
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K/A

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 22, 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.

EXPLANATORY NOTE

This Current Report on Form 8-K/A (the “Amendment”) amends the Current Report on Form 8-K filed by Core Scientific, Inc. (the “Company”) with the Securities and Exchange Commission on August 11, 2022 (the “Original Report”) to report the announcement of the Company’s financial results for the fiscal quarter ended June 30, 2022. The Amendment is being filed to furnish an updated and reissued version of the press release (the “Updated Press Release”) and company presentation (the “Updated Presentation”) and, together with the Updated Press Release, the “Updated Materials”) furnished as Exhibits 99.1 and 99.2 to the Original Report (the “Original Materials”). The Original Report otherwise remains unchanged.

As noted in the Original Materials, the results presented therein were preliminary and subject to change. The Updated Materials were issued to update (1) the impairment of goodwill and other intangibles for the three and six month periods ended June 30, 2022 from \$840.0 million to \$790.8 million and (2) the income tax benefit (a) for the three month period ended June 30, 2022 from \$46.7 million to \$48.7 million and (b) for the six months ended June 30, 2022 from \$4.3 million to \$6.2 million.

The financial results impacted by the change in the impairment of goodwill and other intangibles are as follows:

- Operating loss for the three months ended June 30, 2022 was \$1.05 billion (previously reported as \$1.09 billion);
- Net loss for the three months ended June 30, 2022 was \$810.5 million (previously reported as \$861.7 million);
- Operating loss for the six months ended June 30, 2022 was \$1.07 billion (previously reported as \$1.12 billion); and
- Net loss for the six months ended June 30, 2022 was \$1.28 billion (previously reported as \$1.33 billion);

These updates relate to changes to the calculation of that were identified by management after the issuance of the original press release while the Company was completing its internal review procedures with respect to its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2022.

Item 2.02 Results of Operations and Financial Condition

On August 22, 2022, the Company issued the Updated Press Release announcing its financial results for the fiscal quarter ended June 30, 2022. A copy of the Updated Press Release is furnished hereto as Exhibit 99.1 and is incorporated herein by reference.

On August 22, 2022, the Company also released the Updated Presentation reporting such results. A copy of the Updated 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/A, 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 22, 2022 |
| 99.2 | Company Presentation dated August 22, 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 22, 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 22, 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)

- 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)

- 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)

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%.

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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 \$1.05 billion decreased by \$1.06 billion from an operating income of \$15.5 million. The decrease was predominantly due to a \$790.8 million impairment of goodwill and other intangibles, 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 \$810.5 million increased by \$807.1 million from a net loss of \$3.4 million. The increase in net loss was due to a \$790.8 million impairment of goodwill and other intangibles, 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 \$48.8 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)

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 \$1.07 billion decreased by \$1.10 billion from an operating income of \$24.6 million. The decrease was predominantly due to a \$790.8 million impairment of goodwill and other intangibles, 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 \$1.28 billion decreased by \$1.28 billion from net income of \$3.4 million. The decrease in net income was due to a \$790.8 million impairment of goodwill and other intangibles, 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 \$6.4 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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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 (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 | 266,038 | 1,055,760 |
| Intangible assets, net | 3,590 | 8,195 |
| Other noncurrent assets | 14,903 | 21,045 |
| Total Assets | \$ 1,845,158 | \$ 2,438,864 |
| Liabilities, Redeemable Preferred Stock and Stockholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable | \$ 31,252 | \$ 11,617 |
| Accrued expenses and other | 124,488 | 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 | 516,552 | 320,289 |
| Finance lease liabilities, net of current portion | 48,701 | 62,145 |
| Notes payable, net of current portion (includes \$726,554 and \$557,007 at fair value) | 852,323 | 652,213 |
| Other noncurrent liabilities | 11,130 | 18,531 |
| Total Liabilities | 1,428,706 | 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 | (1,304,111) | (27,432) |
| Accumulated other comprehensive income (loss) | 24,780 | (10,966) |
| Total Stockholders' Equity | 416,452 | 1,341,210 |
| Total Liabilities, Redeemable Preferred Stock and Stockholders' Equity | \$ 1,845,158 | \$ 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 | 2021 | 2022 | 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 and other intangibles | (790,753) | — | (790,753) | — |
| 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 | (1,045,383) | 15,526 | (1,072,100) | 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 | (859,125) | (3,296) | (1,282,923) | 3,553 |
| Income tax (benefit) expense | (48,650) | 118 | (6,244) | 118 |
| Net (loss) income | \$ (810,475) | \$ (3,414) | \$ (1,276,679) | \$ 3,435 |
| Net (loss) income per share | | | | |
| Basic | \$ (2.49) | \$ (0.02) | \$ (4.04) | \$ 0.02 |
| Diluted | \$ (2.49) | \$ (0.02) | \$ (4.04) | \$ 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 ¹ | (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 ¹ | 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 ¹ | 8 % | 33 % | 23 % | 30 % |

