

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-41864

Hut 8 Corp.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

92-2056803
(I.R.S. Employer Identification No.)

1101 Brickell Avenue, Suite 1500
Miami, Florida
(Address of principal executive offices)

33131
(Zip Code)

(305) 224-6427
(Registrant's telephone number, including area code)

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 \$0.01 per share	HUT	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of August 6, 2025, the registrant had 105,527,928 shares of its common stock outstanding.

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Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if proven incorrect or do not materialize, could cause our results to differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements generally are identified by the words “intend,” “plan,” “may,” “should,” “will,” “project,” “estimate,” “anticipate,” “believe,” “expect,” “continue,” “potential,” “opportunity,” and similar expressions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Such statements are based on management’s current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. There can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including those described in Part I, Item 1A, “Risk Factors” in the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the “Annual Report”) and in Part II, Item 1A, “Risk Factors” of this Quarterly Report. Except as required by law, we do not assume any obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Hut 8 Corp. and Subsidiaries Condensed Consolidated Balance Sheets (in USD thousands, except share and per share data)

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Assets		
Current assets		
Cash	\$ 216,251	\$ 85,044
Restricted cash	6,101	591
Accounts receivable, net	8,501	6,989
Deposits and prepaid expenses	71,142	52,679
Derivative asset	3,096	18,076
Digital assets – pledged for miner purchase	103,744	92,389
Income taxes receivable	2,427	1,073
Total current assets	411,262	256,841
Non-current assets		
Digital assets – held in custody	819,194	525,235
Digital assets – pledged as collateral	220,241	331,876
Property and equipment, net	381,712	221,681
Operating lease right-of-use asset	20,057	20,593
Deposits and prepaid expenses	9,472	7,886
Investment in unconsolidated joint venture	84,444	82,015
Other investments	6,378	6,378
Intangible assets, net	12,820	13,273
Goodwill	55,785	53,082
Total non-current assets	1,610,103	1,262,019
Total assets	\$ 2,021,365	\$ 1,518,860
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 43,744	\$ 41,786
Miner purchase liability	100,910	15,096
Deferred revenue	6,147	6,199
Operating lease liability, current portion	2,974	2,689
Finance lease liability, current portion	6,850	4,783
Derivative liability	1,807	18,437
Loans, notes payable, and other financial liabilities, current portion	64,938	64,965
Total current liabilities	227,370	153,955
Non-current liabilities		
Operating lease liability, less current portion	17,842	18,675
Finance lease liability, less current portion	18,220	18,917
Loans, notes payable, and other financial liabilities, less current portion	251,171	235,620
Deferred tax liabilities	118,395	111,114
Total non-current liabilities	405,628	384,326
Total liabilities	632,998	538,281
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized; no shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	—	—
Common stock, \$0.01 par value; 1,000,000,000 shares authorized; 104,418,127 and 99,478,012 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	1,044	995
Additional paid-in capital	1,035,222	789,597
Retained earnings (accumulated deficit)	235,053	231,630
Accumulated other comprehensive (loss) income	(4,529)	(45,553)
Total Hut 8 Corp. stockholders' equity	1,266,790	976,669
Non-controlling interests	121,577	3,910
Total stockholders' equity	1,388,367	980,579
Total liabilities and stockholders' equity	\$ 2,021,365	\$ 1,518,860

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Hut 8 Corp. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited, in USD thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue:				
Power	\$ 5,492	\$ 10,530	\$ 9,872	\$ 20,468
Digital Infrastructure	1,512	5,264	2,829	11,108
Compute	34,295	15,795	50,413	47,933
Other	—	3,626	—	7,447
Total revenue	41,299	35,215	63,114	86,956
Cost of revenue (exclusive of depreciation and amortization shown below):				
Cost of revenue – Power	5,000	5,449	8,628	9,082
Cost of revenue – Digital Infrastructure	2,120	4,331	3,679	8,960
Cost of revenue – Compute	14,656	8,670	28,128	26,356
Cost of revenue – Other	—	2,186	—	4,385
Total cost of revenue	21,776	20,636	40,435	48,783
Operating expenses (income):				
Depreciation and amortization	19,458	11,531	34,357	23,003
General and administrative expenses	30,158	17,899	51,217	37,898
(Gains) losses on digital assets	(217,640)	71,842	(105,246)	(202,732)
(Gain) loss on sale of property and equipment	(312)	—	2,142	(190)
Total operating (income) expenses	(168,336)	101,272	(17,530)	(142,021)
Operating income (loss)	187,859	(86,693)	40,209	180,194
Other income (expense):				
Foreign exchange gain (loss)	3,114	720	3,123	(1,679)
Interest expense	(8,396)	(6,012)	(15,865)	(12,293)
Asset contribution costs	—	—	(22,780)	—
(Loss) gain on derivatives	(18,403)	17,219	2,459	17,219
(Loss) gain on other financial liability	(181)	—	958	—
Equity in earnings of unconsolidated joint venture	1,064	2,440	2,429	6,962
Total other (expense) income	(22,802)	14,367	(29,676)	10,209
Income (loss) from continuing operations before taxes	165,057	(72,326)	10,533	190,403
Income tax (provision) benefit	(27,574)	1,874	(7,369)	(2,522)
Net income (loss) from continuing operations	\$ 137,483	\$ (70,452)	\$ 3,164	\$ 187,881
Loss from discontinued operations (net of income tax benefit of nil, nil, nil and nil, respectively)	—	(1,738)	—	(9,364)
Net income (loss)	137,483	(72,190)	3,164	178,517
Less: Net (income) loss attributable to non-controlling interests	(171)	324	259	493
Net income (loss) attributable to Hut 8 Corp.	\$ 137,312	\$ (71,866)	\$ 3,423	\$ 179,010
Net (loss) income per share of common stock:				
Basic from continuing operations attributable to Hut 8 Corp.	\$ 1.32	\$ (0.78)	\$ 0.04	\$ 2.10
Diluted from continuing operations attributable to Hut 8 Corp.	\$ 1.18	\$ (0.78)	\$ 0.03	\$ 2.00
Weighted average number of shares of common stock outstanding:				
Basic	104,246,041	90,192,842	103,554,237	89,671,344
Diluted	119,018,761	90,192,842	109,070,208	94,152,139
Net income (loss)	\$ 137,483	\$ (72,190)	\$ 3,164	\$ 178,517
Other comprehensive income (loss):				
Foreign currency translation adjustments	39,892	(7,362)	41,079	(18,436)
Total comprehensive income (loss)	177,375	(79,552)	44,243	160,081
Less: Comprehensive (income) loss attributable to non-controlling interest	(227)	423	204	557
Comprehensive income (loss) attributable to Hut 8 Corp.	\$ 177,148	\$ (79,129)	\$ 44,447	\$ 160,638

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Hut 8 Corp. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited, in USD thousands, except share data)

Six Months Ended June 30, 2024

	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Non-controlling Interests	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2023	88,962,964	\$ 889	\$ 576,241	\$ (100,252)	\$ —	\$ 10,761	\$ 487,639
Issuance of common stock – stock option exercises	341,013	3	129	—	—	—	132
Issuance of common stock – restricted stock unit settlements	148,842	2	(2)	—	—	—	—
Issuance of common stock – restricted stock unit settlements, net of withholding taxes	4,046	—	(30)	—	—	—	(30)
Acquisition of subsidiary with non-controlling ownership interests	—	—	—	—	8,743	—	8,743
Stock-based compensation	—	—	4,474	—	—	—	4,474
Foreign currency translation adjustments	—	—	—	—	35	(11,109)	(11,074)
Net income	—	—	—	250,876	—	—	250,876
Net loss attributable to non-controlling interest	—	—	—	—	(169)	—	(169)
Balance, March 31, 2024	89,456,865	\$ 894	\$ 580,812	\$ 150,624	\$ 8,609	\$ (348)	\$ 740,591
Issuance of common stock – stock option exercises	722,404	8	275	—	—	—	283
Issuance of common stock – restricted stock unit settlements	745,959	7	(7)	—	—	—	—
Issuance of common stock – restricted stock unit settlements, net of withholding taxes	1,881	—	(10)	—	—	—	(10)
Issuance of common stock – deferred stock unit settlements	17,850	—	—	—	—	—	—
Stock-based compensation	—	—	7,010	—	—	—	7,010
Foreign currency translation adjustments	—	—	—	—	(99)	(7,263)	(7,362)
Net loss	—	—	—	(71,866)	—	—	(71,866)
Net loss attributable to non-controlling interest	—	—	—	—	(324)	—	(324)
Balance, June 30, 2024	90,944,959	\$ 909	\$ 588,080	\$ 78,758	\$ 8,186	\$ (7,611)	\$ 668,322

Six Months Ended June 30, 2025

	Common Stock		Additional Paid-in Capital	Retained Earnings	Non-controlling Interests	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2024	99,478,012	\$ 995	\$ 789,597	\$ 231,630	\$ 3,910	\$ (45,553)	\$ 980,579
Issuance of common stock – at-the-market offering, net of issuance costs	4,205,019	42	111,969	—	—	—	112,011
Issuance of common stock – stock option exercises	327,204	3	124	—	—	—	127
Issuance of common stock – restricted stock unit settlements	140,275	2	(2)	—	—	—	—
Stock-based compensation	—	—	3,793	—	—	—	3,793
Issuance of warrants by subsidiary	—	—	1,449	—	—	—	1,449
Non-controlling interest in American Bitcoin Corp.	—	—	(1,354)	—	24,222	—	22,868
Foreign currency translation adjustments	—	—	—	—	(1)	1,188	1,187
Net loss	—	—	—	(133,889)	—	—	(133,889)
Net loss attributable to non-controlling interest	—	—	—	—	(430)	—	(430)
Balance, March 31, 2025	104,150,510	\$ 1,042	\$ 905,576	\$ 97,741	\$ 27,701	\$ (44,365)	\$ 987,695
Issuance of Class A common stock by American Bitcoin Corp., net of issuance costs	—	—	122,556	—	92,719	—	215,275
Issuance of common stock – stock option exercises	28,159	—	11	—	—	—	11
Issuance of common stock – restricted stock unit settlements	239,458	2	(2)	—	—	—	—
Stock-based compensation	—	—	7,640	—	—	—	7,640
Issuance of warrants by subsidiary	—	—	354	—	—	—	354
Non-controlling interest in American Bitcoin Corp.	—	—	(913)	—	930	—	17
Foreign currency translation adjustments	—	—	—	—	56	39,836	39,892
Net income	—	—	—	137,312	—	—	137,312
Net income attributable to non-controlling interest	—	—	—	—	171	—	171
Balance, June 30, 2025	104,418,127	\$ 1,044	\$ 1,035,222	\$ 235,053	\$ 121,577	\$ (4,529)	\$ 1,388,367

