase in interest expense, net of \$35.8 million. These decreases in net income were partially offset by an increase in gross profit of \$43.6 million, a decrease in the fair value of the derivative warrant liabilities and corresponding gain of \$32.5 million, an increase on gain from sales of digital assets of \$14.0 million and an increase in the income tax benefit of \$4.4 million.

Adjusted EBITDA increased \$118.9 million to \$152.2 million from \$33.3 million. The increase was due to higher gross profit, excluding depreciation and amortization and share-based compensation, partially offset by higher operating expenses, excluding stock-based compensation and depreciation and amortization.

LIQUIDITY

As of June 30, 2022, cash and cash equivalents totaled \$128.5 million and restricted cash totaled \$11.9 million.

As of June 30, 2022, the Company's Bitcoin balance totaled 1,959. The carrying value of our digital assets was \$40.7 million, which reflects accumulated impairment losses of \$20.1 million year-to-date.

B. Riley Equity Line of Credit

Under the agreement with B. Riley Principal Capital II, LLC ("B. Riley"), Core Scientific has the right, without obligation, to sell and issue up to \$100.0 million of shares of its common stock to B. Riley, subject to certain limitations and satisfaction of certain conditions. Purchase notices may be issued to B. Riley over a 24-month period. Core Scientific issued B. Riley 573,381 shares of common stock as consideration for B. Riley's commitment to purchase Core Scientific common stock under the purchase agreement. Further details are contained in a Current Report on Form 8-K Core Scientific was filed with the Securities and Exchange Commission.

OUTLOOK

For 2022, the Company continues to expect to achieve total hashrate of between 30 EH/s and 32 EH/s, with total power of approximately 1 GW.

The foregoing estimates are forward-looking and reflect management's view of current and future market conditions, subject to certain risks and uncertainties and general economic and business conditions in the United States and elsewhere in the world. Investors are reminded that actual results may differ materially from these estimates.

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CONFERENCE CALL AND WEBCAST

In conjunction with this release, Core Scientific, Inc. will host a conference call today, Thursday, August 11, 2022, at 4:30 pm Eastern Time that will be webcast live. Mike Levitt, Chief Executive Officer, Denise Sterling, Chief Financial Officer and Steven A. Gitlin, Senior Vice President Investor Relations, will host the call.

Investors may dial into the call by using the following telephone numbers, 1 (844) 200-6205 (U.S. toll-free), 1 (646) 904-5544 (U.S. local) or 1 (929) 526-1599 (international) and providing the access code 481493 five to ten minutes prior to the start time to allow for registration.

Investors with Internet access may listen to the live audio webcast via the Investor Relations page of the Core Scientific, Inc. website, <http://investors.corescientific.com>. Please allow 15 minutes prior to the call to download and install any necessary audio software. A replay of the audio webcast will be available for one year.

A supplementary investor presentation for the full fiscal year 2021 can be accessed at <https://investors.corescientific.com/investors/events-and-presentations/default.aspx>.

AUDIO REPLAY

An audio replay of the event will be archived on the Investor Relations section of the Company's website at <http://investors.corescientific.com> and via telephone by dialing 1 (866) 813-9403 (U.S. toll free), 1 (929) 458-6194 (U.S. local) or 44 (204) 525-0658 (all other locations) and entering Access Code 168925.

ABOUT CORE SCIENTIFIC

Core Scientific is one of the largest publicly traded blockchain data center providers and miners of digital assets in North America. Core Scientific has operated blockchain data centers in North America since 2017, using its facilities and intellectual property portfolio for collocated digital asset mining and self-mining. Core Scientific operates data centers in Georgia, Kentucky, North Carolina, North Dakota and Texas, and expects to commence operations in Oklahoma in the second half of 2022. Core Scientific's proprietary Minder® fleet management software combines the Company's colocation expertise with data analytics to deliver maximum uptime, alerting, monitoring and management of all miners in the Company's network. To learn more, visit <http://www.corescientific.com>. Information on our website and social media platforms is not incorporated by reference in this release or in any of our filings with the U.S. Securities and Exchange Commission.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this press release may constitute “forward-looking statements” for purposes of the federal securities laws. Our forward-looking statements include, but are not limited to, statements regarding our and our management team’s expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this press release may include, for example, statements about:

- meet future liquidity requirements and comply with restrictive covenants related to indebtedness;
- effectively respond to general economic and business conditions, including the price of bitcoin;
- maintain the listing on, or to prevent the delisting of our securities from, Nasdaq or another national securities exchange;
- obtain additional capital, whether equity or debt;
- enhance future operating and financial results;
- successfully execute expansion plans;
- attract and retain employees, officers or directors;
- anticipate rapid changes in laws, regulations and technology;
- execute its business strategy, including enhancement of the profitability of services provided;
- realize the benefits expected from the acquisition of Blockcap, including any related synergies;
- anticipate the uncertainties inherent in the development of new business strategies;
- anticipate the impact of the COVID-19 pandemic, including variant strains of COVID-19, and its effect on business and financial conditions;
- manage risks associated with operational changes in response to the COVID-19 pandemic, including the emergence of variant strains of COVID-19;
- increase brand awareness;
- upgrade and maintain effective business controls and information technology systems;
- acquire and protect intellectual property;
- comply with laws and regulations applicable to its business, including tax laws and laws and regulations related to data privacy and the protection of the environment;
- stay abreast of modified or new laws and regulations applicable to its business or withstand the impact of any new laws and regulations related to its industry;
- anticipate the impact of, and response to, new accounting standards;
- anticipate the significance and timing of contractual obligations;
- maintain key strategic relationships with partners and distributors;
- respond to uncertainties associated with product and service development and market acceptance;

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- anticipate the impact of changes in U.S. federal income tax laws, including the impact on deferred tax assets; and
- successfully defend litigation.

