

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): March 19, 2024

TERAWULF INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-41163
(Commission File Number)

87-1909475
(IRS Employer Identification No.)

9 Federal Street
Easton, Maryland 21601
(Address of principal executive offices) (Zip Code)

(410) 770-9500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions *see* General Instruction A.2. below):

- 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, \$0.001 par value per share	WULF	The Nasdaq Stock Market LLC

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 March 19, 2024, TeraWulf Inc. (“TeraWulf” or the “Company”) issued a press release (“Press Release”) announcing the Company’s results for the fourth quarter and year ended December 31, 2023. The Press Release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On March 19, 2024, the Company posted a presentation to its website at <https://investors.terawulf.com> (the “Presentation”). A copy of the Presentation is furnished as Exhibit 99.2 to this Report. The Company expects to use the Presentation, in whole or in part, and possibly with modifications, in connection with the earnings call with investors, analysts and others.

The information contained in the Presentation is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission (“SEC”) filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Presentation speaks only as of the date of this Report. The Company undertakes no duty or obligation to publicly update or revise the information contained in the Presentation, although it may do so from time to time. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure. In addition, the exhibit furnished herewith contains statements intended as “forward-looking statements” that are subject to the cautionary statements about forward-looking statements set forth in such exhibit. By furnishing the information contained in the Presentation, the Company makes no admission as to the materiality of any information in the Presentation that is required to be disclosed solely by reason of Regulation FD.

The information contained in this Items 2.02 and 7.01 of this Report (as well as in Exhibits 99.1 and 99.2 attached hereto) is furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and such information shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Press Release, dated March 19, 2024</u>
99.2	<u>Presentation of the Company, dated March 19, 2024</u>
104.1	Cover Page Interactive Data File (embedded within the inline XBRL document).

Forward Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements include statements concerning anticipated future events and expectations that are not historical facts. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements. In addition, forward-looking statements are typically identified by words such as “plan,” “believe,” “goal,” “target,” “aim,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “continue,” “could,” “may,” “might,” “possible,” “potential,” “predict,” “should,” “would” and other similar words and expressions, although the absence of these words or expressions does not mean that a statement is not forward-looking. Forward-looking statements are based on the current expectations and beliefs of TeraWulf’s management and are inherently subject to a number of factors, risks, uncertainties and assumptions and their potential effects. There can be no assurance that future developments will be those that have been anticipated. Actual results may vary materially from those expressed or implied by forward-looking statements based on a number of factors, risks, uncertainties and assumptions, including, among others: (1) conditions in the cryptocurrency mining industry, including fluctuation in the market pricing of bitcoin and other cryptocurrencies, and the economics of cryptocurrency mining, including as to variables or factors

affecting the cost, efficiency and profitability of cryptocurrency mining; (2) competition among the various providers of cryptocurrency mining services; (3) changes in applicable laws, regulations and/or permits affecting TeraWulf's operations or the industries in which it operates, including regulation regarding power generation, cryptocurrency usage and/or cryptocurrency mining; (4) the ability to implement certain business objectives and to timely and cost-effectively execute integrated projects; (5) failure to obtain adequate financing on a timely basis and/or on acceptable terms with regard to growth strategies or operations; (6) loss of public confidence in bitcoin or other cryptocurrencies and the potential for cryptocurrency market manipulation; (7) adverse geopolitical or economic conditions, including a high inflationary environment; (8) the potential of cybercrime, money-laundering, malware infections and phishing and/or loss and interference as a result of equipment malfunction or break-down, physical disaster, data security breach, computer malfunction or sabotage (and the costs associated with any of the foregoing); (9) the availability, delivery schedule and cost of equipment necessary to maintain and grow the business and operations of TeraWulf, including mining equipment and infrastructure equipment meeting the technical or other specifications required to achieve its growth strategy; (10) employment workforce factors, including the loss of key employees; (11) litigation relating to TeraWulf, RM 101 Inc. (f/k/a IKONICS Corporation) and/or the business combination; (12) potential differences between the unaudited results disclosed in this release and the Company's final results when disclosed in its Annual Report on Form 10-K as a result of the completion of the Company's final adjustments, annual audit by the Company's independent registered public accounting firm, and other developments arising between now and the disclosure of the final results; and (13) other risks and uncertainties detailed from time to time in the Company's filings with the SEC. Potential investors, stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they were made. TeraWulf does not assume any obligation to publicly update any forward-looking statement after it was made, whether as a result of new information, future events or otherwise, except as required by law or regulation. Investors are referred to the full discussion of risks and uncertainties associated with forward-looking statements and the discussion of risk factors contained in the Company's filings with the SEC, which are available at www.sec.gov.

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.

TERAWULF INC.

By: /s/ Patrick A. Fleury
Name: Patrick A. Fleury
Title: Chief Financial Officer

Dated: March 19, 2024



TeraWulf Reports Fourth Quarter and Full Year 2023 Results

Annual Revenue Grows 360% Year-Over-Year; Annual BTC Self-Mined Increases 550% to 3,407

Reports Realized Cost of Power of 3.2 Cents Per Kilowatt Hour in 2023, Outperforming Company Guidance of 3.5 Cents Per Kilowatt Hour by 9%

Self-Mining Operating Capacity Reaches 8 EH/s, More Than Quadrupling Capacity Since Beginning of 2023

Reports Current Cash and Bitcoin Holdings of \$49 million as of February 29, 2024

EASTON, Md., March 19, 2024 (GLOBE NEWSWIRE) -- TeraWulf Inc. (Nasdaq: WULF) ("TeraWulf" or the "Company"), which owns and operates vertically integrated, domestic bitcoin mining facilities powered by more than 95% zero-carbon energy, today announced its financial results for the fourth quarter and full year ended December 31, 2023.

Management Commentary

"In addition to our outstanding financial achievements in 2023, attributable to the unwavering dedication and hard work of our team, TeraWulf has made significant strides towards our financial and operational objectives. These include proactive debt reduction, rapid expansion of our organic infrastructure, and a steadfast commitment to financial transparency," commented Paul Prager, Founder and Chief Executive Officer of TeraWulf. "Moreover, given the premium on available digital infrastructure, our current facilities offer substantial room for expansion, positioning us to deliver even greater value. Our strategic plan entails reaching operational capacity of 300 MW by the close of 2024 and scaling up to 550 MW by the conclusion of 2025."

Patrick Fleury, TeraWulf's Chief Financial Officer added, "In 2023, TeraWulf demonstrated exceptional operational performance and expansive growth, resulting in record levels of revenue and profitability, as demonstrated by both GAAP and non-GAAP metrics. With an industry-leading 3.2 cents per kilowatt hour cost of power, we also achieved a substantial reduction in our debt of \$40 million in the aggregate as of February 29, 2024, significantly bolstering our financial standing. As of the end of February, our balance sheet reflects a fortified financial foundation, with \$49 million in cash and cash equivalents and bitcoin. This substantial reduction in debt and enhanced liquidity position underscores TeraWulf's resolute commitment to prudent financial management, positioning us even more securely to capitalize on future opportunities with confidence."