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Hut 8 Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited, in USD thousands)

	Six Months Ended	
	2025	2024
Operating activities		
Net income	\$ 3,164	\$ 178,517
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	34,357	23,003
Amortization of operating right-of-use assets	1,261	577
Non-cash lease expense	1,226	804
Stock-based compensation	11,433	11,484
Equity in earnings of unconsolidated joint venture	(2,429)	(6,962)
Distributions of earnings from unconsolidated joint venture	—	11,000
Compute revenue related to Bitcoin mining	(42,656)	(44,269)
Hosting revenue earned in Bitcoin	—	(3,231)
Gains on digital assets	(105,246)	(202,732)
Deferred tax assets and liabilities	7,086	2,046
Non-cash income	—	(2,236)
Foreign exchange (gain) loss	(3,123)	1,679
Amortization of debt discount	225	2,795
Loss (gain) on sale of property and equipment	2,142	(190)
Gain on derivatives	(2,459)	(17,219)
Gain on other financial liability	(958)	—
Paid-in-kind interest expense	13,613	6,056
Loss on discontinued operations	—	9,364
Asset contribution costs	22,780	—
Changes in assets and liabilities:		
Accounts receivable, net	(1,169)	213
Deposits and prepaid expenses	(19,580)	(527)
Equipment held for sale	—	3,907
Income taxes receivable	(1,354)	(1,706)
Accounts payable and accrued expenses	1,612	(10,763)
Deferred revenue	(52)	(2,146)
Operating lease liabilities	(2,509)	(1,574)
Deposit liability	—	(583)
Net cash used in operating activities	(82,636)	(42,693)
Investing activities		
Proceeds from sale of digital assets	3,732	53,138
Purchases of property and equipment	(108,699)	(17,029)
Proceeds from sale of property and equipment	4,383	4,209
Additions to intangible assets	(896)	—
Cash paid to acquire investment in Ionic	—	(6,378)
Cash acquired on Far North JV acquisition	—	1,052
Net cash (used in) provided by investing activities	(101,480)	34,992
Financing activities		
Proceeds from loans payable	—	14,849
Proceeds from notes payable	—	150,000
Net proceeds from covered call options premium	810	20,844
Repayments of loans payable	—	(32,347)
Debt issuance costs paid	—	(500)
Principal payments on finance lease	(970)	(359)
Payment of withholding tax on vesting of restricted stock units	—	(40)
Proceeds from the issuance of common stock – stock option exercises	138	415
Proceeds from the issuance of common stock – at-the-market offering, net of issuance costs	112,011	—
Proceeds from the issuance of Class A common stock - American Bitcoin Corp., net of issuance costs	205,275	—
Proceeds from other financial liability	3,500	—
Net cash provided by financing activities	320,764	152,862
Effect of exchange rate changes on cash, and restricted cash	69	(21)
Net increase in cash	136,717	145,140
Cash, beginning of period	85,635	30,957
Cash, and restricted cash, end of period	\$ 222,352	\$ 176,097

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

	Six Months Ended June 30,	
	2025	2024
Supplemental cash flow information:		
Cash paid for interest	\$ 3,768	\$ 3,743
Cash paid for income taxes	\$ 106	\$ 1,235
Non-cash transactions		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 197	\$ —
Mining revenue in accounts receivable, net	\$ —	\$ 219
Property and equipment in accounts payable and accrued expenses	\$ 85,814	\$ 2,345
Net (loss) attributable to non-controlling interests	\$ (259)	\$ (493)
Assets acquired net of liabilities assumed on Far North JV acquisition, net of cash	\$ —	\$ 7,691
Additional plant and equipment assumed after sale leaseback agreement	\$ —	\$ 832
Issuance of common stock - restricted stock unit settlements	\$ 4	\$ 9
Cash injected into Far North JV from wholly-owned subsidiary	\$ —	\$ 2,700
Issuance of warrants by subsidiary as finance lease payments	\$ 1,803	\$ —
Digital assets received for the issuance of Class A common stock by American Bitcoin Corp.	\$ 10,000	\$ —

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

Hut 8 Corp. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1. Organization

Nature of operations and corporate information

Hut 8 Corp. (together with its consolidated subsidiaries, the “Company,” “Hut 8,” “we,” “us,” or “our”) is an energy infrastructure platform that integrates Power, Digital Infrastructure, and Compute at scale to fuel next-generation, energy-intensive use cases such as Bitcoin mining and high-performance computing (“HPC”) across North America. The Company was incorporated in Delaware in January 2023. The Company acquires, designs, builds, manages, and operates data centers that power these energy-intensive workloads. As of June 30, 2025, the Company’s total energy capacity under management was 1,020 MW across fifteen sites: 665 MW across five Bitcoin mining sites in North America, 310 MW across four natural gas power generation facilities in Canada, 3 MW across five cloud and colocation data centers in Canada, and 42 MW at a non-operational site in Canada.

Note 2. Basis of presentation, summary of significant accounting policies and recent accounting pronouncements

Basis of presentation

The accompanying Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting. While these statements reflect all normal recurring adjustments which are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all the information and footnotes required by GAAP for complete financial statements. As such, the information included in this Quarterly Report should be read in conjunction with the Company’s Consolidated Financial Statements for the year ended December 31, 2024, and related notes thereto, included in the Annual Report.

Interim results are not necessarily indicative of results for a full year.

The U.S. Dollar is the functional and presentation currency of the Company.

Significant accounting policies followed by the Company in the preparation of the accompanying Unaudited Condensed Consolidated Financial Statements are summarized below.

Principles of consolidation

These Unaudited Condensed Consolidated Financial Statements of the Company include the accounts of the Company and its controlled subsidiaries. Consolidated subsidiaries’ results are included from the date the subsidiary was formed or acquired. Intercompany balances and transactions have been eliminated in consolidation.

Unconsolidated investments in which the Company does not have a controlling interest but does have significant influence are accounted for as equity method investments, with earnings recorded in other income (expense). These investments are included in long-term assets and the Company’s proportionate share of income or loss is included in other income (expense).

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. The Company believes that the reclassifications did not have a material impact on the Company’s Unaudited Condensed Consolidated Financial Statements and related disclosures. The impact on any prior period disclosures was immaterial.

Hut 8 Corp. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Recent accounting pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequences of the change to its Unaudited Condensed Consolidated Financial Statements and ensures that there are proper controls in place to ascertain that the Company's Unaudited Condensed Consolidated Financial Statements properly reflect the change.

In January 2025, the Financial Accounting Standards Board ("FASB") issued Update ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* ("ASU 2025-01"). ASU 2025-01 was issued to clarify the effective date for Update ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"). ASU 2024-03 requires public business entities to provide additional disclosures in the notes to financial statements, disaggregating specific expense categories within relevant income statement captions. The prescribed categories include purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depreciation, depletion, and amortization related to oil-and-gas producing activities. ASU 2024-03 is effective for the first annual reporting period beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently assessing the impact of adopting the standard.

In October 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09") to enhance transparency in income tax reporting. ASU 2023-09 requires public business entities to disclose more detailed information about the nature and composition of deferred tax assets and liabilities, including the impact of tax law changes on current taxes payable. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently assessing the impact of adopting the standard.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of the Company's Unaudited Condensed Consolidated Financial Statements include estimates associated with revenue recognition, determining the useful lives and recoverability of long-lived assets, impairment analysis of finite-lived intangibles, goodwill and digital assets, stock-based compensation, and current and deferred income tax assets (including the associated valuation allowance) and liabilities.

Accounts receivable

Accounts receivable consists of amounts due from the Company's Power, Digital Infrastructure, and Compute customers. The Company records accounts receivable at the invoiced amount less an allowance for any potentially uncollectable accounts under the current expected credit loss ("CECL") impairment model and presents the net amount of the financial instrument expected to be collected. The CECL impairment model requires an estimate of expected credit losses, measured over the contractual life of an instrument, that considers forecasts of future economic conditions in addition to information about past events and current conditions. Based on this model, the Company considers many factors, including the age of the balance, collection history, and current economic trends. Bad debts are written off after all collection efforts have ceased.

Allowances for credit losses are recorded as a direct reduction from an asset's amortized cost basis. Credit losses are recorded in *General and administrative expenses* in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Based on the Company's current and historical collection experience, management recorded allowances for doubtful accounts of \$0.2 million and \$0.2 million as of June 30, 2025 and December 31, 2024, respectively.

Hut 8 Corp. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Fair value measurement

The Company's financial assets and liabilities are accounted for in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820") which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs when measuring fair value and classifies those inputs into three levels:

Level 1— Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2— Observable, market-based inputs, other than quoted prices included in Level 1, for the assets or liabilities either directly or indirectly.

Level 3—Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on the Company's market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or a liability may fall into different levels of the fair value hierarchy. In those instances, the fair value measurement is required to be classified using the lowest level of input that is significant to the fair value measurement. Such determination requires significant management judgment.