These forward-looking statements are based on information available as of the date of this press release, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

You should read this press release with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this press release and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and such statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

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Core Scientific, Inc.
Consolidated Balance Sheets
(in thousands, except par value)
(Unaudited)

Assets	June 30, 2022 ¹ Unaudited	December 31, 2021
Current Assets:		
Cash and cash equivalents	\$ 128,542	\$ 117,871
Restricted cash	11,938	13,807
Accounts receivable, net	2,840	1,382
Accounts receivable from related parties	677	300
Deposits for equipment	165,662	358,791
Digital assets	40,664	234,298
Prepaid expenses and other current assets	161,234	30,111
Total Current Assets	511,557	756,560
Property, plant and equipment, net	1,049,070	597,304
Goodwill	214,759	1,055,760
Intangible assets, net	5,622	8,195
Other noncurrent assets	14,903	21,045
Total Assets	\$ 1,795,911	\$ 2,438,864
Liabilities, Redeemable Preferred Stock and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 31,252	\$ 11,617
Accrued expenses and other	124,173	67,862
Deferred revenue	71,837	63,417
Deferred revenue from related parties	36,923	72,945
Derivative warrant liabilities	5,808	—
Finance lease liabilities, current portion	28,570	28,452
Notes payable, current portion	217,674	75,996
Total Current Liabilities	516,237	320,289
Finance lease liabilities, net of current portion	48,701	62,145
Notes payable, net of current portion (includes \$726,555 and \$557,007 at fair value)	852,323	652,213
Other noncurrent liabilities	13,393	18,531
Total Liabilities	1,430,654	1,053,178
Contingently redeemable convertible preferred stock; \$0.0001 par value; 2,000,000 shares authorized; — and 10,826 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively; \$— and \$45,164 total liquidation preference at June 30, 2022 and December 31, 2021, respectively	—	44,476
Commitments and contingencies		
Stockholders' Equity:		
Common stock; \$0.0001 par value; 10,000,000 shares authorized at both June 30, 2022 and December 31, 2021; 353,481 and 271,576 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	35	27
Additional paid-in capital	1,695,748	1,379,581
Accumulated deficit	(1,355,306)	(27,432)
Accumulated other comprehensive income (loss)	24,780	(10,966)
Total Stockholders' Equity	365,257	1,341,210
Total Liabilities, Redeemable Preferred Stock and Stockholders' Equity	\$ 1,795,911	\$ 2,438,864

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Core Scientific, Inc.
Consolidated Statements of Operations
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022 ¹	2021	2022 ¹	2021
Revenue:				
Hosting revenue from customers	\$ 31,338	\$ 11,895	\$ 58,676	\$ 20,251
Hosting revenue from related parties	7,598	6,667	13,474	11,003
Equipment sales to customers	3,507	36,457	3,923	60,499
Equipment sales to related parties	11,687	9,519	37,576	17,403
Digital asset mining revenue	109,842	10,765	242,842	20,393
Total revenue	163,972	75,303	356,491	129,549
Cost of revenue:				
Cost of hosting services	43,644	17,550	74,875	29,379
Cost of equipment sales	13,541	31,100	36,076	57,331
Cost of digital asset mining	94,070	2,115	162,820	3,768
Total cost of revenue	151,255	50,765	273,771	90,478
Gross profit	12,717	24,538	82,720	39,071
Gain (loss) from sales of digital assets	11,808	(16)	13,971	14
Impairment of digital assets	(150,213)	—	(204,198)	—
Impairment of goodwill	(840,000)	—	(840,000)	—
Losses on exchange or disposal of property, plant and equipment	(13,057)	(17)	(13,057)	(17)
Operating expenses:				
Research and development	14,773	1,437	18,113	2,645
Sales and marketing	10,238	720	11,636	1,254
General and administrative	90,874	6,822	131,034	10,617
Total operating expenses	115,885	8,979	160,783	14,516
Operating (loss) income	(1,094,630)	15,526	(1,121,347)	24,552
Non-operating (income) expenses, net:				
Loss on debt extinguishment	—	7,974	—	8,016
Interest expense, net	27,116	10,846	48,792	12,981
Fair value adjustments on convertible notes	(195,061)	—	190,976	—
Fair value adjustments on derivative warrant liabilities	(22,189)	—	(32,464)	—
Other non-operating expenses, net	3,876	2	3,519	2
Total non-operating (income) expenses, net	(186,258)	18,822	210,823	20,999
(Loss) income before income taxes	(908,372)	(3,296)	(1,332,170)	3,553
Income tax (benefit) expense	(46,702)	118	(4,296)	118
Net (loss) income	\$ (861,670)	\$ (3,414)	\$ (1,327,874)	\$ 3,435
Net (loss) income per share				
Basic	\$ (2.65)	\$ (0.02)	\$ (4.20)	\$ 0.02
Diluted	\$ (2.65)	\$ (0.02)	\$ (4.20)	\$ 0.02
Weighted average shares outstanding:				
Basic	324,967	158,890	316,269	158,338
Diluted	324,967	158,890	316,269	177,342