¹ 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 | \$ 125,833 | \$ 271,599 |
| Convertible notes | — | 536,281 | 536,281 |
| Bridge loan | 75,000 | — | 75,000 |
| Other | 734 | 324 | 1,058 |
| Total | 221,500 | 662,438 | 883,938 |
| Unamortized discount and debt issuance costs | (3,826) | (388) | (4,214) |
| Fair value adjustment on convertible notes | — | 190,273 | 190,273 |
| 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> |

-more-

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.

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):

-more-

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|------------|---------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted EBITDA | | | | |
| Net (loss) income | \$ (810,475) | \$ (3,414) | \$ (1,276,679) | \$ 3,435 |
| Adjustments: | | | | |
| Interest expense, net | 27,116 | 10,846 | 48,792 | 12,981 |
| Income tax (benefit) expense | (48,650) | 118 | (6,244) | 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 and other intangibles | 790,753 | — | 790,753 | — |
| 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 | — |
| Fair value adjustment on acquired vendor liability | 9,789 | — | 9,430 | — |
| Other non-cash or non-recurring items | (8) | — | (6) | — |
| Adjusted EBITDA | \$ 59,111 | \$ 20,768 | \$ 152,152 | \$ 33,268 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|-----------|---------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted earnings per share (“Adjusted EPS”) | | | | |
| Net (loss) income | \$ (2.49) | \$ (0.02) | \$ (4.04) | \$ 0.02 |
| Adjustments: | | | | |
| Interest expense, net | 0.08 | 0.07 | 0.15 | 0.07 |
| Income tax (benefit) expense | (0.15) | — | (0.02) | — |
| 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 and other intangibles | 2.44 | — | 2.50 | — |
| 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 | — | — | — | — |
| Fair value adjustment on acquired vendor liability | 0.04 | — | 0.04 | — |
| Other non-cash or non-recurring items | — | — | — | — |
| Adjusted EPS | \$ 0.18 | \$ 0.13 | \$ 0.48 | \$ 0.19 |
| Weighted average shares outstanding - diluted | 324,967 | 158,890 | 316,269 | 177,342 |

-more-



Please follow us on:



<https://www.linkedin.com/company/corescientific/>

https://twitter.com/core_scientific

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Media:

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Second Quarter Fiscal Year 2022 Earnings Presentation

August 22, 2022

AUG 22, 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 22, 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

\$(810.5)M

Second Quarter 2022 Net
Loss Driven Primarily by
Goodwill and other
intangibles 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