Assets and liabilities measured at fair value on a recurring basis

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis and the Company's estimated level within the fair value hierarchy of those assets and liabilities as of June 30, 2025 and December 31, 2024:

Fair value measured at June 30, 2025				
	Total carrying value at June 30, 2025	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>(in USD thousands)</i>				
Digital assets	\$ 1,143,179	\$ 1,143,179	\$ —	\$ —
Covered call options	(1,807)	—	(1,807)	—
Bitcoin redemption option	3,096	—	3,096	—
Other financial liability	(2,542)	—	—	(2,542)
Fair value measured at December 31, 2024				
	Total carrying value at December 31, 2024	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>(in USD thousands)</i>				
Digital assets	\$ 949,500	\$ 949,500	\$ —	\$ —
Covered call options	(18,437)	—	(18,437)	—
Bitcoin redemption option	18,076	—	—	18,076

In determining the fair value of its digital assets, the Company is able to cite quoted prices as determined by the Company's principal market, which is the Coinbase exchange. As such, the Company's digital assets were determined to be Level 1 assets. See *Digital assets* below for a description of the Company's digital asset accounting policy.

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In estimating the fair value of its covered call options, the Company uses the Black model, which includes several inputs and assumptions, including the forward price of the underlying asset (Bitcoin), the underlying asset's implied volatility, the risk-free interest rate, and the expected term of the options. The expected term of the options is the contractual term of the options given the options can only be exercised on their expiry date (i.e., European-style options). The Company previously used the Black-Scholes pricing model and reflected the observable forward price of the underlying asset in the estimation of fair value but now uses the Black model as the forward price of the underlying asset is a direct input of the Black model. The Company determined that the covered call options are Level 2 liabilities given all inputs are observable, but the options themselves are not traded in an active market.

The Company estimates the fair value of its separated embedded derivative from convertible note, namely from the Company's Coatue Note, using the partial differential equation model ("PDE Model"), which includes several inputs and assumptions including the Company's common stock price at the time of valuation, the implied volatility of the Company's common stock matching the moneyness of the conversion option, the risk-free interest rate curve, and the instrument's estimated credit spread. In addition, management's assumption of the probability of occurrence of the separated embedded derivative from the convertible note's trigger event is a significant unobservable input. For quantitative disclosure on the inputs used to estimate the fair value of the Company's separated embedded derivative from convertible note, see Note 11. *Derivatives*. The Company determined that the separated embedded derivative from convertible note is a Level 3 liability given significant unobservable inputs are included in its valuation.

The Company estimates the fair value of its Bitcoin redemption option using the Black model, which includes several inputs and assumptions, including the forward price of the underlying asset (Bitcoin), the underlying asset's implied volatility, the risk-free interest rate, and the expected term of the redemption option. The Company previously used the Black-Scholes pricing model and reflected the observable forward price of the underlying asset in the estimation of fair value but now uses the Black model as the forward price of the underlying asset is a direct input of the Black model. In addition, management's assumption of the start of the redemption period, triggered by a shipment date of purchased property and equipment, was previously a significant unobservable input that has now resolved and is no longer a significant unobservable input. The Company previously determined that the Bitcoin redemption option was a Level 3 liability given a significant unobservable input was included in its valuation. As a result of the resolution of the previously significant unobservable input, the Company transferred the Bitcoin redemption option out of Level 3 into Level 2 during the six months ended June 30, 2025.

See *Derivatives* below for a description of the Company's derivative instrument accounting policy.

The Company estimated the fair value of its other financial liability using the Probability-Weighted Expected Return Method ("PWERM"), which includes significant unobservable inputs, including the instrument's estimated credit spread, and as a result, the Company determined that the other financial liability is a Level 3 liability. For quantitative disclosure on the inputs used to estimate the fair value of the Company's other financial liability, see Note 10. *Loans, notes payable, and other financial liabilities*. See *Other Financial liability* for a description of the Company's other financial liability accounting policy.

Assets and liabilities measured at fair value on a non-recurring basis

In addition to assets and liabilities that are measured at fair value on a recurring basis, the Company also measures certain assets and liabilities at fair value on a non-recurring basis. The Company's non-financial assets, including goodwill, intangible assets, operating lease right-of-use assets, and property and equipment, are measured at fair value when there is an indication of impairment and the carrying amount exceeds the asset's projected undiscounted cash flows. These assets are recorded at fair value only when an impairment charge is recognized. The Company had nil impairment from its continuing operations related to its non-financial assets and liabilities measured on a non-recurring basis during the three and six months ended June 30, 2025 and June 30, 2024, respectively. The Company had nil impairment on its discontinued operations related to the Drumheller site's non-financial assets and liabilities measured on a non-recurring basis during the three and six months ended June 30, 2025. The Company recognized approximately nil and \$6.1 million of impairment losses from its discontinued operations during the three and six months ended June 30, 2024, respectively. See the Impairment of long-lived assets and goodwill accounting policy below, as well as Note 4. *Discontinued operations* for further discussion.

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The carrying amounts of the Company's financial assets and liabilities, such as cash, accounts receivable, accounts payable and accrued expenses, approximate fair value due to the short-term nature of these instruments. The carrying value of loans and notes payable and other long-term liabilities approximate fair value as the related interest rates approximate rates currently available to the Company except for the Company's convertible note. See *Derivatives* and *Convertible instruments* below for a description of the Company's derivative instrument accounting policy and convertible instrument accounting policy, respectively, and Note 10. *Loans, notes payable, and other financial liabilities* for disclosure on the Company's convertible note.

Impairment of long-lived assets and goodwill

The Company reviews long-lived assets and goodwill for impairment at least annually, or more frequently whenever events or changes in circumstances indicate that the carrying value of such assets (or asset groups) may not be fully recoverable. The asset (or asset group) to be held and used that is subject to impairment review represents the lowest level of identifiable cash flows that is largely independent of other groups of assets and liabilities. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. If such assets are considered unrecoverable, the impairment loss to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Factors the Company considers that could trigger an impairment include, but are not limited to, the following: significant changes in the manner of the Company's use of the acquired assets or the strategy for the Company's overall business, significant underperformance relative to expected historical or projected development milestones, significant negative regulatory or economic trends, and significant technological changes that could render the asset (or asset group) obsolete. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as necessary. When recognized, impairment losses related to long-lived assets to be held and used in operations are recorded as cost and expenses in the Company's Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). For the three and six months ended June 30, 2025 and June 30, 2024, there was nil impairment from continuing operations. For the discontinued operations, there were nil impairment losses pertaining to the Company's asset groups for the three months ended June 30, 2025 and June 30, 2024. There were nil and \$6.1 million of impairment losses pertaining to the Company's asset groups for the six months ended June 30, 2025 and June 30, 2024, respectively.

Derivatives

The Company accounts for the derivative contracts it enters into and the separated embedded derivative from the convertible note as follows:

Bitcoin redemption option

The Company has entered into an agreement to purchase property and equipment that includes a pledge of Bitcoin and a right to redeem the pledged Bitcoin for a certain period after the redemption period starts. The redemption period starts when the purchased property and equipment is shipped. The amount of Bitcoin that can be redeemed is pro-rata of the percentage of property and equipment shipped. This Bitcoin redemption option does not qualify as an accounting hedge under FASB ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). Accordingly, the Company carries the Bitcoin redemption option at fair value and any gains or losses are recognized in profit or loss, respectively.

Covered call options

From time to time, the Company has sold options on Bitcoin that it owns (the "covered call options") to generate cash flows on a portion of its Bitcoin held. These options do not qualify as accounting hedges under ASC 815. Accordingly, the Company carries the covered call options at fair value and any gains or losses are recognized in profit or loss, respectively.

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Convertible instruments

As noted above in the Company's *Derivatives* accounting policy, various embedded derivatives were identified in a convertible instrument and were evaluated and accounted for in accordance with ASC 815. If an embedded derivative is separated from its host contract, the debt host contract is discounted by the initial fair value of the separated embedded derivative and is offset by issuance costs associated with the host contract. The Company accounts for its host contract, whose embedded derivative becomes separated, subsequently at amortized cost, and the discount and issuance costs are amortized to interest expense over the expected term of the host contract using the effective interest method.

Other financial liability

The Company carries its other financial liability at fair value in accordance with FASB ASC Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480") and any gains or losses are recognized in profit or loss, respectively.

Income taxes

The Company complies with the accounting and reporting requirements of ASC Topic 740, Income Taxes ("ASC 740"), which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

A valuation allowance is recorded if it is more-likely-than-not that some portion, or all, of a deferred tax asset will not be realized. In evaluating whether a valuation allowance is needed, we consider all relevant evidence, including past performance, recent cumulative losses, projections of future taxable income, and the viability of tax planning strategies. If we subsequently determine that there is sufficient evidence to indicate a deferred tax asset will be realized, the associated valuation allowance is reversed.

The Company will recognize positions taken or expected to be taken in a tax return in the Consolidated Financial Statements when it is more-likely-than-not that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit with greater than 50% likelihood of being realized upon ultimate settlement. The Company will recognize any interest and penalties related to unrecognized tax benefits in income tax expense. There were no interest or penalties related to income taxes that have been accrued or recognized as of June 30, 2025 and December 31, 2024.

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Net income (loss) per share attributable to common stockholders

As of periods beginning on or after July 1, 2023, the Company no longer had participating securities other than common stock. As such, the Company no longer was required to calculate earnings per share under the two-class method. Basic net (loss) income per share of common stock from continuing operations attributable to the Company and basic net loss per share of common stock from discontinued operations attributable to the Company are computed by dividing net (loss) income from continuing operations attributable to the Company adjusted for the impact of subsidiary warrants exercisable for little or no cash consideration (“Penny Warrant(s)”) issued by a consolidated subsidiary and net loss from discontinued operations attributable to the Company, respectively, by the weighted-average number of shares of common stock outstanding during the period. Diluted net (loss) income per share of common stock from continuing operations attributable to the Company is computed by giving effect to all potentially dilutive shares of common stock, including stock options, restricted stock units, deferred stock units, performance stock units, and common stock purchase warrants to the extent dilutive under the treasury-stock method, and potential shares of common stock issuable upon conversion of the Company’s convertible note under the if-converted method. Under the if-converted method, net (loss) income from continuing operations attributable to the Company is adjusted by the effect, net of tax, of potentially dilutive shares computed under this method. Contingently issuable shares whose issuance is contingent upon the satisfaction of certain conditions are considered outstanding and included in the computation of diluted net (loss) income per share of common stock from continuing operations attributable to the Company if all necessary conditions have been satisfied by the end of the period or if the end of the period is deemed the end of the contingently issuable shares’ contingency period. In computing potentially dilutive shares of common stock, each class of shares is applied to basic net (loss) income per share of common stock from continuing operations attributable to the Company on a most to least dilutive basis until a particular class no longer produces further dilution, if applicable. Diluted net loss per share of common stock from discontinued operations attributable to the Company is computed by using the same denominator used to calculate diluted net (loss) income per share of common stock from continuing operations attributable to the Company, as previously noted.