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Core Scientific, Inc.
Segment Results
(in thousands, except percentages)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Equipment Sales and Hosting Segment				
Revenue:				
Hosting revenue	\$ 38,936	\$ 18,562	\$ 72,150	\$ 31,254
Equipment sales	15,194	45,976	41,499	77,902
Total revenue	54,130	64,538	113,649	109,156
Cost of revenue:				
Cost of hosting services	43,644	17,550	\$ 74,875	\$ 29,379
Cost of equipment sales	13,541	31,100	36,076	57,331
Total cost of revenue	\$ 57,185	\$ 48,650	\$ 110,951	\$ 86,710
Gross (loss) profit	\$ (3,055)	\$ 15,888	\$ 2,698	\$ 22,446
Gross margin ²	(6)%	25 %	2 %	21 %
Mining Segment				
Digital asset mining revenue	\$ 109,842	\$ 10,765	\$ 242,842	\$ 20,393
Total revenue	109,842	10,765	242,842	20,393
Cost of revenue	94,070	2,115	162,820	3,768
Gross profit	\$ 15,772	\$ 8,650	\$ 80,022	\$ 16,625
Gross margin ²	14 %	80 %	33 %	82 %
Consolidated				
Consolidated total revenue	\$ 163,972	\$ 75,303	\$ 356,491	\$ 129,549
Consolidated cost of revenue	\$ 151,255	\$ 50,765	\$ 273,771	\$ 90,478
Consolidated gross profit	\$ 12,717	\$ 24,538	\$ 82,720	\$ 39,071
Consolidated gross margin ²	8 %	33 %	23 %	30 %

² Gross margin is calculated as gross profit (loss) as a percentage of total revenue.

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Core Scientific, Inc.
Total notes payable and finance lease liabilities
(in thousands)
(Unaudited)

The following table summarizes the Company's debt consisting of notes payable and finance lease liabilities: (in thousands):

Notes payable:	Current (next twelve months)	Noncurrent (greater than 12 months)	Total
Equipment financing	\$ 145,766	\$ 125,832	\$ 271,598
Convertible notes	—	536,278	536,278
Bridge loan	75,000	—	75,000
Other	734	324	1,058
Total	221,500	662,434	883,934
Unamortized discount and debt issuance costs	(3,826)	(388)	(4,214)
Fair value adjustment on convertible notes	—	190,277	190,277
Total notes payable	\$ 217,674	\$ 852,323	\$ 1,069,997
Leases:			
Equipment financing lease liabilities	\$ 28,570	\$ 48,701	\$ 77,271
Total notes payable and finance lease liabilities	<u>\$ 246,244</u>	<u>\$ 901,024</u>	<u>\$ 1,147,268</u>

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Core Scientific, Inc. and Subsidiaries
Non-GAAP Financial Measures
(Unaudited)

Adjusted EBITDA is a non-GAAP financial measure defined as our net income or (loss), adjusted to eliminate the effect of (i) interest income, interest expense, and other income (expense), net; (ii) provision for income taxes; (iii) depreciation and amortization; (iv) stock-based compensation expense; (v) gain on sale of intangible assets; (vi) restructuring charges; and (vii) certain additional non-cash or non-recurring items, that do not reflect our ongoing business operations. Adjusted earnings per share (“Adjusted EPS”) is defined as our net income or (loss) divided by our weighted-average diluted shares outstanding, adjusted to eliminate the effect of (i) interest income, interest expense, and other income (expense), net; (ii) provision for income taxes; (iii) depreciation and amortization; (iv) stock-based compensation expense; (v) gain on sale of intangible assets; (vi) restructuring charges; and (vii) certain additional non-cash or non-recurring items, that do not reflect our ongoing business operations. For additional information, including the reconciliation of net income (loss) to Adjusted EBITDA and the reconciliation of net income (loss) per diluted share to Adjusted EPS, please refer to the tables below. We believe Adjusted EBITDA and Adjusted EPS are important measures because they allow management, investors, and our board of directors to evaluate and compare our operating results, including our return on capital and operating efficiencies, from period-to-period by making the adjustments described above. In addition, it provides useful information to investors and others in understanding and evaluating our results of operations, as well as provides a useful measure for period-to-period comparisons of our business, as it removes the effect of net interest expense, taxes, certain non-cash items, variable charges, and timing differences. Moreover, we have included Adjusted EBITDA in this press release because it is a key measurement used by our management internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic and financial planning.

The above items are excluded from our Adjusted EBITDA and Adjusted EPS measures because these items are non-cash in nature, or because the amount and timing of these items is unpredictable, not driven by core results of operations and renders comparisons with prior periods and competitors less meaningful. However, you should be aware that when evaluating Adjusted EBITDA and Adjusted EPS, we may incur future expenses similar to those excluded when calculating these measures. Our presentation of these measures should not be construed as an inference that its future results will be unaffected by unusual or non-recurring items. Further, these non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). We compensate for these limitations by relying primarily on GAAP results and using Adjusted EBITDA and Adjusted EPS on a supplemental basis. Our computation of Adjusted EBITDA and Adjusted EPS may not be comparable to other similarly titled measures computed by other companies because not all companies calculate these measures in the same fashion. You should review the reconciliation of net (loss) income to Adjusted EBITDA and net (loss) income per diluted share to Adjusted EPS below and not rely on any single financial measure to evaluate our business.