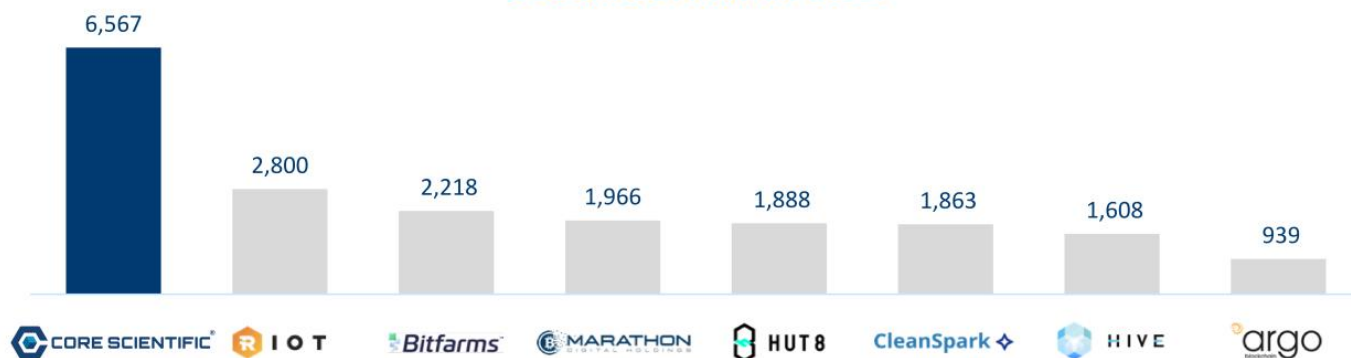
| Metric (dollars in millions except per share amounts) | Second Quarter 2022 | Notes |
|---|---------------------|--|
| Total ending hashrate | 17.9 EH/s | 10% increase from 3/31/22 (16.2 EH/s) |
| Bitcoins produced | 3,365 | Increased from 3,202 bitcoins in first quarter |
| Bitcoins held | 1,959 | \$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 | \$(810.5) | \$807.1 million increase in loss over prior year |
| Adjusted EBITDA ¹ | \$59.1 | 185% increase over prior year |
| Loss per diluted share | \$(2.49) | — |
| 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.

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

BTC Mined First Half 2022



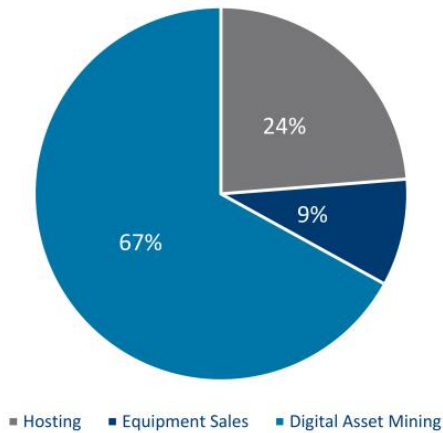
Sources - BTC mined from monthly update press releases

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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

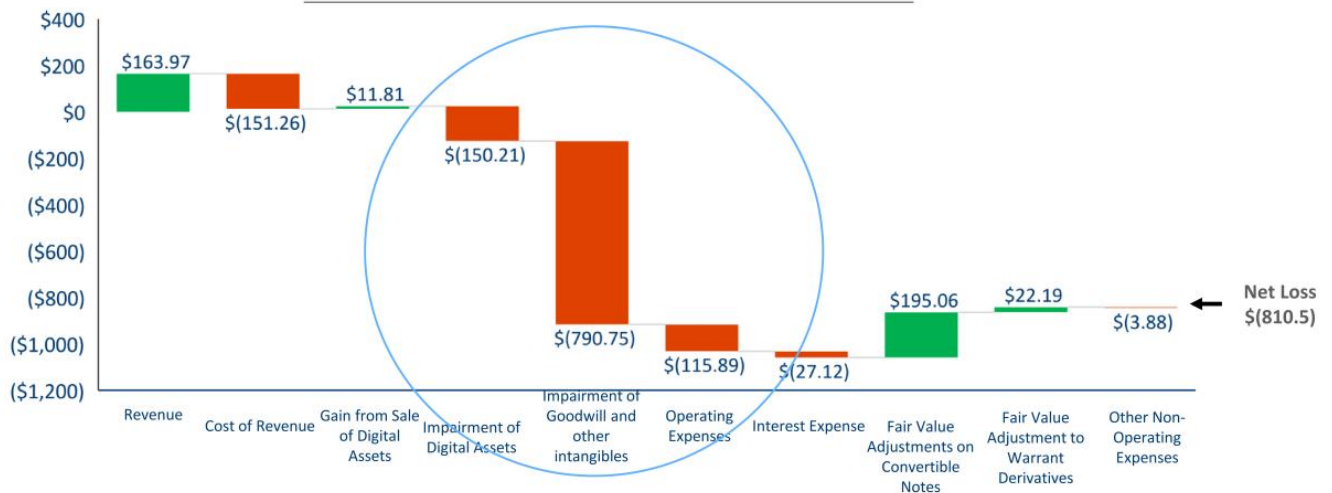
(In Millions, Unaudited)