Non-controlling interests

Non-controlling interests represent the portion of net assets in consolidated entities that are not owned by the Company and are reported as a component of equity on the Company’s Unaudited Condensed Consolidated Balance Sheets. As of June 30, 2025, non-controlling interests on the Company’s Unaudited Condensed Consolidated Balance Sheets consist of the 19.90% ownership by a non-affiliated party in Far North and 34.31% ownership by non-affiliated parties in American Bitcoin Corp. For more details, refer to Note 3. *Acquisition of American Bitcoin Corp.* and *Non-Controlling interest* section in Note 13. *Stockholders’ equity*.

Note 3. Acquisition of American Bitcoin Corp.

On March 31, 2025, a wholly owned subsidiary of the Company contributed substantially all of the Company’s ASIC miners to American Data Centers Inc. in exchange for an 80% interest in American Data Centers Inc. In connection with the transaction, American Data Centers Inc. was subsequently renamed as American Bitcoin Corp. (“American Bitcoin”). The transaction does not meet the business combination criteria under FASB ASC Topic 805, *Business Combinations*. The net book value of the assets contributed to American Bitcoin was \$121.1 million. The Company recorded a non-cash asset contribution expense of \$22.8 million related to the non-controlling interest portion of the ASIC miners that were contributed. The Company incurred \$1.3 million in transaction costs related to the transaction.

Note 4. Discontinued operations

On March 4, 2024, the Company announced the closure of its Drumheller, Alberta mining site after analysis of the Company’s operations. It was determined that the profitability of the Drumheller site had been impacted significantly by various factors, including elevated energy costs and underlying voltage issues. The Company maintains its lease at the site and will consider re-energizing the site if market conditions improve.

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The table below outlines the results of discontinued operations:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(in USD thousands)	2025	2024	2025	2024
Revenue:				
Compute	\$ —	\$ 2	\$ —	\$ 981
Cost of revenue (exclusive of depreciation and amortization shown below):				
Compute	—	1,546	—	3,895
Operating expenses:				
Depreciation and amortization	—	—	—	169
General and administrative expenses	—	194	—	216
Impairment of long-lived assets	—	—	—	6,065
Total operating expenses	—	194	—	6,450
Loss from discontinued operations before taxes	—	(1,738)	—	(9,364)
Income tax benefit	—	—	—	—
Net loss	<u>\$ —</u>	<u>\$ (1,738)</u>	<u>\$ —</u>	<u>\$ (9,364)</u>

	Six Months Ended	
	June 30,	
(in USD thousands)	2025	2024
Cash flows from Discontinued Operations		
Operating cash flows used in discontinued operations	\$ —	\$ (3,243)

Assets and Liabilities of Discontinued Operations	June 30,	December 31,
(in USD thousands)	2025	2024
Assets	\$ 199	\$ 2,320
Liabilities	1,024	1,699

The Company recorded impairment related to the mining equipment and mining infrastructure at its Drumheller site after the decision to cease operations at the site in March 2024.

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Note 5. Segment information

The following table presents revenue and cost of revenue for the Company's reportable segments, reconciled to the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(in USD thousands)</i>				
Reportable segment revenue:				
Power	\$ 8,849	\$ 10,530	\$ 13,229	\$ 20,468
Digital Infrastructure	15,819	5,264	17,136	11,108
Compute	34,295	15,795	50,413	47,933
Other	—	3,626	—	7,842
Eliminations	(17,664)	—	(17,664)	(395)
Total segment and consolidated revenue	<u>\$ 41,299</u>	<u>\$ 35,215</u>	<u>\$ 63,114</u>	<u>\$ 86,956</u>
Reportable segment cost of revenue (exclusive of depreciation and amortization shown below):				
Cost of revenue – Power	5,635	5,449	9,263	9,082
Cost of revenue – Digital Infrastructure	13,827	4,331	15,386	8,960
Cost of revenue – Compute	17,516	8,670	30,988	26,356
Cost of revenue – Other	—	2,186	—	4,780
Eliminations	(15,202)	—	(15,202)	(395)
Total segment and consolidated cost of revenue	<u>\$ 21,776</u>	<u>\$ 20,636</u>	<u>\$ 40,435</u>	<u>\$ 48,783</u>
Reconciling items:				
Depreciation and amortization	(19,458)	(11,531)	(34,357)	(23,003)
General and administrative expenses	(32,620)	(17,899)	(53,679)	(37,898)
Gains (losses) on digital assets	217,640	(71,842)	105,246	202,732
Gain (loss) on sale of property and equipment	312	—	(2,142)	190
Foreign exchange gain (loss)	3,114	720	3,123	(1,679)
Interest expense	(8,396)	(6,012)	(15,865)	(12,293)
Asset contribution costs	—	—	(22,780)	—
(Loss) gain on derivatives	(18,403)	17,219	2,459	17,219
(Loss) gain on other financial liability	(181)	—	958	—
Equity in earnings of unconsolidated joint venture	1,064	2,440	2,429	6,962
Income tax (provision) benefit	(27,574)	1,874	(7,369)	(2,522)
General and administrative expenses eliminations	2,462	—	2,462	—
Net income (loss) from continuing operations	\$ 137,483	\$ (70,452)	\$ 3,164	\$ 187,881
Loss from discontinued operations (net of income tax benefit of nil, nil, nil, and nil, respectively)	—	(1,738)	—	(9,364)
Net income (loss)	137,483	(72,190)	3,164	178,517
Less: Net (income) loss attributable to non-controlling interest	(171)	324	259	493
Net income (loss) attributable to Hut 8 Corp.	<u>\$ 137,312</u>	<u>\$ (71,866)</u>	<u>\$ 3,423</u>	<u>\$ 179,010</u>

The following table presents summarized information for revenue by geographic area:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(in USD thousands)</i>				
Revenue				
United States	\$ 33,892	\$ 23,095	\$ 47,427	\$ 60,026
Canada	7,407	12,120	15,687	26,930
Total revenue	<u>\$ 41,299</u>	<u>\$ 35,215</u>	<u>\$ 63,114</u>	<u>\$ 86,956</u>

The following table presents summarized information for long-lived assets by geographic area:

	June 30, 2025	December 31, 2024
<i>(in USD thousands)</i>		
United States	\$ 325,801	\$ 156,843
Canada	55,911	64,838
Total Long-Lived Assets	<u>\$ 381,712</u>	<u>\$ 221,681</u>

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Note 6. Digital assets

The following table presents the changes in the carrying amount of digital assets as of June 30, 2024 and June 30, 2025:

<i>(in USD thousands)</i>	Amount
Balance as of December 31, 2023	\$ 388,510
Revenue recognized from Bitcoin mined	31,336
Hosting revenue received in Bitcoin	1,814
Mining revenue earned in prior period received in current period	292
Carrying value of Bitcoin sold	(37,929)
Change in fair value of Bitcoin	274,540
Carrying value of other digital assets sold	(407)
Change in fair value of other digital assets	34
Foreign currency translation adjustments	(9,295)
Balance as of March 31, 2024	\$ 648,895
Revenue recognized from Bitcoin mined	13,914
Hosting revenue received in Bitcoin	1,417
Carrying value of Bitcoin sold	(15,209)
Change in fair value of Bitcoin	(71,842)
Foreign currency translation adjustments	(6,671)
Balance as of June 30, 2024	\$ 570,504
Number of Bitcoin held as of June 30, 2024	9,102
Cost basis of Bitcoin held as of June 30, 2024	\$ 348,213
Realized gains on the sale of Bitcoin for the three months ended June 30, 2024	\$ 3,027
Realized gains on the sale of Bitcoin for the six months ended June 30, 2024	\$ 7,458
Balance as of December 31, 2024	\$ 949,500
Revenue recognized from Bitcoin mined	12,341
Carrying value of Bitcoin sold	(3,433)
Change in fair value of Bitcoin	(112,392)
Foreign currency translation adjustments	1,228
Balance as of March 31, 2025	\$ 847,244
Revenue recognized from Bitcoin mined	30,318
Bitcoin contributed by American Bitcoin non-controlling interests during private placement	10,000
Carrying value of Bitcoin sold	(299)
Change in fair value of Bitcoin	217,646
Foreign currency translation adjustments	38,270
Balance as of June 30, 2025	\$ 1,143,179
Number of Bitcoin held as of June 30, 2025	9,699
Number of Bitcoin pledged to BITMAIN as of June 30, 2025	968
Cost basis of Bitcoin held as of June 30, 2025	\$ 510,071
Realized gains on the sale of Bitcoin for the three months ended June 30, 2025	\$ 76
Realized gains on the sale of Bitcoin for the six months ended June 30, 2025	\$ 904

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The Company's digital assets are either held in segregated custody accounts for the benefit of the Company, held in segregated custody accounts under the Company's ownership and pledged as collateral under a borrowing arrangement or in connection with covered call options sold, or held by BITMAIN for the Bitcoin pledged in connection with the BITMAIN Purchase Agreement (as defined below) for miner purchases from them. The details of the digital assets are as follows:

(in USD thousands)	Amount		Number of digital assets	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Current				
Bitcoin pledged for miner purchase	103,744	92,389	968	968
Total current digital assets – pledged for miner purchase	103,744	92,389	968	968
Non-current				
Bitcoin held in custody	819,194	525,235	7,644	5,648
Total non-current digital assets – held in custody	\$ 819,194	\$ 525,235	7,644	5,648
Non-current				
Bitcoin pledged as collateral	220,241	331,876	2,055	3,555
Total non-current digital assets – pledged as collateral	220,241	331,876	2,055	3,555
Total digital assets	\$ 1,143,179	\$ 949,500	10,667	10,171

In November 2024, the Company entered into a purchase agreement with Bitmain Technologies Delaware Limited (together with its affiliates, "BITMAIN") to purchase approximately 30,000 BITMAIN Antminer S21+ ASIC miners (as amended, the "BITMAIN Purchase Agreement"). In December 2024, in connection with the BITMAIN Purchase Agreement, the Company completed its Bitcoin pledge by depositing 968 Bitcoin into a segregated wallet with BITMAIN, which was originally subject to a three-month redemption right from the shipment date of the purchased ASIC miners, whereby the Company has the option to repurchase, with cash, the pledged Bitcoin at a mutually agreed upon fixed price. If the Company does not exercise this right within the redemption period, BITMAIN will retain full ownership of the pledged Bitcoin as consideration for the purchased ASIC miners. During the six months ended June 30, 2025, the Company amended the redemption period to end during the quarter ending September 30, 2025. In August 2025, the Company amended the redemption period to end during the quarter ending December 31, 2025.