-more-

The following tables reconcile the non-GAAP financial measures to the most directly comparable U.S. GAAP financial performance measure, which is net (loss) income, for the periods presented (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022 ¹	2021	2022 ¹	2021
Adjusted EBITDA				
Net (loss) income	\$ (861,670)	\$ (3,414)	\$ (1,327,874)	\$ 3,435
Adjustments:				
Interest expense, net	27,116	10,846	48,792	12,981
Income tax (benefit) expense	(46,702)	118	(4,296)	118
Depreciation and amortization	49,835	3,075	91,974	5,991
Loss on debt extinguishment	—	7,974	—	8,016
Stock-based compensation expense	110,998	2,136	136,795	2,724
Fair value adjustment on derivative warrant liabilities	(22,189)	—	(32,464)	—
Fair value adjustment on convertible notes	(195,061)	—	190,976	—
(Gain) loss from sales of digital assets	(11,808)	16	(13,971)	(14)
Impairment of digital assets	150,213	—	204,198	—
Impairment of goodwill	840,000	—	840,000	—
Losses on exchange or disposal of property, plant and equipment	13,057	17	13,057	17
Gain on sale of intangible assets	(5,904)	—	(5,904)	—
Restructuring charges	1,445	—	1,445	—
Other non-cash or non-recurring items	9,781	—	9,424	—
Adjusted EBITDA	\$ 59,111	\$ 20,768	\$ 152,152	\$ 33,268

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022 ¹	2021	2022 ¹	2021
Adjusted earnings per share (“Adjusted EPS”)				
Net (loss) income	\$ (2.65)	\$ (0.02)	\$ (4.20)	\$ 0.02
Adjustments:				
Interest expense, net	0.08	0.07	0.15	0.07
Income tax (benefit) expense	(0.14)	—	(0.01)	—
Depreciation and amortization	0.15	0.02	0.29	0.03
Loss on debt extinguishment	—	0.05	—	0.05
Stock-based compensation expense	0.34	0.01	0.43	0.02
Fair value adjustment on derivative warrant liabilities	(0.07)	—	(0.10)	—
Fair value adjustment on convertible notes	(0.60)	—	0.60	—
(Gain) loss from sales of digital assets	(0.04)	—	(0.04)	—
Impairment of digital assets	0.46	—	0.65	—
Impairment of goodwill	2.59	—	2.66	—
Losses on exchange or disposal of property, plant and equipment	0.04	—	0.04	—
Gain on sale of intangible assets	(0.02)	—	(0.02)	—
Restructuring charges	—	—	—	—
Other non-cash or non-recurring items	0.04	—	0.03	—
Adjusted EPS	\$ 0.18	\$ 0.13	\$ 0.48	\$ 0.19
Weighted average shares outstanding - diluted	324,967	158,890	316,269	177,342

-more-



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https://twitter.com/core_scientific

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Second Quarter Fiscal Year 2022 Earnings Presentation

August 11, 2022

AUG 11, 2022



Legal Disclaimer

Forward-Looking Statements

This presentation includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “estimate,” “plan,” “project,” “forecast,” “intend,” “will,” “expect,” “anticipate,” “believe,” “seek,” “target” or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, those related to the Company’s ability to scale and grow its business, source clean and renewable energy, the advantages and expected growth of the Company, future estimates of revenue, net income, adjusted EBITDA, liquidity and cash flow, and availability of capital, future estimates of computing capacity and operating power, future demand for hosting capacity, future estimate of hashrate (including mix of self-mining and hosting), operating gigawatts and power, future projects in construction or negotiation and future expectations of operation location, orders for miners and critical infrastructure, future estimates of self-mining capacity, the public float of the Company’s shares, future infrastructure additions and their operational capacity, and operating power and site features of the Company’s operations center in Denton, Texas. These statements are provided for illustrative purposes only and are based on various assumptions and on the current expectations of the Company’s management. These forward-looking statements are not intended to serve, and must not be relied on by any investor, as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company. These forward-looking statements are subject to a number of risks and uncertainties, including those identified in the Company’s reports filed with the U.S. Securities and Exchange Commission (“SEC”) from time to time, including the Company’s definitive proxy statement filed with the SEC on January 3, 2022, and other subsequent filings the Company files with the SEC from time to time, including its Annual Report on Form 10-K for the year ended December 31, 2021, and Current Report on Form 8-K filed on January 24, 2022, and Quarterly Report on form 10-Q for the second quarter ended June 30, 2022, to be filed with the SEC by August 15, 2022. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Accordingly, undue reliance should not be placed upon the forward-looking statements. Except as required by law, the Company assumes no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Year over year comparisons are based on the combined results of Core Scientific and its acquired entities.

Non-GAAP Financial Measures

This presentation also contains non-GAAP financial measures as defined by the SEC rules, including Adjusted EBITDA and adjusted earnings (loss) per diluted share. The Company believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the Company’s financial condition and results of operations. The Company’s management uses certain of these non-GAAP measures to compare the Company’s performance to that of prior periods for trend analyses and for budgeting and planning purposes. The Company urges investors not to rely on any single financial measure to evaluate its business.

Core Scientific Snapshot

Digital Asset Self-Mining | Colocation Services | Blockchain Technology

Nasdaq:
CORZ

\$164.0M

Second Quarter 2022
Revenue

+/- Year End

300,000

Servers

Expected 2022 Fleet Size

\$(861.7)M

Second Quarter 2022 Net
Loss Driven Primarily by
Goodwill Impairment

+/- Year End

31 EH/s

Expected 2022 Hashrate¹

\$59.1M

Second Quarter 2022
Adjusted EBITDA

+/- Year End

1 GW

Expected 2022 Power

¹ Represents midpoint of 30 EH/s to 32 EH/s guidance range for 2022E performance

Second Quarter 2022 Performance Summary

Metric (dollars in millions except per share amounts)	Second Quarter 2022	Notes
Total ending hashrate	17.9 EH/s	10% increase from 3/31/22 (16.2 EH/s)
Bitcoins produced	3,365	Increased from 3,202 bitcoins in first quarter
Bitcoins held	1,959	\$40.7 million carrying value as of 6/30/22, including effect of accounting impairment
Revenue	\$164.0	118% increase over prior year
Net loss	\$(861.7)	\$858.3 million increase in loss over prior year
Adjusted EBITDA ¹	\$59.1	185% increase over prior year
Loss per diluted share	\$(2.65)	—
Adjusted earnings per diluted share ²	\$0.18	38% increase over prior year

¹ Adjusted EBITDA is a non-GAAP financial measure. See slide 19 for a reconciliation of adjusted EBITDA to its most comparable GAAP figure.