"As we look ahead, we're excited to leverage our highly efficient and cost-effective infrastructure to significantly expand hash rate at our top tier sites," added Nazar Khan, Chief Operating Officer of TeraWulf. "Additionally, we're actively pursuing opportunities to optimize the utilization of our proprietary infrastructure and unlock additional value, including the assessment of advanced AI and HPC applications."

Full Year 2023 Operational and Financial Highlights

Key financial and operational highlights for the fiscal year ended December 31, 2023 include:

- Revenue increased 360% to \$69.2 million in 2023, as compared to \$15.0 million in fiscal 2022 driven by increased bitcoin production and higher average realized bitcoin prices during the period.
- Gross profit increased 960% to \$41.9 million in 2023, as compared to \$4.0 million in fiscal 2022.
- Non-GAAP adjusted EBITDA increased by \$64.9 million to \$30.7 million in 2023, as compared to \$(34.2) million in fiscal 2022.
- Reported cash and cash equivalents of \$54.4 million as of December 31, 2023, as compared to \$1.3 million at fiscal year-end 2022.
- Net debt¹ at fiscal year-end 2023 declined 41% to \$84.9 million, as compared to \$144.7 million at fiscal year-end 2022. Net debt was reduced another 32% to \$58.0 million as of February 29, 2024.

Additional non-GAAP metrics for fiscal year 2023, which include the impact of TeraWulf's joint venture interest in the Nautilus Cryptomine facility², include:

- Self-mining operating capacity increased by 464% to 7.9 exahash per second ("EH/s") as of December 31, 2023, as compared to 1.4 EH/s as of December 31, 2022.
- Self-mined bitcoin production increased 550% to 3,407 in 2023, as compared to 524 in fiscal 2022.
- Power cost averaged \$8.676 per bitcoin self-mined, or approximately \$0.022/kWh in 2023.

■ Power cost averaged \$0.070 per kilowatt-hour, or approximately \$0.032/kWh in 2023.

¹ Net debt calculated as the outstanding principal balance of the Company's term loan less cash and cash equivalents.

² The Company's share of the earnings or losses from operations at the Nautilus Cryptomine facility is reflected within "Equity in net loss of investee, net of tax" in the consolidated statements of operations. Accordingly, operating results of the Nautilus Cryptomine facility are not reflected in revenue, cost of revenue or cost of operations lines in TeraWulf's consolidated statements of operations. The Company uses these metrics as indicators of operational progress and effectiveness and believes they are useful to investors for the same purposes and to provide comparisons to peer companies.

Hash Rate Growth

In the fiscal year 2023, TeraWulf experienced significant growth, with its self-mining operating capacity reaching 7.9 EH/s by year-end, representing a more than quadruple increase from the 1.4 EH/s recorded at the end of 2022. As of February 29, 2024, the Company had a self-mining hash rate of 7.5 EH/s, with a fleet of approximately 64,500 miners deployed. Among these, 48,500 miners are operating at the Lake Mariner facility, while the Nautilus Cryptomine facility houses around 16,000 of the Company's miners.

Further expansion is ongoing at the wholly owned Lake Mariner facility which is fueled by 93% zero-carbon power, with the construction of Building 4 entering its final phase. This incremental infrastructure is expected to contribute an additional 35 MW of capacity, raising TeraWulf's total operational mining capacity across both sites to approximately 10 EH/s.

With considerable room for expansion within its existing facilities, the Company reaffirms its commitment to achieving an operational infrastructure capacity of 300 MW by the end of 2024. Additionally, it endeavors to deploy 550 MW, equivalent to approximately 28.3 EH/s, utilizing the current generation of miners by 2025. Continuously evaluating the most profitable utilization of its energy and digital infrastructure, the Company is actively exploring potential applications of High-Performance Computing (HPC) and Artificial Intelligence (AI).

Fiscal Year 2023 Financial Results

Revenue for the year ended December 31, 2023 increased 360% to \$69.2 million compared to \$15.0 million in fiscal 2022. The increase in revenue is attributable to a 550% increase in bitcoin production year-over-year following the energization of Building 2 (50 MW) in June. Building 3 (45 MW) was subsequently completed in December, bringing online capacity at the Lake Mariner facility to 160 MW.

Gross profit for the year ended December 31, 2023 was \$41.9 million (61% of revenue), as compared to \$4.0 million (26% of revenue) for the year ended December 31, 2022, an increase of \$37.9 million (or 961%) resulting from the aforementioned increase in operational capacity.

Cost of operations for the year ended December 31, 2023 totaled \$71.3 million, as compared to \$47.7 million for the year ended December 31, 2022. The increase in cost of operations was primarily driven by higher depreciation expense due to the increase in mining operations at the Lake Mariner facility in 2023.

Non-GAAP adjusted EBITDA for the year ended December 31, 2023 was \$30.7 million, as compared to a loss of \$34.2 million for the year ended December 31, 2022.

Liquidity and Capital Resources

As of December 31, 2023, and February 29, 2024, the Company held \$56.2 million and \$49.1 million, respectively, in cash and cash equivalents and bitcoin on its balance sheet. As of the same periods, the Company had outstanding indebtedness of approximately \$139.4 million and \$106.0 million, respectively. The Company anticipates an additional repayment of approximately \$30.0 million during the first week of April, thereby reducing the debt balance to \$76.0 million.

Investor Conference Call and Webcast

As previously announced, TeraWulf will host its fourth quarter and full year 2023 earnings call and business update for investors today, Tuesday, March 19, 2024, commencing at 5:00 p.m. Eastern Time (3:00 p.m. Pacific Time). Prepared remarks will be followed by a question-and-answer session with management.

The conference call will be broadcast live and will be available for replay via "Events & Presentations" under the "Investors" section of the Company's website at <https://investors.terawulf.com/events-and-presentations/>.

About TeraWulf

TeraWulf owns and operates vertically integrated, environmentally clean bitcoin mining facilities in the United States. Led by an experienced group of energy entrepreneurs, the Company currently has two Bitcoin mining facilities: the wholly owned Lake Mariner facility in New York, and Nautilus Cryptomine facility in Pennsylvania, a joint venture with Cumulus Coin, LLC. TeraWulf generates domestically produced Bitcoin powered by 95% zero carbon energy resources including nuclear, hydro, and solar with a goal of utilizing 100% zero-carbon energy. With a core focus on ESG that ties directly to its business success, TeraWulf expects to provide industry leading mining economics at an industrial scale.