As of June 30, 2025, the Company had pledged 968 Bitcoin with a fair value of \$103.7 million, classified as *Digital assets – pledged for miner purchase* under current assets on its Unaudited Condensed Consolidated Balance Sheets. A corresponding liability of \$100.9 million was recorded under *Miner purchase liability* under current liabilities on the Company's Unaudited Condensed Consolidated Balance Sheets, reflecting its obligation to either redeem the pledged Bitcoin for cash or put it towards the purchase of ASIC miners by not redeeming the pledged Bitcoin at the end of the redemption period.

In accordance with FASB ASC Topic 610-20, *Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets*, the Company assessed the transfer of nonfinancial assets, Bitcoin, under FASB ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Specifically, the Company noted that the Bitcoin pledged to BITMAIN under the BITMAIN Purchase Agreement constitutes a repurchase agreement under ASC 606. As a result, the Bitcoin was not derecognized upon transfer as the Company retains a repurchase option.

Due to the redemption right and the Company's continued economic exposure to the Bitcoin, the pledged Bitcoin is separately classified as *Digital assets – pledged for miner purchase* on the Unaudited Condensed Consolidated Balance Sheets, which represents restricted Bitcoin.

The Company recorded a Bitcoin redemption right derivative asset with an initial fair value of \$15.1 million. See Note 11. *Derivatives* for further information on this derivative asset.

During the period from July 1, 2025 to August 6, 2025, the Company's majority owned subsidiary, American Bitcoin, purchased approximately 1,726 Bitcoin for \$205.6 million, at a weighted average price of approximately \$119,120 per Bitcoin, to further expand its strategic Bitcoin reserve.

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In August 2025, the Company's majority owned subsidiary, American Bitcoin, entered into an On-Rack Sales and Purchase Agreement (the "ABTC BITMAIN Purchase Agreement") with Bitmain Technologies Georgia Limited ("BITMAIN Georgia") to purchase up to approximately 17,280 BITMAIN Antminer U3S21EXPH ASIC miners (collectively, the "BITMAIN Miners") in one or more tranches, representing a total of approximately 14.86 exahash per second ("EH/s"), for a total purchase price of up to approximately \$319.5 million (subject to adjustments, offsets and costs as set forth in the ABTC BITMAIN Purchase Agreement). Concurrently with the signing of the ABTC BITMAIN Purchase Agreement, American Bitcoin purchased 16,299 BITMAIN Miners, representing a total of approximately 14.02 EH/s, for a total purchase price of approximately \$314.0 million, which was reduced by the application of a deposit and certain expenses of approximately \$46.0 million previously paid to BITMAIN Georgia, through the pledge of approximately 2,234 Bitcoin at a mutually agreed upon fixed price. The remaining BITMAIN Miners must be purchased by American Bitcoin within two months of entering into the ABTC BITMAIN Purchase Agreement by paying cash and/or pledging additional Bitcoin. The Bitcoin pledged under the ABTC BITMAIN Purchase Agreement has a redemption period of 24 months from each pledge date.

Note 7. Property and equipment, net

The components of property and equipment were as follows:

<i>(in USD thousands)</i>	June 30, 2025	December 31, 2024
Mining infrastructure	\$ 143,535	\$ 41,308
Miners and mining equipment	164,999	77,486
Data center infrastructure	16,648	11,058
Computer and network equipment	9,115	8,025
Right-of-use assets - Finance lease	27,799	26,412
Leasehold improvements	1,963	680
Land and land improvements	18,752	263
Power plant assets	13,735	13,070
AI GPUs	42,573	39,324
Construction in progress	26,430	55,918
Property and equipment, gross	465,549	273,544
Less: Accumulated depreciation	(83,837)	(51,863)
Property and equipment, net	<u>\$ 381,712</u>	<u>\$ 221,681</u>

Depreciation and amortization expense related to property and equipment was \$18.6 million and \$10.5 million for the three months ended June 30, 2025 and June 30, 2024, respectively.

Depreciation and amortization expense related to property and equipment was \$32.6 million and \$21.4 million for the six months ended June 30, 2025 and June 30, 2024, respectively.

Louisiana Land Purchase

In February 2025, the Company purchased 592 acres of land in West Feliciana Parish, Louisiana for \$18.1 million in cash consideration.

Impairment of long-lived assets

On March 6, 2024, the Company announced the closure of its Drumheller site in Alberta, Canada. The Company further assessed the profitability of the site which indicated that an impairment triggering event had occurred. Accordingly, with the closure of the Drumheller site, the long-lived assets of the site were fully written down. This resulted in a write down of \$6.1 million, which is reflected in the *Loss from discontinued operations* in the Company's Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the six months ended June 30, 2024.

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There is considerable management judgment necessary to determine the estimated future cash flows and fair values of the Company's long-lived assets, and, accordingly, actual results could vary significantly from such estimates, which fall under Level 3 within the fair value measurement hierarchy (see discussion of fair value measurements in Note 2. *Basis of presentation, summary of significant accounting policies and recent accounting pronouncements*).

Note 8. Deposits and prepaid expenses

The components of deposits and prepaid expenses are as follows:

<i>(in USD thousands)</i>	June 30, 2025	December 31, 2024
Current		
Miner purchase option	45,964	31,951
Prepaid insurance	2,143	4,359
Prepaid electricity	10,323	3,885
Deposits for infrastructure purchases	7,473	7,660
Other deposits	5,239	4,824
Total current deposits and prepaid expenses	\$ 71,142	\$ 52,679
Non-current		
Deposits related to electricity supply under electricity supply agreement	7,109	7,279
Lease deposits	2,098	—
Other	265	607
Total non-current deposits and prepaid expenses	\$ 9,472	\$ 7,886
Total deposits and prepaid expenses	\$ 80,614	\$ 60,565

Note 9. Investments in unconsolidated joint venture

On November 25, 2022, a subsidiary of the Company acquired a 50% membership interest in TZRC LLC ("TZRC"), an early stage operator of vertically integrated digital asset mining and power facilities (the "Acquired Interests"). The transaction closed on December 6, 2022.

The consideration paid by the Company's subsidiary for the acquisition of the Acquired Interests consisted of \$10.0 million of cash and the assumption of a senior secured promissory note (the "TZRC Secured Promissory Note") with a fair value estimate as of the transaction date of approximately \$95.1 million. See Note 10. *Loans, notes payable, and other financial liabilities* for a discussion of the TZRC Secured Promissory Note.

TZRC is a two-member operating joint venture where both members jointly control the essential areas of the entity's business. The purpose of TZRC is to develop, construct, install, own, finance, rent, and operate one or more modular data centers located on or near renewable power sources for purposes of digital asset mining. The entity self-mines and provides hosting services. The Company assumed the role of property manager under a property management agreement ("PMA") to provide day-to-day management and oversight services of TZRC's data center facilities. The service contract has a term of 10 years and is automatically renewed for successive one-year terms unless either party provides written notice of non-renewal. As property manager, the Company is entitled to approximately \$1.5 million per year, subject to downward adjustment based on capacity utilization of TZRC's data centers. In addition, the PMA allows pass through costs on behalf of the Company, such as payroll and other incidental costs. Pass through costs for the three months ended June 30, 2025 and June 30, 2024 were approximately \$0.8 million and \$0.6 million, respectively. Pass through costs for the six months ended June 30, 2025 and June 30, 2024 were approximately \$1.4 million and \$1.0 million, respectively.

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The Company accounts for its indirect 50% interest in TZRC using the equity method of accounting. For the three months ended June 30, 2025 and June 30, 2024, the Company recorded its ownership percentage of income of TZRC within *Equity in earnings of unconsolidated joint venture* in the Company's Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for \$0.7 million of net loss and \$0.7 million of net income, respectively. For the six months ended June 30, 2025 and June 30, 2024, the Company recorded \$1.1 million of net loss and \$3.5 million of net income, respectively. The carrying value of the Company's investment in TZRC was \$84.4 million and \$82.0 million as of June 30, 2025 and December 31, 2024, respectively, and is included in the Company's Unaudited Condensed Consolidated Balance Sheets.

