



Sphere 3D Reports Third Quarter 2024 Financial Results

November 14, 2024

STAMFORD, Connecticut, November 14, 2024 - Sphere 3D Corp. (NASDAQ: ANY) ("Sphere 3D"), a Bitcoin mining company operating at an industrial scale, today reported financial results for the quarter ended September 30, 2024.

2024 Third Quarter Highlights

- Sphere 3D and Simple Mining LLC entered into a letter of intent to acquire a 12.5 MW site in Iowa featuring average sub 4c energy.
- Sphere 3D mined 38.7 Bitcoin during the quarter.
- Sphere 3D ended the quarter with 0.7 EH/s.

CEO Comments

"Our priority remains focused on our long-term strategy of reducing reliance on high-cost hosting partners and increasing vertical integration," said Patricia Trompeter, CEO of Sphere 3D. "Recently, we took steps to reduce counterparty risk by exiting a hosting contract, which brought a \$3.0 million inflow. This was the best decision given the less favorable economics post-halving. The temporary downtime of some machines is planned and part of our ongoing efforts to shift to improved hosting solutions and build out our own infrastructure. This approach enables us to take greater control of our future. Additionally, as we upgrade our fleet with the latest generation machines, we anticipate some short-term fluctuations in exahash and Bitcoin output. However, we're confident these adjustments will enhance our efficiency and position us for sustainable growth."

Hashrate Update

Sphere 3D had approximately 0.7 EH/s hosted at September 30, 2024 operational.

Bitcoin Asset and Value

As of September 30, 2024, the Company had Bitcoin holdings of 1.3, with a market value of approximately \$0.08 million.

About Sphere 3D

Sphere 3D Corp. (NASDAQ: ANY) is a cryptocurrency miner growing its industrial-scale Bitcoin mining operation through the capital-efficient procurement of next-generation mining equipment and partnering with best-in-class data center operators. Sphere 3D is dedicated to growing shareholder value while honoring its commitment to strict environmental, social, and governance standards. For more information about Sphere 3D, please visit Sphere3D.com.

Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally relate to future events, including the timing of the proposed transaction and other information related to the proposed transaction. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions. Expectations and beliefs regarding matters discussed herein may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The forward-looking statements contained in this communication are also subject to other risks and uncertainties, including those more fully described in filings with the SEC, including Sphere 3D's reports filed on Form 10-K, 10-Q and Form 8-K and in other filings made by Sphere 3D with the SEC from time to time and available at www.sec.gov. These forward-looking statements are based on current expectations, which are subject to change.

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SPHERE 3D CORP. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS *(In thousands of U.S. dollars, except share and per share amounts)*

	Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
	2024	2023	2024	2023
Revenues:	(Unaudited)		(Unaudited)	
Bitcoin mining revenue.....	\$ 2,355	\$ 5,102	\$ 13,967	\$ 12,592
Service and product revenue.....	-	622	-	1,624
Total revenues.....	2,355	5,724	13,967	14,216

Operating costs and expenses:

Cost of Bitcoin mining revenue (exclusive of depreciation and amortization shown below).....	2,731	4,292	10,997	10,331
Cost of service and product revenue.....	-	221	-	728
Sales and marketing.....	-	217	-	768
Research and development.....	-	362	-	859
General and administrative.....	3,032	3,399	9,470	10,504
Depreciation and amortization.....	1,737	2,028	5,374	4,428
Impairment of acquired intangible assets.....	-	1,231	-	1,231
Impairment of property and equipment.....	-	-	860	-
Loss on disposal of property and equipment.....	-	315	691	566
Change in fair value of Bitcoin.....	8	-	(695)	-
Realized gain on sale of Bitcoin.....	-	(136)	-	(908)
Impairment of Bitcoin.....	-	199	-	549
Total operating costs and expenses.....	<u>7,508</u>	<u>12,128</u>	<u>26,697</u>	<u>29,056</u>
Loss from operations.....	(5,153)	(6,404)	(12,730)	(14,840)
Other income (expense):				
Unrealized (loss) gain on investment in equity securities.....	(446)	-	4,093	-
Other income, net.....	5,775	100	6,462	1,464
Interest expense.....	-	(10)	-	(1,183)
Income (loss) before income taxes.....	<u>176</u>	<u>(6,314)</u>	<u>(2,175)</u>	<u>(14,559)</u>
Provision for income taxes.....	<u>72</u>	<u>-</u>	<u>74</u>	<u>4</u>
Net income (loss).....	<u>104</u>	<u>(6,314)</u>	<u>(2,249)</u>	<u>(14,563)</u>
Less: Non-controlling interest - income.....	-	(7)	-	76
Net income (loss) available to common shareholders.....	<u>\$ 104</u>	<u>\$ (6,307)</u>	<u>\$ (2,249)</u>	<u>\$ (14,639)</u>
Net income (loss) per share:				
Basic.....	<u>\$ 0.01</u>	<u>\$ (0.50)</u>	<u>\$ (0.12)</u>	<u>\$ (1.29)</u>
Diluted.....	<u>\$ 0.005</u>	<u>\$ (0.50)</u>	<u>\$ (0.12)</u>	<u>\$ (1.29)</u>
Shares used in computing net income (loss) per share:				
Basic.....	<u>20,733,022</u>	<u>12,653,413</u>	<u>18,681,399</u>	<u>11,340,973</u>
Diluted.....	<u>22,323,306</u>	<u>12,653,413</u>	<u>18,681,399</u>	<u>11,340,973</u>

SPHERE 3D CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars)

	September 30,	December 31,
	2024	2023
	(Unaudited)	(Unaudited)
<u>ASSETS</u>		
Cash and cash equivalents.....	\$ 4,950	\$ 586
Digital assets, net.....	79	986
Investment in equity securities.....	6,950	-
Other current assets.....	<u>2,522</u>	<u>11,938</u>
Total current assets.....	14,501	13,510
Property and equipment, net.....	23,391	24,166
Intangible assets, net.....	3,467	4,581
Other non-current assets.....	<u>2,896</u>	<u>3,406</u>
Total assets.....	<u>\$ 44,255</u>	<u>\$ 45,663</u>

LIABILITIES, TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY

Current liabilities.....	\$	3,419	\$	5,346
Total temporary equity.....		4,858		13,794
Total shareholders' equity.....		<u>35,978</u>		<u>26,523</u>
Total liabilities, temporary equity, and shareholders' equity.....	\$	<u>44,255</u>	\$	<u>45,663</u>