Forward-Looking Statements

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Litigation Reform Act of 1995, as amended. Such forward-looking statements include statements concerning anticipated future events and expectations that are not historical facts. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements. In addition, forward-looking statements are typically identified by words such as "plan," "believe," "goal," "target," "aim," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "continue," "could," "may," "might," "possible," "potential," "predict," "should," "would" and other similar words and expressions, although the absence of these words or expressions does not mean that a statement is not forward-looking. Forward-looking statements are based on the current expectations and beliefs of

TeraWulf's management and are inherently subject to a number of factors, risks, uncertainties and assumptions and their potential effects. There can be no assurance that future developments will be those that have been anticipated. Actual results may vary materially from those expressed or implied by forward-looking statements based on a number of factors, risks, uncertainties and assumptions, including, among others: (1) conditions in the cryptocurrency mining industry, including fluctuation in the market pricing of bitcoin and other cryptocurrencies, and the economics of cryptocurrency mining, including as to variables or factors affecting the cost, efficiency and profitability of cryptocurrency mining; (2) competition among the various providers of cryptocurrency mining services; (3) changes in applicable laws, regulations and/or permits affecting TeraWulf's operations or the industries in which it operates, including regulation regarding power generation, cryptocurrency usage and/or cryptocurrency mining, and/or regulation regarding safety, health, environmental and other matters, which could require significant expenditures; (4) the ability to implement certain business objectives and to timely and cost-effectively execute integrated projects; (5) failure to obtain adequate financing on a timely basis and/or on acceptable terms with regard to growth strategies or operations; (6) loss of public confidence in bitcoin or other cryptocurrencies and the potential for cryptocurrency market manipulation; (7) adverse geopolitical or economic conditions, including a high inflationary environment; (8) the potential of cybercrime, money-laundering, malware infections and phishing and/or loss and interference as a result of equipment malfunction or break-down, physical disaster, data security breach, computer malfunction or sabotage (and the costs associated with any of the foregoing); (9) the availability, delivery schedule and cost of equipment necessary to maintain and grow the business and operations of TeraWulf, including mining equipment and infrastructure equipment meeting the technical or other specifications required to achieve its growth strategy; (10) employment workforce factors, including the loss of key employees; (11) litigation relating to TeraWulf, RM 101 f/k/a IKONICS Corporation and/or the business combination; and (12) other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission ("SEC"). Potential investors, stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they were made. TeraWulf does not assume any obligation to publicly update any forward-looking statement after it was made, whether as a result of new information, future events or otherwise, except as required by law or regulation. Investors are referred to the full discussion of risks and uncertainties associated with forward-looking statements and the discussion of risk factors contained in the Company's filings with the SEC, which are available at www.sec.gov.

Non-GAAP Measures

We have not provided reconciliations of preliminary and projected Adjusted EBITDA to the most comparable GAAP measure of net income/(loss) to common shareholders. Providing net income/(loss) to common shareholders guidance is potentially misleading and not practical given the difficulty of projecting event-driven transactional and other non-core operating items that are included in net income/(loss) to common shareholders, including but not limited to asset impairments and income tax valuation adjustments. Reconciliations of this non-GAAP measure with the most comparable GAAP measure for historical periods is indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance. Please reference the "Non-GAAP financial information" accompanying our quarterly earnings conference call presentations on our website at www.terawulf.com/investors for our GAAP results and the reconciliations of these measures, where used, to the comparable GAAP measures.

Company Contact:
 Jason Assad
 Director of Corporate Communications
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 (678) 570-6791

CONSOLIDATED BALANCE SHEETS

AS OF December 31, 2023 AND 2022

(In thousands, except number of shares, per share amounts and par value)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 54,439	\$ 1,279
Restricted cash	—	7,044
Digital currency, net	1,801	183
Prepaid expenses	4,540	5,095
Other receivables	1,001	—
Other current assets	806	543
Total current assets	<u>62,587</u>	<u>14,144</u>
Equity in net assets of investee	98,613	98,741
Property, plant and equipment, net	205,284	191,521
Right-of-use asset	10,943	11,944
Other assets	679	1,337
TOTAL ASSETS	<u>378,106</u>	<u>317,687</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	15,169	21,862
Accrued construction liabilities	1,526	2,903
Other accrued liabilities	9,179	14,963
Share based liabilities due to related party	2,500	14,583

Other amounts due to related parties	972	3,295
Contingent value rights	—	10,900
Current portion of operating lease liability	48	42
Insurance premium financing payable	1,803	2,117
Convertible promissory notes	—	3,416
Current portion of long-term debt	123,465	51,938
Total current liabilities	154,662	126,019
Operating lease liability, net of current portion	899	947
Long-term debt	56	72,967
TOTAL LIABILITIES	155,617	199,933

Commitments and Contingencies (See Note 12)

STOCKHOLDERS' EQUITY:

Preferred stock, \$0.001 par value, 100,000,000 and 25,000,000 authorized at December 31, 2023 and 2022, respectively; 9,566 shares issued and outstanding at December 31, 2023 and 2022; aggregate liquidation preference of \$11,423 and \$10,349 at December 31, 2023 and 2022, respectively.	9,273	9,273
Common stock, \$0.001 par value, 400,000,000 and 200,000,000 authorized at December 31, 2023 and 2022, respectively; 276,733,329 and 145,492,971 issued and outstanding at December 31, 2023 and 2022, respectively.	277	145
Additional paid-in capital	472,834	294,810
Accumulated deficit	(259,895)	(186,474)
Total stockholders' equity	222,489	117,754
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 378,106	\$ 317,687

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED December 31, 2023 AND 2022

(In thousands, except number of shares and loss per common share)

	Year Ended December 31,	
	2023	2022
Revenue	\$ 69,229	\$ 15,033
Cost of revenue (exclusive of depreciation shown below)	27,315	11,083
Gross profit	41,914	3,950
Cost of operations:		
Operating expenses	2,116	2,038
Operating expenses — related party	2,773	1,248
Selling, general and administrative expenses	23,693	22,770
Selling, general and administrative expenses — related party	13,325	13,280
Depreciation	28,350	6,667
Realized gain on sale of digital currency	(3,174)	(569)
Impairment of digital currency	3,043	1,457
Loss on disposals of property, plant, and equipment	1,209	—
Loss on nonmonetary miner exchange	—	804
Total cost of operations	71,335	47,695
Operating loss	(29,421)	(43,745)
Interest expense	(34,812)	(24,679)
Loss on extinguishment of debt	—	(2,054)
Other income	231	—
Loss before income tax and equity in net loss of investee	(64,002)	(70,478)
Income tax benefit	—	256
Equity in net loss of investee, net of tax	(9,290)	(15,712)

Loss from continuing operations	(73,292)	(85,934)
Loss from discontinued operations, net of tax	(129)	(4,857)
Net loss	(73,421)	(90,791)
Preferred stock dividends	(1,074)	(783)
Net loss attributable to common stockholders	<u>\$ (74,495)</u>	<u>\$ (91,574)</u>