A summarized consolidated income statement for TZRC during the three and six months ended June 30, 2025 and June 30, 2024 are as follows:

Condensed Consolidated Income Statements				
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
<i>(in USD thousands)</i>	2025	2024	2025	2024
Total revenue, net	\$ 30,532	\$ 33,046	\$ 64,445	\$ 74,240
Gross profit	14,472	17,726	29,305	39,321
Net (loss) income	(1,358)	1,394	(2,114)	6,952
Net (loss) income attributable to investee	(679)	697	(1,057)	3,476

A summarized consolidated balance sheet for TZRC as of June 30, 2025 and December 31, 2024 follows:

Condensed Consolidated Balance Sheets			
	June 30,		December 31,
	2025		2024
<i>(in USD thousands)</i>			
Cash	\$ 107,096		\$ 87,497
Total current assets	115,784		94,802
Property and equipment, net	68,529		97,519
Total other assets	34,391		34,489
Current liabilities	28,071		32,978
Noncurrent liabilities	13,003		14,087
Members equity	177,630		179,744

Note 10. Loans, notes payable, and other financial liabilities

Details of the Company's loans, notes payable, and other financial liabilities are as follows:

<i>(in USD thousands)</i>	Issuance Date	Maturity Date	Interest Rate	June 30,	December 31,
				2025	2024
<i>TZRC Secured Promissory Note</i>					
December 6, 2022	April 8, 2027	15.25 %	\$	90,784	\$ 84,211
<i>Coinbase Credit Facility</i>					
June 26, 2023	June 16, 2026	9.00 ⁽¹⁾ %		65,000	65,000
<i>Coatue Note (convertible note)</i>					
June 28, 2024	June 28, 2029	8.00 %		159,287	153,100
<i>Other financial liability</i>					
	(2)	(2)		2,542	—
Total principal balance				317,613	302,311
Less: unamortized discount and deferred financing costs				(1,504)	(1,726)
Total carrying amount				\$ 316,109	\$ 300,585
Less: current portion				64,938	64,965
Long-term portion				\$ 251,171	\$ 235,620

(1) The interest rate as of December 31, 2024 for the Coinbase credit facility was 10.50%.

(2) See *Other financial liability* below for additional information.

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The following table outlines maturities of our long-term debt, including the current portion, as of June 30, 2025:

(in USD thousands)

Year ending December 31,	
2025 (excluding the six months ended June 30, 2025)	\$ —
2026	65,000
2027	90,784
2028	—
2029	159,287
Thereafter	—
Total	\$ 315,071

During the three months ended June 30, 2025 and June 30, 2024, total principal payments of the Company's debt, exclusive of debt extinguishment, were nil and \$2.9 million, respectively. During the three months ended June 30, 2025 and June 30, 2024, the Company recorded amortization of debt issuance costs, included in interest expense, of \$0.1 million and \$1.3 million, respectively. During the three months ended June 30, 2025 and June 30, 2024, interest expense was \$8.2 million and \$6.0 million, respectively.

During the six months ended June 30, 2025 and June 30, 2024, total principal payments of the Company's debt, exclusive of debt extinguishment, were nil and \$32.3 million, respectively. During the six months ended June 30, 2025 and June 30, 2024, the Company recorded amortization of debt issuance costs, included in interest expense, of \$0.2 million and \$2.8 million, respectively. During the six months ended June 30, 2025 and June 30, 2024, interest expense was \$16.4 million and \$12.3 million, respectively.

The Company accounts for all of its loans and notes payable in accordance with FASB ASC Topic 470-20, *Debt with Conversion and Other Options* ("ASC 470"), ASC 815, and ASC 480. The Company evaluated all of its loans and notes payable to determine if there were any embedded components that qualified as derivatives to be separately accounted for.

TZRC Secured Promissory Note

A subsidiary of the Company assumed the TZRC Secured Promissory Note with an estimated fair value amount as of the date of investment of approximately \$95.1 million as part of the consideration paid to acquire an equity membership interest in TZRC. The estimated fair value represents a discount of approximately \$1.7 million from the carryover basis of the TZRC Secured Promissory Note. The discount is being amortized over the term of the TZRC Secured Promissory Note into interest expense.

The stated interest on the TZRC Secured Promissory Note accrues at a rate per annum equal to the lesser of (a) a varying rate per annum equal to the sum of (i) the prime rate as published in The Wall Street Journal, plus (ii) 12.0% per annum, (b) 15.25% per annum and (c) the maximum rate of non-usurious interest permitted by law. The Company's subsidiary has the option to defer the interest until maturity of the note under a paid-in-kind ("PIK") payment option. The Company's subsidiary elected to apply the PIK payment option. Accordingly, interest increases the principal amount of the TZRC Secured Promissory Note. PIK interest is payable upon maturity of the note in April 2027, unless or until any portion or all of the TZRC Secured Promissory Note is prepaid under the prepayment option discussed below. The Company's subsidiary is also subject to post-default interest of an additional 2% upon occurrence of an event of default. The higher interest rate applies from the date of non-payment until such amount is paid in full. As of June 30, 2025 and December 31, 2024, the interest rate on the TZRC Secured Promissory Note was 15.25%.

The Company's subsidiary has the option to prepay the TZRC Secured Promissory Note in whole or in part without premium or penalty. There are no required minimum monthly payments. When distributions are made from TZRC to the Company's subsidiary, the Company uses 100% of those funds to immediately pay down the TZRC Secured Promissory Note. Any prepayment would be accompanied by all accrued and unpaid interest on the principal amount prepaid. The TZRC Secured Promissory Note is secured by a first priority security interest in the Company's membership interest in TZRC. The Company is not a guarantor of the TZRC Secured Promissory Note, and there is no recourse to the Company.

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As of June 30, 2025, approximately \$90.8 million in principal and PIK interest, exclusive of a \$0.7 million discount, was outstanding under the TZRC Secured Promissory Note, with payment of principal and PIK interest due upon the first to occur of (a) the date that is five years from origination on April 8, 2022, (b) the date of any event of dissolution of TZRC, and (c) the date of the closing of certain events specified in TZRC's governing documents.

Coinbase credit facility

A subsidiary of the Company is party to a credit facility with Coinbase Credit, Inc. ("Coinbase"). The original credit facility was established on June 26, 2023 (the "Original Credit Facility") and was amended and restated on each of January 12, 2024 and June 17, 2024. The Original Credit Facility provided for an interest rate of 5.0% plus the greater of (i) the US Federal Funds Target Rate – Upper Bound and (ii) 3.25%. The Original Credit Facility provided for up to \$50.0 million in loans pursuant to drawdowns made available in three tranches: \$15.0 million available from loan inception to 15 business days thereafter, \$20.0 million available starting 30 calendar days after loan inception to 15 business days thereafter, and \$15.0 million available the day after November 30, 2023 and 15 business days thereafter. On or prior to a drawdown, the Company's subsidiary was required to pledge, as collateral, Bitcoin with a custodian, Coinbase Custody Trust Company, LLC, to be held in a segregated custody account under the Company subsidiary's ownership, such that the loan-to-value ("LTV") ratio of principal outstanding amount of the loan and the fair value of collateral is equal to or less than 60%. If the value of the collateral under the credit facility decreased past a specified margin, the Company's subsidiary may have been required to post additional Bitcoin as collateral.

On January 12, 2024, the Coinbase credit facility was amended and restated (the "First Amended and Restated Credit Agreement") to, among other things, allow for a drawdown of a fourth tranche of \$15.0 million, which the Company drew on January 12, 2024. Under the terms of the First Amended and Restated Credit Agreement, borrowed amounts bore interest at a rate equal to (a) the greater of (i) the US Federal Funds Target Rate – Upper Bound on the date of the applicable borrowing and (ii) 3.25%, plus (b) 5.0%. The First Amended and Restated Credit Agreement additionally established a right for Coinbase to deliver a partial prepayment notice to the Company's subsidiary if the price of Bitcoin on Coinbase's digital currency exchange platform (the "Prevailing Market Value") was less than the higher of (x) \$25,000 and (y) 60% of the Prevailing Market Value on the effective date of the First Amended and Restated Credit Agreement, requiring the Borrower to prepay \$15.0 million in principal as well as any accrued and unpaid interest. The Company guaranteed certain of its subsidiary's obligations under the First Amended and Restated Credit Agreement.

On June 17, 2024, the Company entered into a second amended and restated credit agreement (the "Second Amended and Restated Credit Agreement") with Coinbase. The Second Amended and Restated Credit Agreement extended the final maturity date to June 16, 2025, modified the LTV thresholds for a margin call, margin release or breach of the Second Amended and Restated Credit Agreement, and modified the interest rate to a rate equal to (a) the greater of (x) the federal funds rate on the date of the applicable borrowing and (y) 3.25%, plus (b) 6.0%. Under the terms of the Second Amended and Restated Credit Agreement there was no guaranty by the Company of its subsidiary's obligations. The Second Amended and Restated Credit Agreement also removes the right for Coinbase to deliver a partial repayment notice to Company if the Prevailing Market Value was less than the higher of (x) \$25,000 and (y) 60% of the Prevailing Market Value on the effective date of the First Amended and Restated Credit Agreement.

On June 16, 2025, the Company entered into a third amended and restated credit agreement (the "Third Amended and Restated Credit Agreement") with Coinbase. The Third Amended and Restated Credit Agreement amended and restated the Second Amended and Restated Credit Agreement to, among other things: (i) extend the final maturity date to June 16, 2026; (ii) increase the principal amount by up to \$65.0 million of additional borrowings available through July 30, 2025, if any, resulting in a total principal amount of up to \$130.0 million; (iii) modify the interest rate such that amounts that are borrowed will bear interest at a rate equal to 9.0%; (iv) remove the right for Coinbase to receive an early termination fee for any repayment or prepayment by the Company prior to the final maturity date. The remaining material terms in the Third Amended and Restated Credit Agreement, including payment terms and acceleration provisions, remained in line with the terms included in the Second Amended and Restated Credit Agreement. Subsequent to June 30, 2025, the Company amended the Third Amended and Restated Credit Agreement with Coinbase to extend the availability period of additional principal borrowings from through July 30, 2025 to through the credit agreement's final maturity date of June 16, 2026. As a part of this amendment, from September 30, 2025 to the final maturity date of this credit agreement, a 1.5% per annum commitment fee will be charged on any undrawn amounts.

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As of June 30, 2025, the Company has \$65.0 million outstanding with Coinbase under the Third Amended and Restated Credit Agreement, exclusive of deferred financing costs of \$0.06 million.