² Adjusted earnings per diluted share is a non-GAAP financial measure. See slide 20 for a reconciliation of adjusted earnings (loss) per diluted share to its most comparable GAAP figure.

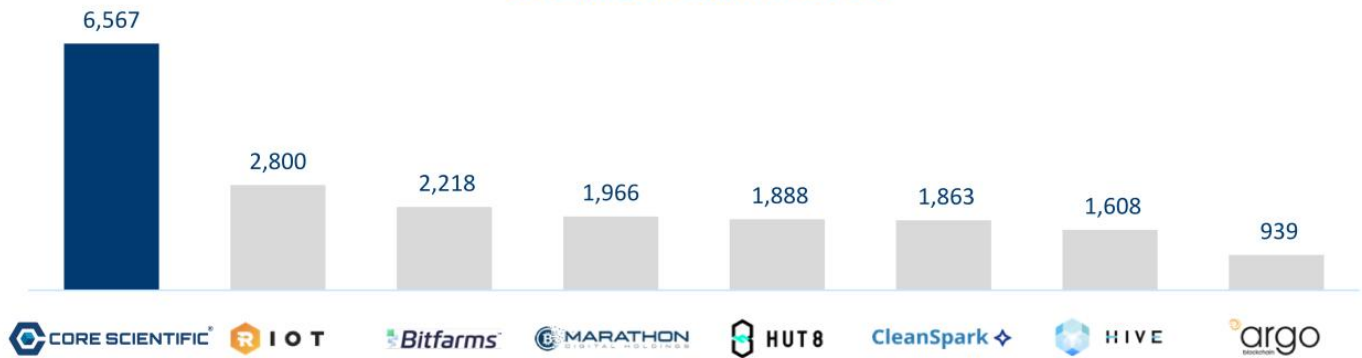
AUG 11, 2022



4

Core Scientific Mined More Bitcoins in the First Half of 2022 than Any Other Listed Digital Asset Miner

BTC Mined First Half 2022



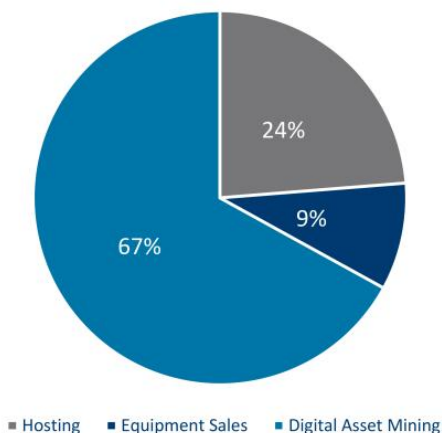
Sources - BTC mined from monthly update press releases

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Digital Asset Mining Revenue Represented 67% of Second Quarter Revenue and Grew 10x Year-Over-Year

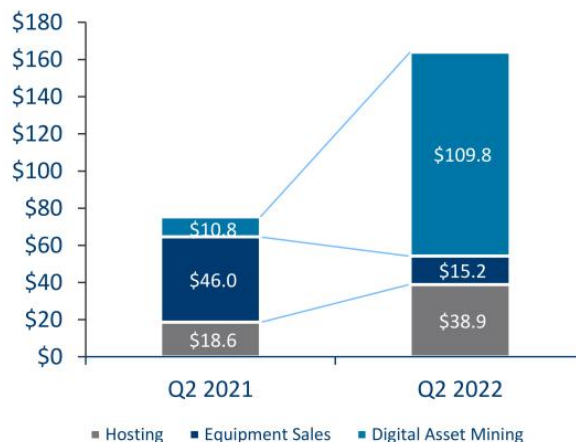
Second Quarter 2022 Revenue Mix

(Unaudited)



Second Quarter Revenue by Segment

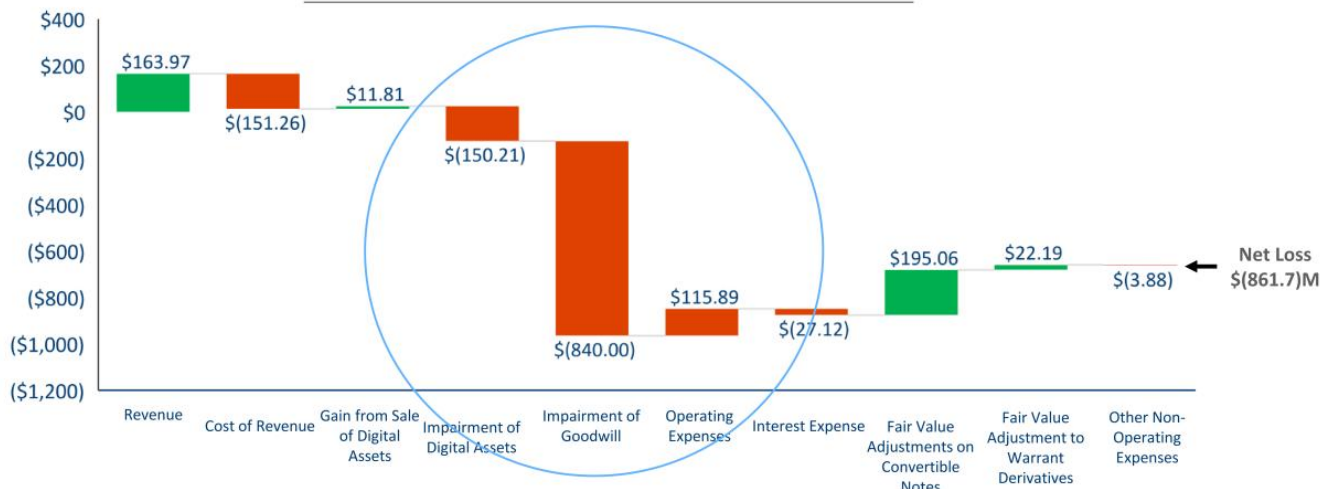
(In Millions, Unaudited)