Loss per common share:		
Continuing operations	\$ (0.35)	\$ (0.78)
Discontinued operations	—	(0.04)
Basic and diluted	<u>\$ (0.35)</u>	<u>\$ (0.82)</u>
Weighted average common shares outstanding:		
Basic and diluted	<u>209,956,392</u>	<u>110,638,792</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED December 31, 2023 AND 2022

(In thousands)

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (73,421)	\$ (90,791)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of debt issuance costs, commitment fees and accretion of debt discount	19,515	11,676
Related party expense to be settled with respect to common stock	2,917	2,083
Common stock issued for interest expense	26	82
Stock-based compensation expense	5,859	1,568
Depreciation	28,350	6,667
Amortization of right-of-use asset	1,001	303
Increase in digital currency from mining	(63,877)	(10,810)
Impairment of digital currency	3,043	1,457
Realized gain on sale of digital currency	(3,174)	(569)
Proceeds from sale of digital currency	83,902	9,739
Loss on disposals of property, plant, and equipment	1,209	—
Loss on nonmonetary miner exchange	—	804
Loss on extinguishment of debt	—	2,054
Deferred income tax benefit	—	(256)
Equity in net loss of investee, net of tax	9,290	15,712
Loss from discontinued operations, net of tax	129	4,857
Changes in operating assets and liabilities:		
Decrease (increase) in prepaid expenses	555	(3,601)
Decrease in amounts due from related parties	—	815
Increase in other receivables	(1,001)	—
Increase in other current assets	(215)	(46)
Decrease (increase) in other assets	310	(994)
(Decrease) increase in accounts payable	(7,272)	10,197
(Decrease) increase in other accrued liabilities	(931)	5,916
(Decrease) increase in other amounts due to related parties	(2,013)	700
(Decrease) increase in operating lease liability	(42)	175
Net cash provided by (used in) operating activities from continuing operations	<u>4,160</u>	<u>(32,262)</u>
Net cash provided by (used in) operating activities from discontinued operations	<u>103</u>	<u>(1,804)</u>
Net cash provided by (used in) operating activities	<u>4,263</u>	<u>(34,066)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in joint venture, including direct payments made on behalf of joint venture	(2,845)	(46,172)
Reimbursable payments for deposits on plant and equipment made on behalf of a joint venture or joint venture partner	—	(11,741)

Reimbursement of payments for deposits on plant and equipment made on behalf of a joint venture or joint venture partner	—	11,716
Purchase of and deposits on plant and equipment	(75,168)	(61,116)
Proceeds from sale of net assets held for sale	—	13,266
Net cash used in investing activities	<u>(78,013)</u>	<u>(94,047)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from issuance of long-term debt, net of issuance costs paid of \$0 and \$38	—	22,462
Principal payments on long-term debt	(6,599)	—
Proceeds from insurance premium and property, plant and equipment financing	2,513	7,041
Principal payments on insurance premium and property, plant and equipment financing	(2,738)	(4,924)
Proceeds from issuance of promissory notes to stockholders	—	3,416
Proceeds from issuance of common stock, net of issuance costs paid of \$1,051 and \$142	135,917	47,326
Proceeds from warrant issuances in conjunction with equity offerings	2,500	5,700
Payments of tax withholding related to net share settlements of stock-based compensation awards	(2,013)	—
Proceeds from issuance of preferred stock	—	9,566
Proceeds from issuance of convertible promissory note	1,250	14,700
Principal payments on convertible promissory note	—	(15,306)
Payment of contingent value rights liability related to proceeds from sale of net assets held for sale	(10,964)	—
Net cash provided by financing activities	<u>119,866</u>	<u>89,981</u>
Net change in cash, cash equivalents and restricted cash	46,116	(38,132)
Cash, cash equivalents and restricted cash at beginning of period	8,323	46,455
Cash, cash equivalents and restricted cash at end of period	<u>\$ 54,439</u>	<u>\$ 8,323</u>
Cash paid during the period for:		
Interest	\$ 19,572	\$ 13,989
Income taxes	\$ —	\$ —

Non-GAAP Measure

The Company presents adjusted EBITDA, which is not a measurement of financial performance under generally accepted accounting principles in the United States ("GAAP"). The Company's non-GAAP "Adjusted EBITDA" excludes (i) impacts of interest, taxes, depreciation and amortization; (ii) preferred stock dividends, stock-based compensation expense and related party expense to be settled with respect to common stock, all of which are non-cash items that the Company believes are not reflective of its general business performance, and for which the accounting requires management judgment, and the resulting expenses could vary significantly in comparison to other companies; (iii) equity in net loss of investee, net of tax, related to Nautilus; (iv) costs related to non-routine regulatory activities, which costs management does not believe are reflective of the Company's ongoing operating activities; (v) other income which is related to interest income or income for which management believes is not reflective of the Company's ongoing operating activities; and (vi) gains and losses related to discontinued operations that are not applicable to the Company's future business activities. The Company's non-GAAP Adjusted EBITDA also includes the impact of distributions from investee received in bitcoin related to a return on the Nautilus investment, which management believes, in conjunction with excluding the impact of equity in net loss of investee, net of tax, is reflective of assets available for the Company's use in its ongoing operations as a result of its investment in Nautilus.

Management believes that providing this non-GAAP financial measure that excludes these items allows for meaningful comparisons between the Company's core business operating results and those of other companies, and provides the Company with an important tool for financial and operational decision making and for evaluating its own core business operating results over different periods of time. In addition to management's internal use of non-GAAP adjusted EBITDA, management believes that adjusted EBITDA is also useful to investors and analysts in comparing the Company's performance across reporting periods on a consistent basis. Management believes the foregoing to be the case even though some of the excluded items involve cash outlays and some of them recur on a regular basis (although management does not believe any of such items are normal operating expenses necessary to generate the Company's bitcoin related revenues). For example, the Company expects that share-based compensation expense, which is excluded from adjusted EBITDA, will continue to be a significant recurring expense over the coming years and is an important part of the compensation provided to certain employees, officers, directors and consultants. Additionally, management does not consider any of the excluded items to be expenses necessary to generate the Company's bitcoin related revenue.

The Company's adjusted EBITDA measure may not be directly comparable to similar measures provided by other companies in the Company's industry, as other companies in the Company's industry may calculate non-GAAP financial results differently. The Company's adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to operating (loss) income or any other measure of performance derived in accordance with GAAP. Although management utilizes internally and presents adjusted EBITDA, the Company only utilizes that measure supplementally and does not consider it to be a substitute for, or superior to, the information provided by GAAP financial results. Accordingly, adjusted EBITDA is not meant to be considered in isolation of, and should be read in conjunction with, the information contained in the Company's consolidated financial statements, which have been

prepared in accordance with GAAP.