Coatue Note (convertible note)

On June 21, 2024, the Company entered into a Convertible Note Purchase Agreement (the “Purchase Agreement”) with Coatue Tactical Solutions Lending Holdings AIV 3 LP (the “Coatue Fund”), and a subsidiary of the Company (the “Guarantor”) providing for the purchase and sale of a convertible note (the “convertible note”) in the principal amount of \$150.0 million (such amount, together with any PIK interest accrued from time to time, the “Accreted Principal Amount”). The convertible note is a senior unsecured obligation of the Company and guaranteed by the Guarantor pursuant to a Guaranty Agreement. On June 28, 2024, the Company issued the convertible note to the Coatue Fund.

The convertible note bears interest at a rate of 8.00% per year, payable quarterly in arrears on each March 31, June 30, September 30, and December 31, commencing September 30, 2024. Interest may be PIK or paid in cash, at the Company’s option. The convertible note will have an initial term of five years and may be extended, at the Company’s option, for up to three additional one-year terms. At maturity, the Company will pay the Coatue Fund the Accreted Principal Amount, together with any accrued and unpaid interest thereon.

During the term of the convertible note, the convertible note is convertible from time to time, in whole or in part, into shares of the Company’s common stock at the option of the Coatue Fund. The initial conversion price of the convertible note is \$16.395 per share of common stock, subject to certain anti-dilution adjustments.

The Coatue Fund will have the right to require the Company to repurchase all, but not less than all, of the convertible note upon a change of control or a delisting on a U.S. stock exchange. If the implied valuation of such event is at least \$11.50 per share of the Company’s common stock, the mandatory redemption price will be 150% of the original principal amount of the convertible note (“Contingent Repurchase Right”), and if the implied valuation of such event is less than \$11.50 per share of the Company’s common stock, the redemption price will be equal to the Accreted Principal Amount, together with any accrued and unpaid interest as of the redemption date.

Beginning on the two-year anniversary of the convertible note’s issuance and continuing until its maturity, the Company has the right, from time to time, to redeem all or any portion of the convertible note for a redemption price equal to 100% of the Accreted Principal Amount, together with any accrued and unpaid interest as of the redemption date if (i) the closing price of the Company’s common stock equals or exceeds 150% of the then-applicable conversion price for a specified period of time and (ii) there is an effective registration statement covering the resale of any shares of the Company’s common stock issued upon conversion of the convertible note or, in the alternative, the shares of the Company’s common stock issuable pursuant to the convertible note to the extent the Coatue Fund converts at the time would be freely tradable by the Coatue Fund pursuant to Rule 144 under the U.S. Securities Act of 1933, as amended (including without any restriction on volume), subject to a daily redemption limitation such that the number of shares of the Company’s common stock into which the Accreted Principal Amount to be redeemed would be converted does not exceed, after giving effect to such conversion, 100% of the average daily trading volume of the Company’s common stock calculated over a specified period of time.

The Purchase Agreement includes certain representations, warranties, and covenants, including limitations on the ability of the Company and the Guarantor to incur indebtedness, make certain restricted payments and investments, and enter into affiliate transactions, subject to certain exceptions enumerated in the Purchase Agreement. The Company may consummate a transaction restricted by the foregoing covenants without the Coatue Fund’s consent, so long as it substantially concurrently and as a condition thereto repurchases the convertible note in full from the Coatue Fund for an amount in cash equal to the greater of (i) 120% of the original principal amount of the convertible note and (ii) the Accreted Principal Amount, plus accrued and unpaid interest to the date of such repurchase. The Purchase Agreement also sets forth certain standard events of default upon which the convertible note may be declared immediately due and payable.

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The remaining debt host contract is discounted by the initial fair value of the separated embedded derivative from convertible note of nil and is offset by issuance costs. The debt host contract of the convertible note is subsequently measured at amortized cost, and the debt discount and issuance costs are amortized to interest expense over the expected term of the host contract using the effective interest method. The convertible note has an effective interest rate of 8.23% and its contractual interest expense was \$3.1 million and \$6.2 million for the three and six months ended June 30, 2025, respectively. The amortization of debt discount and issuance costs for the three and six months ended June 30, 2025 was \$0.03 million and \$0.06 million, respectively. As of June 30, 2025, the convertible note had an outstanding principal amount of \$159.3 million inclusive of PIK interest accrued, unamortized debt discount and issuance costs of \$0.7 million, net carrying amount of \$158.5 million, and fair value of \$216.3 million. The fair value of the convertible note is estimated using the same method and inputs as the separated embedded derivative from convertible note as disclosed in Note 11. *Derivatives*. The Company determined that the convertible note is a Level 3 liability given an unobservable input is included in its valuation. The separated embedded derivative from convertible note was initially recorded at nil. See Note 11. *Derivatives* for a discussion of the separated embedded derivative from convertible note.

Other financial liability

In February 2025, a consolidated subsidiary of the Company entered into a simple agreement for future equity (“SAFE agreement”) for a purchase amount of \$3.5 million with a related party entity controlled by a person related to a member of the issuing subsidiary’s management. Pursuant to the terms of the SAFE agreement, on the closing of equity financing while the SAFE agreement is outstanding, the SAFE agreement will automatically convert into the number of shares of preferred stock of the subsidiary equal to the purchase amount divided by the lowest price per share of the Standard Preferred Stock (as defined in the SAFE agreement). The SAFE agreement was classified as a liability pursuant to ASC 480. The SAFE agreement is subject to revaluation at the end of each reporting period, with changes in its fair value recognized in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

As of June 30, 2025, solely for the purposes of estimating the fair value of the SAFE agreement, the Company estimated an equity conversion probability of 70% within 12 months and a SAFE agreement liquidity event probability of 30% within 36 months. The Company also included the following inputs in estimating the fair value of the SAFE agreement using the PWERM:

	June 30, 2025
Risk-free interest rate	3.7% - 4.1 %
Credit spread	25.20 %

The following table provides a summary of activity and change in fair value of the SAFE agreement (Level 3 liability):

<i>(in USD thousands)</i>	<u>Three Months Ended</u> <u>June 30, 2025</u>	<u>Six Months Ended</u> <u>June 30, 2025</u>
Balance, beginning of period	\$ 2,361	\$ —
Additions	—	3,500
Change in fair value	181	(958)
Balance, end of period	<u>\$ 2,542</u>	<u>\$ 2,542</u>

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Note 11. Derivatives

The following table presents the Company's Unaudited Condensed Consolidated Balance Sheets classification of derivatives carried at fair value:

(in USD thousands)		June 30, 2025		December 31, 2024	
Derivative	Balance Sheet Line	Asset	Liability	Asset	Liability
Derivatives not designated as hedging instruments:					
Bitcoin redemption option	Derivative asset	\$ 3,096	\$ —	\$ 18,076	\$ —
Covered call options	Derivative liability	—	1,807	—	18,437
Total derivatives		<u>\$ 3,096</u>	<u>\$ 1,807</u>	<u>\$ 18,076</u>	<u>\$ 18,437</u>

The following table presents the effect of derivatives on the Company's Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss):

(in USD thousands)		Three Months Ended		Six Months Ended	
Derivative	Statement of Operations Line	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Derivatives not designated as hedging instruments:					
Bitcoin redemption option	(Loss) gain on derivatives	\$ (18,301)	\$ —	\$ (14,980)	\$ —
Covered call options	(Loss) gain on derivatives	(102)	17,219	17,439	17,219
Total derivatives		<u>\$ (18,403)</u>	<u>\$ 17,219</u>	<u>\$ 2,459</u>	<u>\$ 17,219</u>

Bitcoin redemption option

During December 2024, the Company pledged approximately 968 Bitcoin with BITMAIN in connection with a purchase of approximately 30,000 BITMAIN Antminer S21+ ASIC miners. The Company has the option to redeem the pledged Bitcoin at a mutually agreed upon price, which started from the shipment date of the purchased ASIC miners and originally ended three months thereafter. The Company loses the right to redeem the pledged Bitcoin should the Company not redeem them by the end of the redemption period. During the six months ended June 30, 2025, the Company amended the redemption period to end during the quarter ending September 30, 2025. In August 2025, the Company amended the redemption period to end during the quarter ending December 31, 2025. The amount of Bitcoin that can be redeemed is pro-rata of the percentage of miners shipped on a compute power (hashrate) basis. The Company accounted for this Bitcoin redemption option as a Level 2 derivative asset as noted in Note 2. *Basis of presentation, summary of significant accounting policies and recent accounting pronouncements – Derivatives*. The Company previously accounted for this Bitcoin redemption option as a Level 3 derivative asset as of December 31, 2024 due to a significant unobservable input included in the fair value estimate of the Bitcoin redemption option, which was the estimated shipment date of the purchased ASIC miners. During the six months ended June 30, 2025, the shipment date was finalized and therefore was no longer an unobservable input.

The following table provides a summary of activity and change in fair value of the Company's Bitcoin redemption option (previously a Level 3 derivative asset):

(in USD thousands)	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
Balance, beginning of period	\$ —	\$ 18,076
Transfer out of Level 3 ⁽¹⁾	—	(18,076)
Balance, end of period	<u>\$ —</u>	<u>\$ —</u>

⁽¹⁾ The Bitcoin redemption option was transferred out of Level 3 during the six months ended June 30, 2025 due to changes in the observability of inputs used in the valuation.

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Covered call options

As noted in Note 2. *Basis of presentation, summary of significant accounting policies and recent accounting pronouncements – Derivatives*, the Company has sold covered call options on Bitcoin to generate cash flow on a portion of its digital assets. The Company has pledged Bitcoin as collateral with one of its digital asset custodians, in a quantity equal to the notional amount, for these covered call options sold. The collateral is returned to the Company should the covered call options expire with the underlying reference price below their strike price. The covered call options are only exercisable upon the date of expiry, are automatically exercised if the underlying reference price is greater than the strike price of the call option, and are settled with delivery of the underlying Bitcoin. The reference price is the Coinbase exchange Bitcoin price quoted in U.S. dollars. Covered call options are carried at fair value and are Level 2 liabilities as noted in Note 2. *Basis of presentation, summary of significant accounting policies and recent accounting pronouncements – Fair value measurement*. During the six months ended June 30, 2025, covered call options on 1,500 Bitcoin notional expired with the underlying reference price below their strike price and the Company recorded a gain of \$12.1 million. During the six months ended June 30, 2025, the Company rolled a covered call option on 500 Bitcoin notional for a covered call option on the same Bitcoin notional by exchanging its previously outstanding call option for a new call option. As a result of the roll, the Company received \$0.8 million in cash and recorded a gain of \$4.2 million. In July 2025, the Company sold an additional covered call option on 1,000 Bitcoin notional with the same features as above; this call option was rolled forward to a later expiry date for nil premium on the same Bitcoin notional.