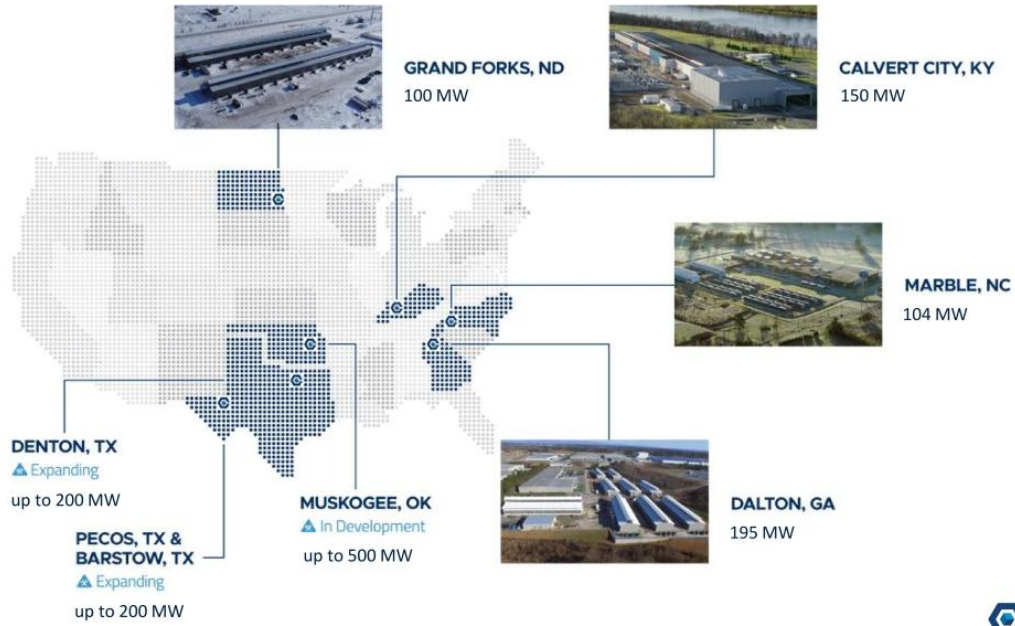
Second Quarter Net Loss Driven Primarily by \$840 Million Goodwill Impairment

SECOND QUARTER 2022 LOSS DRIVERS

(In Millions, Unaudited)



Developed and Manage Data Centers Totaling Approximately 800,000 Square Feet Across Five States



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Continued Progress on Three Texas Data Center Projects