The following table is a reconciliation of the Company's non-GAAP adjusted EBITDA to its most directly comparable GAAP measure (i.e., net loss attributable to common stockholders) for the periods indicated (in thousands):

Year Ended December 31,

	2023	2022
Net loss attributable to common stockholders	\$ (74,495)	\$ (91,574)
Adjustments to reconcile net loss attributable to common stockholders to non-GAAP adjusted EBITDA:		
Preferred stock dividends	1,074	783
Loss from discontinued operations, net of tax	129	4,857
Equity in net (income) loss of investee, net of tax, related to Nautilus	9,290	15,712
Distributions from investee, related to Nautilus	21,949	—
Income tax expense (benefit)	—	(256)
Interest expense	34,812	24,679
Depreciation	28,350	6,667
Amortization of right-of-use asset	1,001	303
Stock-based compensation expense	5,859	1,568
Related party expense to be settled with respect to common stock	2,917	2,083
Costs related to non-routine regulatory activities	—	996
Other income	(231)	—
Non-GAAP adjusted EBITDA	<u>\$ 30,655</u>	<u>\$ (34,182)</u>



TERAWULF

An Infrastructure-
Focused Mining Company

Investor Presentation March 2024

TERAWULF

SAFE HARBOR STATEMENT

This presentation is for informational purposes only and contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements include statements concerning anticipated future events and expectations that are not historical facts. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements. In addition, forward-looking statements are typically identified by words such as "plan," "believe," "goal," "target," "aim," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "continue," "could," "may," "might," "possible," "potential," "predict," "should," "would" and other similar words and expressions, although the absence of these words or expressions does not mean that a statement is not forward-looking. Forward-looking statements are based on the current expectations and beliefs of TeraWulf's management and are inherently subject to a number of factors, risks, uncertainties and assumptions and their potential effects. There can be no assurance that future developments will be those that have been anticipated. Actual results may vary materially from those expressed or implied by forward-looking statements based on a number of factors, risks, uncertainties and assumptions, including, among others: (1) conditions in the cryptocurrency mining industry, including fluctuation in the market pricing of bitcoin and other cryptocurrencies, and the economics of cryptocurrency mining, including as to variables or factors affecting the cost, efficiency and profitability of cryptocurrency mining; (2) competition among the various providers of data mining services; (3) changes in applicable laws, regulations and/or permits affecting TeraWulf's operations or the industries in which it operates, including regulation regarding power generation, cryptocurrency usage and/or cryptocurrency mining; (4) the ability to implement certain business objectives and to timely and cost-effectively execute integrated projects; (5) failure to obtain adequate financing on a timely basis and/or on acceptable terms with regard to growth strategies or operations; (6) loss of public confidence in bitcoin or other cryptocurrencies and the potential for cryptocurrency market manipulation; (7) the potential of cybercrime, money-laundering, malware infections and phishing and/or loss and interference as a result of equipment malfunction or break-down, physical disaster, data security breach, computer malfunction or sabotage (and the costs associated with any of the foregoing); (8) the availability, delivery schedule and cost of equipment necessary to maintain and grow the business and operations of TeraWulf, including mining equipment and equipment meeting the technical or other specifications required to achieve its growth strategy; (9) employment workforce factors, including the loss of key employees; (10) litigation relating to TeraWulf, RM 101 f/k/a IKONICS Corporation and/or the business combination; (11) the ability to recognize the anticipated objectives and benefits of the business combination; and (12) other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission ("SEC"). Potential investors, stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they were made. TeraWulf does not assume any obligation to publicly update any forward-looking statement after it was made, whether as a result of new information, future events or otherwise, except as required by law or regulation. Investors are referred to the full discussion of risks and uncertainties associated with forward-looking statements and the discussion of risk factors contained in the Company's filings with the SEC, which are available at www.sec.gov.



TeraWulf at a Glance

Our Business

- 7.9 EH/s deployed
- 210 MW operational
- 3,407 BTC mined in 2023⁽²⁾
- \$0.035/kWh target 2024 power cost
- 95% zero-carbon energy
 - Hydro and nuclear

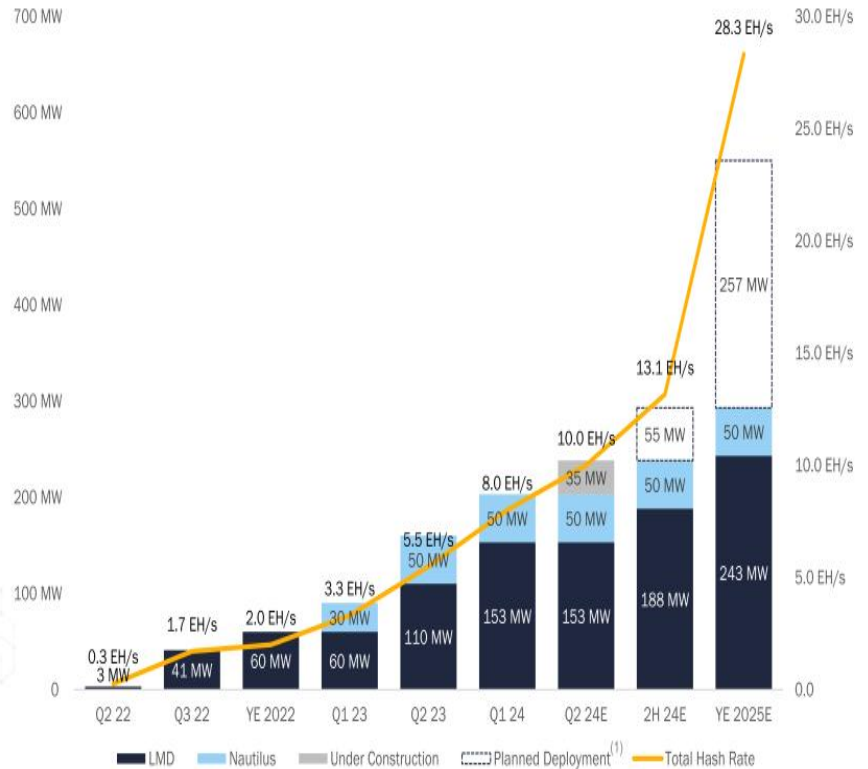
Our Strategy

- Owned infrastructure to **scale** flexibly
- **Lowest cost** producer of BTC
- **Sustainable:** 100% zero-carbon target
- ESG is core to operations, risk mitigation, and reputational value



Track Record of Execution

Rapidly scaling since inception with significant owned capacity for growth



(1) New deployment includes 50 MW from Nautilus.
 (2) Includes 64 bitcoin earned from profit sharing proceeds associated with hosting agreement and WULF's net share of Nautilus JV production

Sustainable and Scalable Sites



LAKE
MARINER
DATA

- 93%+ Zero Carbon ⁽¹⁾
- 160 MW Online
- 500+ MW Capacity (Primarily Hydro)



210 MW

operational mining capacity across both sites

85 MW

near-term expansion underway
 ➤ LMD: 35 MW
 ➤ Nautilus: 50 MW

250 MW

additional expansion capacity at existing sites

> 95%

zero-carbon power supply today, with the goal of 100%

3.5 ¢

per kilowatt hour targeted average power cost



NAUTILUS
CRYPTOMINE

- 100% Zero-Carbon
- 50 MW Online
- 100+ MW ⁽²⁾ (Nuclear)



(1) Source: NYISO Power Trends 2022 report (<https://www.nyiso.com/power-trends>)
 (2) Reflects TeraWulf's 50 MW interest in the Nautilus Cryptomine facility and option to expand by 50 MW, which the Company exercised in February 2024.