Second Quarter Net Loss Driven Primarily by \$790.8 Million Goodwill and Other Intangibles Impairment

SECOND QUARTER 2022 LOSS DRIVERS

(In Millions, Unaudited)



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



AUG 22, 2022

Continued Progress on Three Texas Data Center Projects

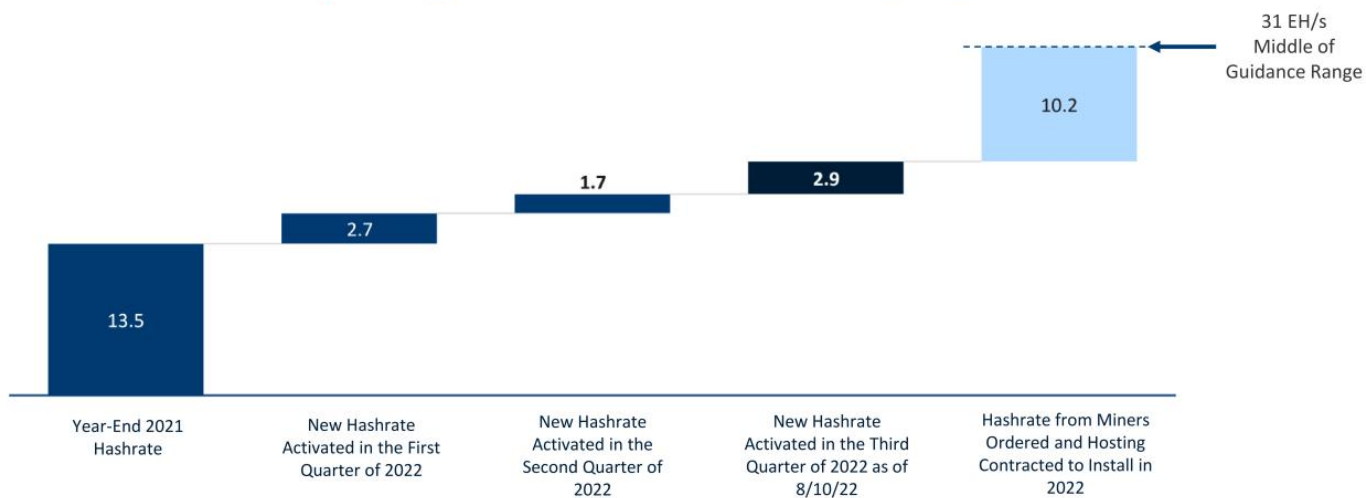


Expectations for Fiscal Year 2022

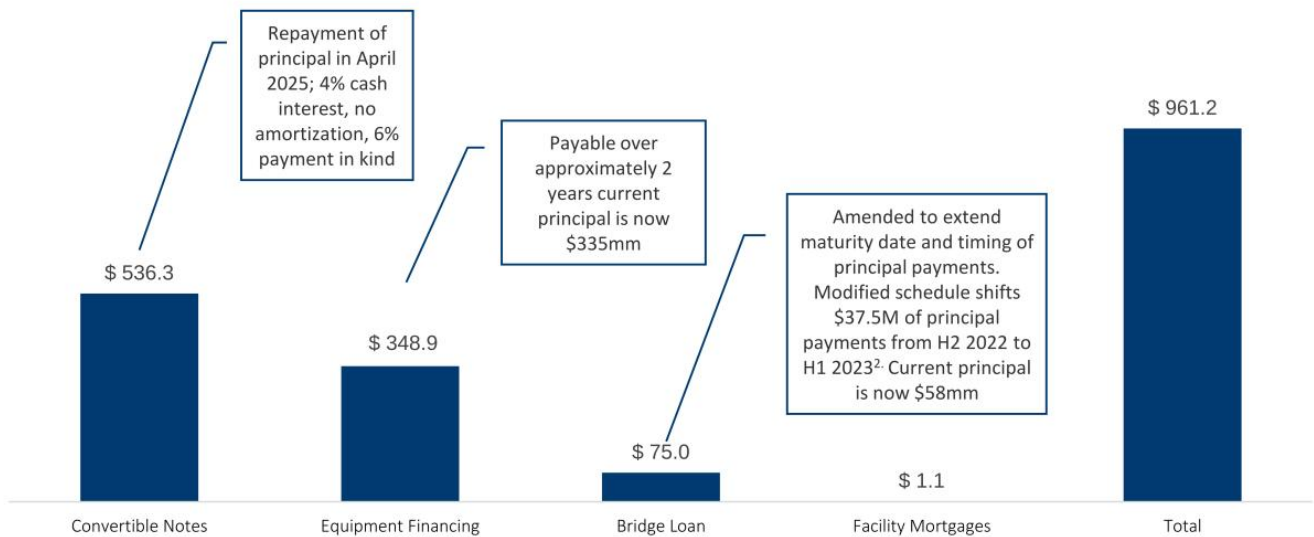
| Metric | 2021 Results | 2022 Expectations |
|----------|--------------|--------------------|
| Hashrate | 13.5 EH/s | 30 to 32 EH/s |
| Power | 450+ MW | Approximately 1 GW |