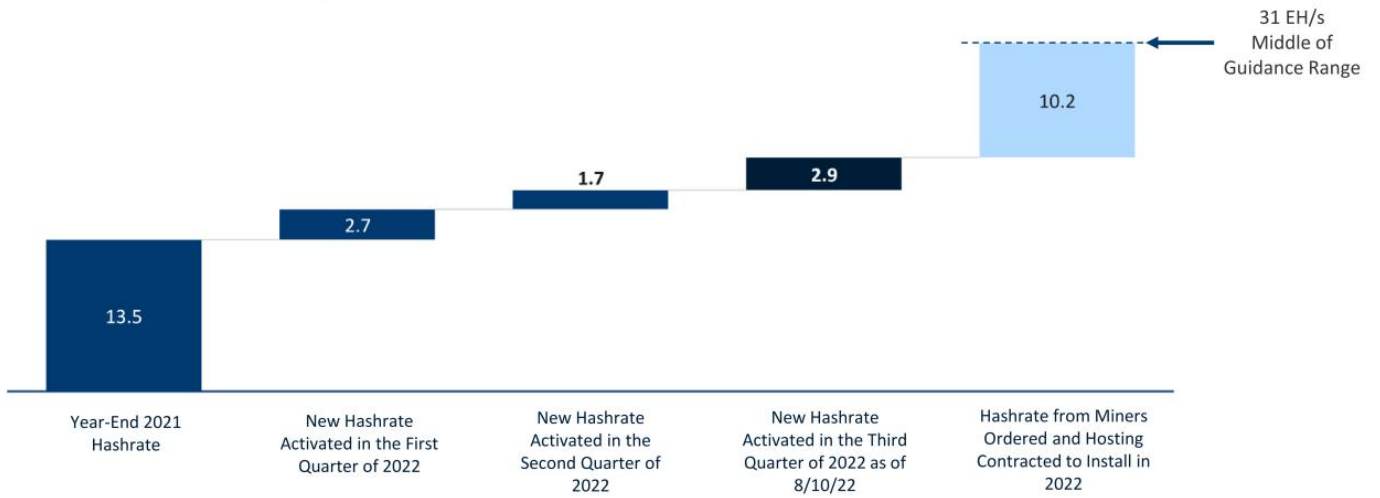


Expectations for Fiscal Year 2022

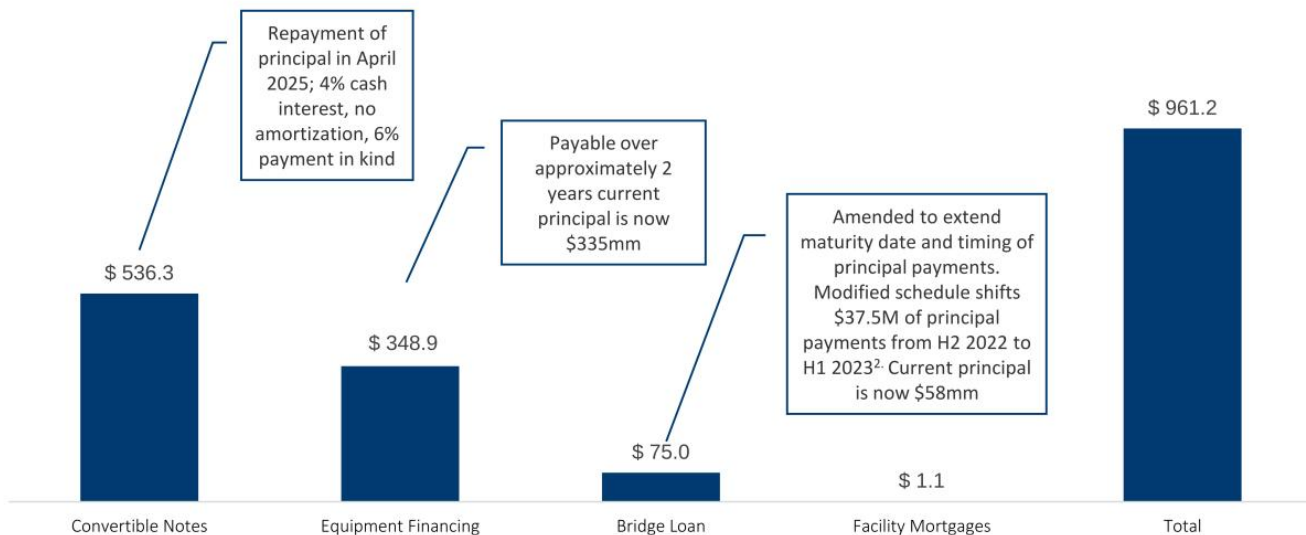
Metric	2021 Results	2022 Expectations
Hashrate	13.5 EH/s	30 to 32 EH/s
Power	450+ MW	Approximately 1 GW

Visibility toward 2022 Hashrate Goal

Build-Up to Projected Year-End 2022 Hashrate (EH/s)






Total Debt of ~\$1 Billion¹ Being Restructured to Improve Cash Flow in the Second Half of 2022 (in thousands)



¹ Does not include \$190,277k Fair Value Adjustment on Convertible Notes or \$(4,214)k Unamortized Discount and Debt Issuance Costs

² Note, under the terms of the amendment, 25% of any ELOC proceeds will be applied to principal amortization of the Bridge Notes with the payments applied in reverse chronological order beginning with the 6/1/2023 payment

Self-Mining Economics: Year-to-Date Second Quarter Cash (Cost) to Mine a Bitcoin

		Year-to-Date Q2 2022	
Cash to Mine a BTC ¹		Total Cost (thousands)	Per BTC
	Power Costs	\$ 55,500	\$ 8,500
	Operational Costs ²	11,400	1,700
	Cash to Mine a BTC	\$ 66,850	\$ 10,200

Total Costs / 6,567 BTC

¹ Produced 6,567 Bitcoins during Q1 and Q2 2022 at an average BTC price of ~\$37.0K

² Includes personnel and related costs, software, telecommunications, security, etc. Amount excludes stock-based compensation and depreciation

Why Core Scientific?

<p>✓</p> <p>A MARKET LEADER</p>  <p>A Blockchain Data Center Developer and Operator at Leading Scale</p>	<p>✓</p> <p>FULL SPECTRUM</p>  <p>Integrated Data Centers for Self-Mining and Hosting</p>	<p>✓</p> <p>TRACK RECORD</p>  <p>Consistent Growth in Capacity and Capability</p>	<p>✓</p> <p>TEAM</p>  <p>Deep, Experienced Team</p>	<p>✓</p> <p>IP</p>  <p>Proprietary Technology</p>
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Blockchain Computing Data Centers for Self-Mining and Colocation Services



2022 Selected Quarterly Results

(Thousands)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	YTD Fiscal Year 2022	Full Fiscal Year 2021
	Unaudited				Unaudited	
Revenue	\$192,519	\$163,972	-	-	\$356,491	\$544,483
Cost of Revenue	122,516	151,255	-	-	273,771	305,621
Gross Profit	70,003	12,717			82,720	238,862
Research and Development	3,340	14,773	-	-	18,113	7,674
Sales, Marketing, G&A	41,558	101,112	-	-	142,670	64,666
Operating (Loss) Income	(26,717)	(1,094,630)			(1,121,347)	131,494
Net (Loss) Income	(466,204)	(861,670)	-	-	(1,327,874)	47,312
Adjusted EBITDA ¹	93,041	59,111	-	-	152,152	238,940
Adjusted EBITDA Margin	48.3%	36.0%	-	-	42.7%	43.9%

¹ Adjusted EBITDA is a non-GAAP financial measure. See slide slide #19 for a reconciliation of adjusted EBITDA to its most comparable GAAP figure.