Unparalleled Access to Low-Cost, Zero-Carbon Power

Strategically located in regions with significant energy surplus



LAKE
MARINER
DATA



\$0.04/kWh

- ✓ Abundant, **low-cost hydropower** (site is ~25 miles from Niagara Hydro)
- ✓ **93%** zero-carbon power
- ✓ Market power averages **~4.0 cents** per kilowatt hour year-round



NAUTILUS
CRYPTOMINE

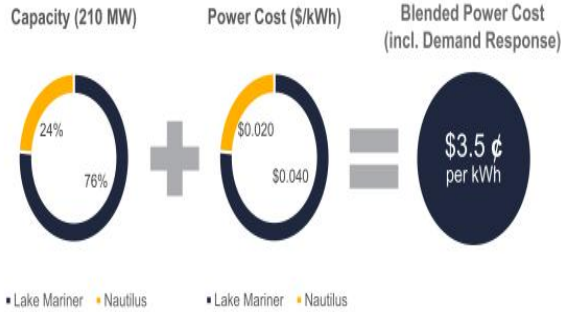


\$0.02/kWh

- ✓ First **behind-the-meter** facility in the U.S. directly connected to nuclear power plant
- ✓ **100%** zero-carbon power
- ✓ Contracted fixed-cost power price of **2.0 cents** per kilowatt hour for 5 years

Industry Leading Cost Profile

Annual guidance of 3.5 cents per kWh average cost of power across both sites



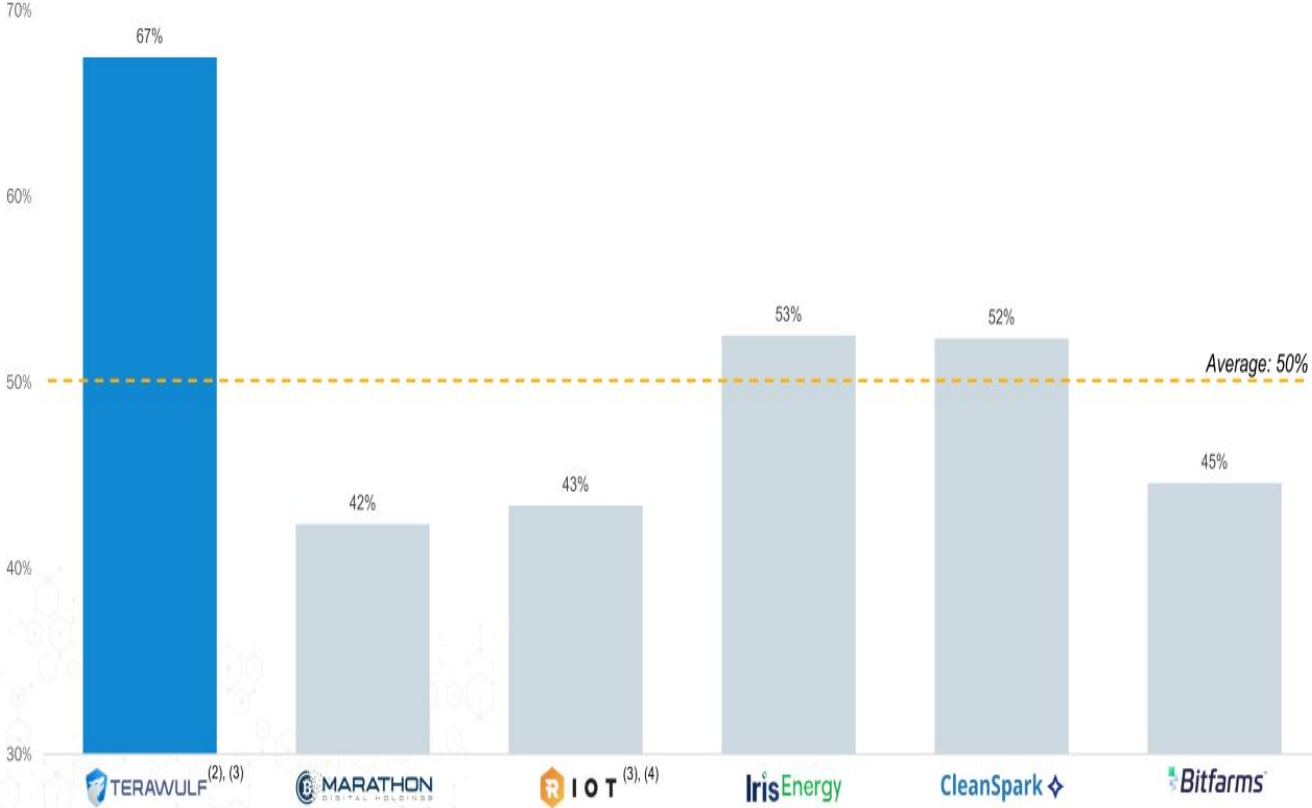
NYISO Zone A ATC Power Prices



(1) NYISO Zone A prices atypically high during Q2-Q3 2022 due to elevated gas prices, regional transmission outages, weather events and supply constraints due to pandemic and war in Ukraine.
 (2) Includes transmission charges, taxes and demand response proceeds received at Lake Mariner.
 (3) Source: Bloomberg NYISO Zone A ATC forward curve as of 03/11/24; excludes transmission charges, taxes and demand response proceeds expected to be received at Lake Mariner.