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 millions)



¹ Does not include \$190,273k 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> |
|--|---|---|---|---|



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) | (1,045,383) | | | (1,072,100) | 131,494 |
| Net (Loss) Income | (466,204) | (810,475) | - | - | (1,276,679) | 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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16

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 and other intangibles | (\$790.8) | \$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 or disposal of property, plant, and equipment | (\$13.1) | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | NM |
| 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) | \$1.1 | \$1.0 | \$1.0 | \$0.9 | \$0.7 | \$0.5 | 63% |
| General and Administrative (excl. SBC) | \$19.1 | \$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 (Loss) Income | (\$1,045.4) | (\$26.7) | \$102.2 | \$4.8 | \$15.5 | \$9.0 | NM |
| Total Non-Operating Income (Loss) | \$186.3 | (\$397.1) | (\$25.2) | (\$22.2) | (\$18.8) | (\$2.2) | NM |
| Net (Loss) Income Before Tax | (\$859.1) | (\$423.8) | \$77.0 | (\$17.4) | (\$3.3) | \$6.8 | NM |
| Income Tax (Benefit) Expense | (\$48.7) | \$42.4 | \$16.5 | (\$0.8) | \$0.1 | \$0.0 | NM |
| Net (Loss) Income | (\$810.5) | (\$466.2) | \$60.5 | (\$16.6) | (\$3.4) | \$6.8 | NM |
| Adjusted EBITDA | \$59.1 | \$93.0 | \$150.9 | \$54.7 | \$20.8 | \$12.5 | 185% |

AUG 22, 2022

Condensed Consolidated Income Statement

Appendix A

Reconciliation of Second Quarter Fiscal Year 2021-2022 Adjusted EBITDA

(Unaudited, Thousands)

Three Months Ended June 30,

| | 2022 | 2021 |
|--|--------------|------------|
| Net (loss) income | \$ (810,475) | \$ (3,414) |
| Adjustments: | | |
| Interest expense, net | 27,116 | 10,846 |
| Income tax (benefit) expense | (48,650) | 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 and other intangibles | 790,753 | — |
| 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 | — |
| Fair value adjustment on acquired vendor liability | 9,789 | — |
| Other non-cash and non-recurring items | (8) | — |
| 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 | \$ (2.49) | \$ (0.02) |
| Adjustments: | | |
| Interest expense, net | 0.08 | 0.07 |
| Income tax (benefit) expense | (0.15) | — |
| 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 and other intangibles | 2.44 | — |
| Losses on exchange or disposal of property, plant and equipment | 0.04 | — |
| Gain on sale of intangible assets | (0.02) | — |
| Restructuring charges | — | — |
| Fair value adjustment on acquired vendor liability | 0.04 | — |
| Other non-cash or non-recurring items | — | — |
| Adjusted earnings per diluted share | \$ 0.18 | \$ 0.13 |
| Weighted average shares outstanding - diluted | 324,967 | 158,890 |