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Unaudited

	Quarter Ended						Change
	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	Y/Y
Hosting Hash Rate (EOP)	7.6	7.9	7.0	4.6	5.0	3.2	52%
Self-Mining Hash Rate (EOP)	10.3	8.3	6.7	2.7	0.5	0.4	NM
Total Hash Rate (EOP)	17.9	16.2	13.7	7.3	5.5	3.6	227%
Network Hash Rate (EOP)	214.6	201.8	168.2	140.2	89.0	164.9	141%
Core Share of Network	8%	8%	8%	5%	6%	2%	36%
# of BTC Mined	3,365	3,202	2,498	1,588	928	753	263%
Number of BTC Hosted Miners ('000)	79	82	74	56	61	47	29%
Number of BTC Self-Miners ('000)	103	82	67	29	5	4	NM
Total BTC Miners est. ('000)	182	164	141	85	66	51	177%

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Key Financial and Operating Metrics

Unaudited (\$ Millions)	Quarter Ended						Change Y/Y
	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	
Hosting Revenue	\$38.9	\$33.2	\$27.6	\$20.5	\$18.6	\$12.7	110%
Equipment Sales	\$15.2	\$26.3	\$134.8	\$35.5	\$46.0	\$31.9	-67%
Digital Asset Mining	\$109.8	\$133.0	\$139.4	\$57.1	\$10.8	\$9.6	920%
Total Revenue	\$164.0	\$192.5	\$301.8	\$113.1	\$75.3	\$54.2	118%
Cost of Revenue (excl. SBC)	\$134.4	\$120.5	\$156.0	\$55.1	\$50.8	\$39.7	165%
Stock-Based Compensation (SBC)	\$16.9	\$2.0	\$4.1	\$0.0	\$0.0	\$0.0	-
Total Cost of Revenue	\$151.3	\$122.5	\$160.1	\$55.1	\$50.8	\$39.7	198%
Gross profit	\$12.7	\$70.0	\$141.7	\$58.1	\$24.5	\$14.5	-48%
Gain on legal settlements	\$0.0	\$0.0	(\$0.0)	(\$2.6)	\$0.0	\$0.0	-
Gain from sales of digital currency assets	\$11.8	\$2.2	\$4.4	\$0.4	(\$0.0)	\$0.0	NM
Impairment on goodwill	(\$840.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	-
Impairment of digital currency assets	(\$150.2)	(\$54.0)	(\$24.7)	(\$12.6)	\$0.0	\$0.0	-
Losses on exchange of disposal or property, plant, and equipment	(\$13.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	-
Operating Expenses:							
Research and Development (excl. SBC)	\$1.6	\$1.5	\$2.3	\$1.6	\$1.4	\$1.2	11%
Sales and Marketing (excl. SBC)	\$1.2	\$1.0	\$1.0	\$0.9	\$0.7	\$0.5	63%
General and Administrative (excl. SBC)	\$19.0	\$18.7	\$12.1	\$7.7	\$4.7	\$3.2	304%
Stock-Based Compensation (SBC)	\$94.1	\$23.8	\$3.8	\$28.3	\$2.1	\$0.6	NM
Total Operating Expenses	\$115.9	\$44.9	\$19.3	\$38.5	\$9.0	\$5.5	NM
Operating Income	(\$1,094.6)	(\$26.7)	\$102.2	\$4.8	\$15.5	\$9.0	NM
Total Non-Operating Income	\$186.3	(\$397.1)	(\$25.2)	(\$22.2)	(\$18.8)	(\$2.2)	NM
Net (Loss) Income Before Tax	(\$908.4)	(\$423.8)	\$77.0	(\$17.4)	(\$3.3)	\$6.8	NM
Income Tax (Benefit) Expense	(\$46.7)	\$42.4	\$16.5	(\$0.8)	\$0.1	\$0.0	NM
Net (Loss) Income	(\$861.7M)	(\$466.2M)	\$60.5M	(\$16.6M)	(\$3.4M)	\$6.8M	NM
Adjusted EBITDA	\$59.1M	\$93.0M	\$150.9M	\$54.7M	\$20.8M	\$12.5M	185%

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Condensed Consolidated Income Statement

Appendix A

Reconciliation of Second Quarter Fiscal Year 2021-2022 Adjusted EBITDA

Three Months Ended June 30,

(Unaudited, Thousands)

	2022	2021
Net (loss) income	\$ (861,670)	\$ (3,414)
Adjustments:		
Interest expense, net	27,116	10,846
Income tax (benefit) expense	(46,702)	118
Depreciation and amortization	49,835	3,075
Loss on debt from extinguishment	—	7,974
Stock-based compensation expense	110,998	2,136
Fair value adjustments on derivative warrant liabilities	(22,189)	—
Fair value adjustment on convertible notes	(195,061)	—
Gain (loss) from sales of digital assets	(11,808)	16
Impairment of digital assets	150,213	—
Impairment of goodwill	840,000	—
Losses on exchange or disposal of property, plant and equipment	13,057	17
Gain on sale of intangible assets	(5,904)	—
Restructuring charges	1,445	—
Other non-cash and non-recurring items	9,781	—
Adjusted EBITDA	\$ 59,111	\$ 20,768

Appendix B

Reconciliation of Second Quarter Fiscal Year 2021-2022 Adjusted earnings per share (Unaudited, Shares in Thousands)

Three Months Ended June 30,

	2022	2021
Net (loss) income per diluted share	\$ (2.65)	\$ (0.02)
Adjustments:		
Interest expense, net	0.08	0.07
Income tax (benefit) expense	(0.14)	—
Depreciation and amortization	0.15	0.02
Loss on debt from extinguishment	—	0.05
Stock-based compensation expense	0.34	0.01
Fair value adjustments on derivative warrant liabilities	(0.07)	—
Fair value adjustment on convertible notes	(0.60)	—
Gain (loss) from sales of digital assets	(0.04)	—
Impairment of digital assets	0.46	—
Impairment of goodwill	2.59	—
Losses on exchange or disposal of property, plant and equipment	0.04	—
Gain on sale of intangible assets	(0.02)	—
Restructuring charges	—	—
Other non-cash and non-recurring items	0.04	—
Adjusted earnings per diluted share	\$ 0.18	\$ 0.13
Weighted average shares outstanding - diluted	324,967	158,890