The Leader in Profitability

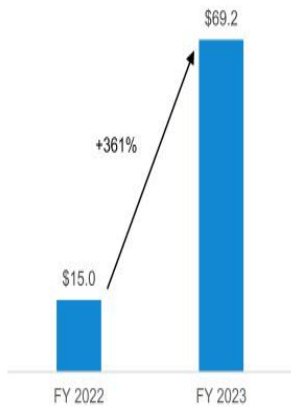
FY 2023 gross margin¹ % of mining and hosting revenue



- (1) Revenue less cost of revenue excluding depreciation
- (2) Includes WULF's net share of gross margin from Nautilus JV
- (3) Includes hosting operations
- (4) Excludes engineering segment

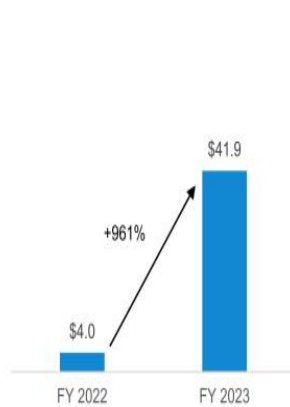
Delivering Exceptional Growth Year-over-Year

Revenue (\$M) - GAAP



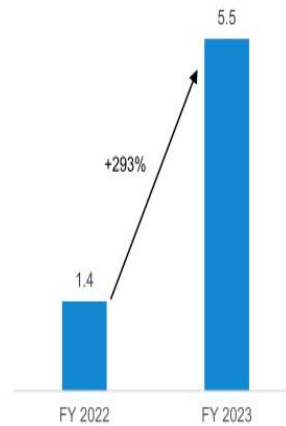
➤ Revenue growth of **361%** over prior year

Gross Profit (\$M) - GAAP⁽¹⁾



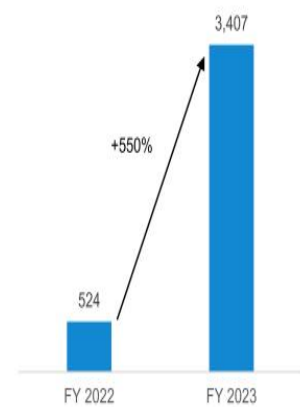
➤ Gross profit margin of 61%
 ➤ Demand response proceeds of \$3.5M in 2023; increasing participation to 3 programs

Operating Capacity (EH/s)⁽²⁾



➤ Record of **5.5 EH/s** operating hash rate capacity with ~46,000 miners deployed as of YE 2023
 ➤ Operating hash rate capacity increased by **293%** year-over-year
 ➤ Capacity over **8.0 EH/s** by Q1 24E

Bitcoin Self-Mined (# BTC)⁽³⁾



➤ Produced **3,407** bitcoin in 2023, nearly **6.5x** increase year-over-year despite significant increase in network hash rate
 ➤ Reflects significant expansion of proprietary infrastructure and hash rate deployed at Lake Mariner facility, with the addition of Building 2, and Nautilus

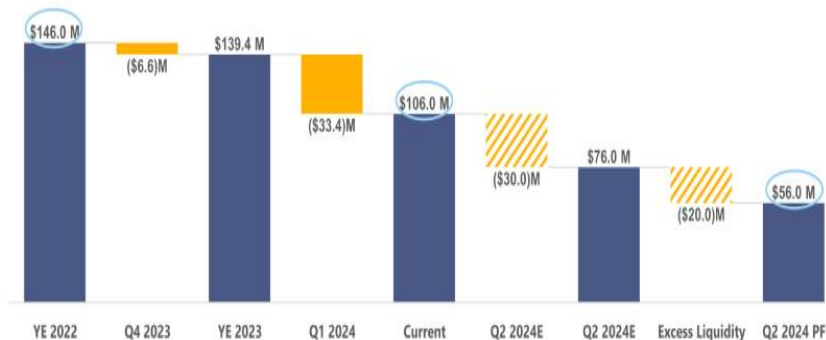


(1) Revenue less cost of revenue excluding depreciation
 (2) Includes WULF's net share of Nautilus hash rate
 (3) Includes 64 bitcoin earned from profit sharing proceeds associated with hosting agreement and WULF's net share of Nautilus JV production

Substantial Debt Repayment

Greatly improved balance sheet and liquidity

~30% Reduction in Debt Since Q4 2023



\$48M

Cash

As of February 29, 2024

\$58M

Net Debt

As of February 29, 2024



- Approximately **\$139 million** of debt and **\$54 million** of cash at year-end 2023
- Principal repayments in Q1 2024 reduced debt further to **\$106 million**
- Company plans additional repayment of approx. **\$30 million** in early Q2 2024
- Excess liquidity of **~\$20 million** can be applied towards additional prepayment
- **\$4.6 million** of annual interest savings from debt repaid from Q4 2023 and onwards

WULF COMPUTE

In-house digital innovation center focused on the research, development and deployment of scalable digital infrastructure

Near-term catalyst for growth and revenue diversification

- With significant capacity to scale at existing sites, TeraWulf is evaluating the highest return use for its data center infrastructure, including the potential application of machine learning, generative AI and HPC workloads
 - *In 2023, TeraWulf dedicated a 2 MW block at Lake Mariner for operating and servicing advanced generative AI/ML compute loads*

The Lake Mariner site offers several competitive advantages:

- Access to **93%+** zero-carbon power averaging **4 cents per kWh** year-round.
- Redundant power and high-speed fiber connectivity with significant water-cooling capabilities
- Core electrical infrastructure in place and ample land with existing lay-down areas for efficient growth



FY 2024 Guidance

Projecting cost-to-mine of ~\$25k pre-halving and ~\$37k post-halving

	2024 Pre-Halving		2024 Post-Halving ⁽¹⁾		Full Year 2024
Illustrative Market Inputs:					
Network Hash Rate (EH/s)	575		520		
Transaction Fees (%)	5.0%		10.0%		
Illustrative Operating Inputs:					
Miner Fleet Efficiency (J/TH) ⁽²⁾	25.4		24.3		
Total Hash Rate (EH/s)	8.0		10.0		
Total Bitcoin Mined ⁽³⁾	1,348		2,292		3,640
	\$ in 000's	\$/BTC	\$ in 000's	\$/BTC	\$ in 000's
Power Cost (@ \$0.035/kWh) ⁽⁴⁾	\$17,800	\$13,205	\$49,600	\$21,640	\$67,000
SG&A for the Period	8,300	6,157	19,200	8,377	27,500
Other OpEx for the Period	4,100	3,042	9,400	4,101	13,500
Interest Expense for the Period ⁽⁵⁾	3,700	2,745	6,500	2,836	10,200
Total Cost	\$33,900	\$25,149	\$84,300	\$36,780	\$118,200

(1) Assumes first full day of halving is April 21, 2024.

(2) Assumes 3% ancillary load. Nameplate miner efficiency is 24.6 J/TH pre-halving and 23.3 J/TH post-halving.

(3) 2024 pre-halving bitcoin mined based on actual results for January and February 2024 and estimated results for March 2024 and for the period April 1, 2024 to April 20, 2024 based on "Illustrative Market Inputs" and "Illustrative Operating Inputs" above

(4) 2024 pre-halving Lake Mariner power cost reflects estimated power costs of \$0.053/kWh for January 2024, \$0.037/kWh for February 2024, \$0.030/kWh for March 2024, and \$0.030/kWh for the period April 1, 2024 to April 20, 2024.

(5) Interest expense in 2024 based on 11.5% interest rate and \$106 million balance of debt outstanding in Q1 2024 and \$81 million outstanding in Q2-Q4 2024. Does not reflect anticipated incremental debt repayments with cash generated in Q2-Q4 2024.





APPENDIX

Best-in-Class Management Team

TeraWulf is led by an accomplished, diverse management team with 30+ years of experience in developing and managing energy infrastructure and disruptive technology



PAUL PRAGER

Co-Founder, Chairman & Chief Executive Officer

30+ year energy infrastructure entrepreneur; USNA Foundation Investment Committee Trustee



NAZAR KHAN

Co-Founder, Chief Operating Officer & Chief Technology Officer

20+ years in energy infrastructure and cryptocurrency mining; previously at Evercore



KERRI LANGLAIS

Chief Strategy Officer

20+ years of M&A, financing, strategy, and power sector experience; previously at Goldman Sachs



STEFANIE FLEISCHMANN

Chief Legal Officer

General Counsel for 15+ years overseeing all legal and compliance matters; previously at Paul, Weiss



PATRICK FLEURY

Chief Financial Officer

20+ years of financial experience in the energy, power, and commodity sectors' previously at Platinum Equity and Blackstone



SEAN FARRELL

VP, Operations

13+ years of energy experience in renewables, grid optimization, digitalization, and storage solutions; previously at Siemens Energy

Lake Mariner Data



Barker, NY



100% Ownership



Long-Term
Lease



500 MW of
Infrastructure
Capacity



93%+ Zero-Carbon
Hydro & Nuclear Power



✓ 160 MW Operational

✓ 35 MW Under Construction



✓ Target of 250 MW Deployed in 2024

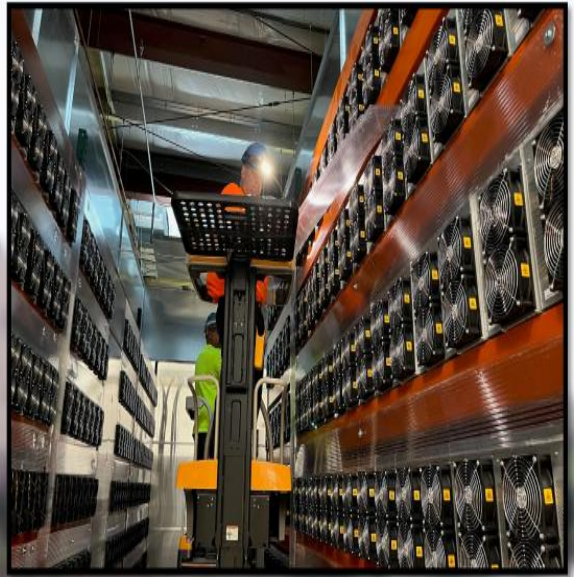
✓ Target of 500 MW Deployed in 2025



TERAWULF



LAKE
MARINER
DATA



Nautilus Cryptomine



Berwick, PA



25% JV with
Talen Energy



Long-Term
Lease



100 MW of
Infrastructure
Capacity



100% Zero-Carbon
Nuclear Power

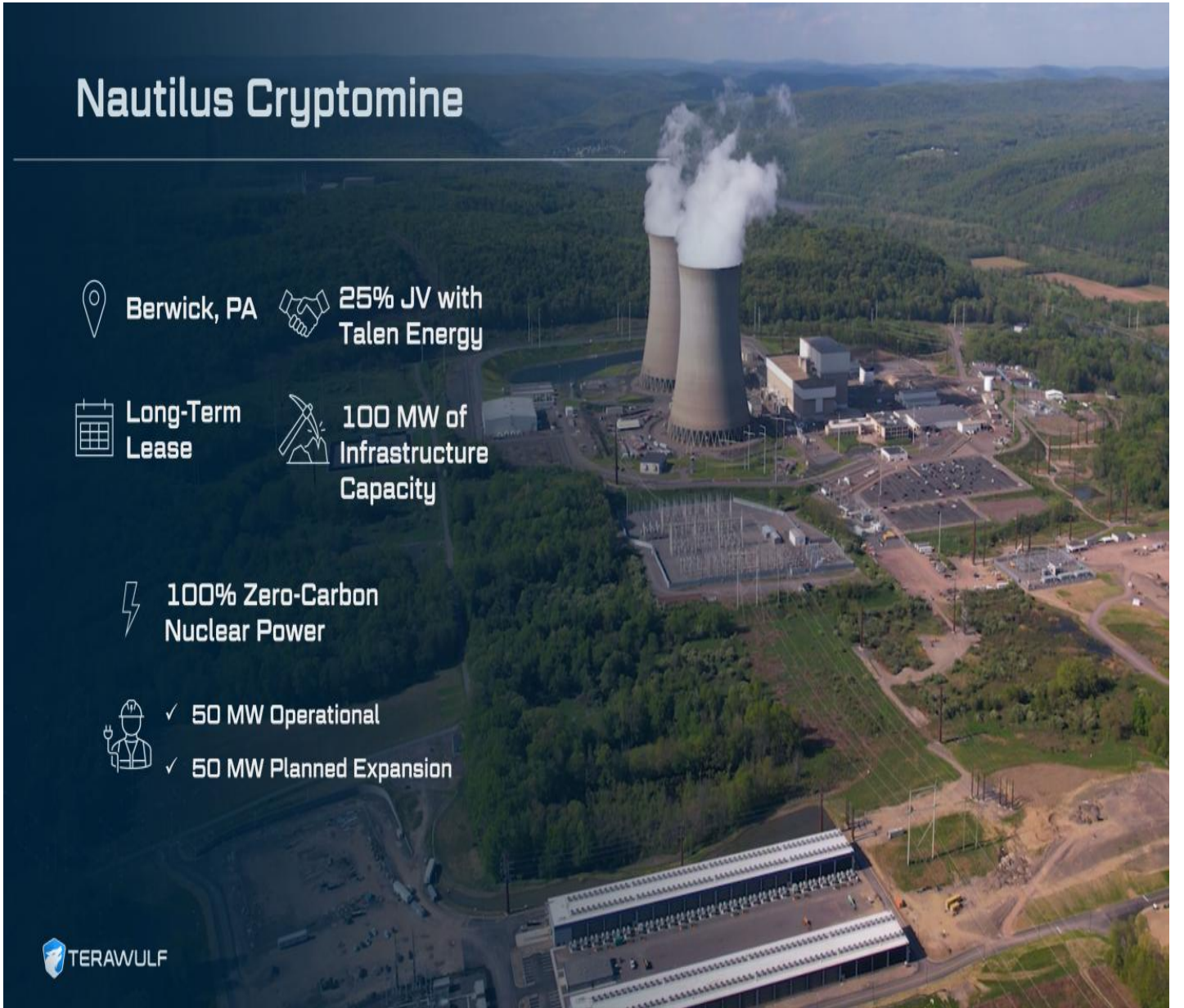


✓ 50 MW Operational

✓ 50 MW Planned Expansion



TERAWULF





NAUTILUS
CRYPTOMINE