Separated embedded derivative from convertible note

In June 2024, as noted in Note 2. *Basis of presentation, summary of significant accounting policies and recent accounting pronouncements – Convertible instruments* and Note 10. *Loans, notes payable, and other financial liabilities*, the Company issued a convertible note with embedded derivatives and separated the Contingent Repurchase Right embedded derivative. The separated embedded derivative from convertible note was separated from its debt host contract and was accounted for as a derivative liability carried at fair value in accordance with ASC 815. As noted in Note 2. *Basis of presentation, summary of significant accounting policies and recent accounting pronouncements – Fair value measurement*, the separated embedded derivative from convertible note is a Level 3 liability. A significant unobservable input included in the fair value estimate of the separated embedded derivative from convertible note is management's estimate of the Contingent Repurchase Right's probability of occurrence, which was remote as at inception and June 30, 2025. As such, the initial fair value of the separated embedded derivative from convertible note was nil and the fair value as of June 30, 2025 was nil.

As of June 30, 2025, the Company estimated the fair value of the separated embedded derivative from convertible note using the PDE Model with the following inputs and inputs noted in the paragraph above:

	June 30, 2025
Dividend yield	— %
Implied volatility	80.80 %
Risk-free interest rate	3.90 %
Credit spread	18.70 %

The following table provides a summary of activity and change in fair value of the Company's separated embedded derivative from convertible note (Level 3 derivative liability), and there was no activity during the three and six months ended June 30, 2024:

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
<i>(in USD thousands)</i>		
Balance, beginning of period	\$ —	\$ —
Balance, end of period	\$ —	\$ —

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Note 12. Leases

The Company's operating leases are for its offices, mining facilities, and data centers. The Company's subsidiaries also have finance leases, which are primarily related to equipment used at its data centers and the power plant located in Iroquois Falls, Ontario. The Company indirectly owns four natural gas power plants in Ontario, Canada, through an 80.1% interest in a joint venture entity, Far North Power Corp. (the "Far North JV").

The following table shows the right-of-use assets and lease liabilities as of June 30, 2025 and December 31, 2024:

<i>(in USD thousands)</i>	June 30, 2025	December 31, 2024
Right-of-use assets:		
Operating leases	\$ 20,057	\$ 20,593
Finance leases	19,456	19,770
Total right-of-use assets	\$ 39,513	\$ 40,363
Lease liabilities:		
Operating leases	\$ 20,816	\$ 21,364
Finance leases	25,070	23,700
Total lease liabilities	\$ 45,886	\$ 45,064

A subsidiary of the Company entered into a sale-leaseback transaction with Macquarie as part of the Far North JV transaction. The finance lease related to the power plant in Iroquois Falls, Ontario is secured by the assets that exist at the power plant. As per the stated terms of the finance lease, there is a mandatory prepayment of base rent when there are net cash proceeds in the event of a (1) cash sweep – when there is excess cash in the Far North JV in respect of each fiscal quarter, (2) equity issuance – all net cash proceeds from any equity issuances shall be applied to prepay base rent, (3) disposition of property – all net cash proceeds from the disposition of property shall be applied to prepay base rent, (4) insurance and expropriation – in the event net cash proceeds are received from the expropriation of its property or assets, or insurance policies in respect of its property or assets, and are greater than a certain insurance threshold, it shall be applied to prepay base rent, and (5) harmonized sales tax (consumption tax in Canada) refunds – all net cash proceeds of any harmonized sales tax refunds shall be applied according to priority payments set forth in the lease agreement and then applied to prepay base rent.

The lease agreement underlying the sale-leaseback transaction, as amended, included lease deferrals at a subsidiary of the Far North JV's election whereby if a deferral was elected, the Far North JV would issue subsidiary Penny Warrants to the lessor as an additional lease payment. During the six months ended June 30, 2025, the subsidiary of the Far North JV elected to defer lease payments and issued 2,000,000 subsidiary Penny Warrants. See Note 13. *Stockholders' equity* for further information on the subsidiary Penny Warrants. Upon elections to defer lease payments, the subsidiary of the Far North JV determined that the contingency upon the non-cash variable lease payments, being the subsidiary Penny Warrants, was resolved. As such, the non-cash variable lease payments were then included as lease payments under the lease and the subsidiary of the Far North JV remeasured the associated lease liability to reflect these lease payments with a corresponding adjustment to the associated right-of-use asset.

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The Company's lease costs are comprised of the following:

(in USD thousands)	Three Months Ended		Six Months Ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Operating leases				
Operating lease cost	\$ 1,275	\$ 586	\$ 2,478	\$ 1,253
Variable lease cost	242	255	479	517
Operating lease expense	1,517	841	2,957	1,770
Short-term lease expense	200	69	283	95
Total operating lease expense	1,717	910	3,240	1,865
Finance leases				
Amortization of financed assets	1,471	187	2,897	374
Interest on lease obligations	641	20	1,292	42
Total finance lease expense	2,112	207	4,189	416
Total lease expense	\$ 3,829	\$ 1,117	\$ 7,429	\$ 2,281

The following table presents supplemental lease information:

(in USD thousands)	Six Months Ended	
	June 30, 2025	June 30, 2024
Operating cash outflows – operating leases	\$ 2,512	\$ 1,400
Operating cash outflows – finance leases	\$ 425	\$ 42
Financing cash outflows – finance leases	\$ 970	\$ 359
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 197	\$ —
Right-of-use assets obtained in exchange for finance lease liabilities	\$ —	\$ 24,672

(in USD thousands)	Six Months Ended	
	June 30, 2025	June 30, 2024
Weighted-average remaining lease term – operating leases	8.3	10.8
Weighted-average remaining lease term – finance leases	3.8	4.3
Weighted-average discount rate ⁽¹⁾ – operating leases	11.6 %	11.2 %
Weighted average discount rate – finance leases	10.0 %	9.9 %

⁽¹⁾ The Company's operating leases do not provide an implicit rate, therefore the Company uses the incremental borrowing rate at the lease commencement date in determining the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis for similar assets over the term of the lease.

The following table presents the Company's future minimum operating lease payments as of June 30, 2025:

(in USD thousands)	Operating Leases
Remainder of 2025	\$ 2,623
2026	5,071
2027	4,799
2028	4,444
2029	3,380
Thereafter	13,231
Total undiscounted lease payments	33,548
Less present value discount	(12,732)
Present value of operating lease liabilities	<u>\$ 20,816</u>

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The following table presents the Company's future minimum finance lease payments as of June 30, 2025:

<i>(in USD thousands)</i>	Finance Leases
Remainder of 2025	\$ 4,217
2026	9,188
2027	6,891
2028	6,891
2029	2,767
Thereafter	—
Total undiscounted lease payments	29,954
Less present value discount	(4,884)
Present value of finance lease liabilities	\$ 25,070

Note 13. Stockholders' equity

Authorized shares

The Company's certificate of incorporation, as amended, authorized 1,000,000,000 shares of common stock, par value of \$0.01 per share, and 25,000,000 shares of preferred stock, par value of \$0.01 per share.

Common stock

At-the-Market Offering ("2024 ATM") and Stock Repurchase Programs

On December 4, 2024, the Company entered into a Controlled Equity Offering Sales Agreement to establish an at-the-market equity program, allowing the Company to offer and sell up to \$500.0 million of its common stock from time to time. Concurrently, the Company launched a \$250.0 million stock repurchase program enabling the Company to repurchase up to 4,683,936 shares of its common stock (representing 5.0% of the Company's issued and outstanding common stock as of December 4, 2024) within twelve months of launch. During the six months ended June 30, 2025, the Company issued and sold 4,205,019 shares of its common stock under the 2024 ATM for gross proceeds of \$113.1 million, incurred issuance costs of \$1.1 million, and repurchased nil shares of its common stock under the stock repurchase program. During the period from July 1, 2025 to August 6, 2025, the Company issued and sold 1,000,000 shares of its common stock under the 2024 ATM for gross proceeds of \$21.1 million and incurred issuance costs of \$0.2 million.

Common stock warrants

In connection with the business combination of Hut 8 Mining Corp. ("Legacy Hut") and U.S. Data Mining Group, Inc. ("USBTC") on November 30, 2023 (the "Business Combination"), warrants to purchase Legacy Hut common shares outstanding immediately before the Business Combination were assumed by the Company. Post-Business Combination, the warrants are entitled to receive, upon exercise, in lieu of Legacy Hut common shares, shares of common stock of the Company at an exchange ratio of 0.2000, rounded down to the nearest whole share at a warrant agreement level if applicable, and at an exercise price of the original exercise price divided by the exchange ratio of 0.2000, rounded up to the nearest whole cent if applicable. The warrants include a net share settlement clause at the discretion of the warrant holder, which may result in a variable number of shares being issued for a fixed price due to the use of a certain volume-weighted average price of shares. The Company accounts for its warrants as equity instruments based on the specific terms of the relevant warrant agreements and has recorded them in additional paid-in capital in equity based on their fair value on the date of assumption. The warrants are valued at inception, upon events such as an exercise, and at subsequent reporting periods if applicable. The classification of the warrants, including whether such instruments should be recorded as liabilities, is reassessed at the end of each reporting period. The fair value of each warrant is estimated on the date of issuance or assumption using the Black-Scholes pricing model.

The warrants assumed in the Business Combination expire on September 17, 2026.

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Transactions involving the Company's equity-classified warrants are summarized as follows:

<i>(in thousands, except share and per share amounts)</i>	Number of shares	Weighted average exercise price (per share)	Weighted average remaining contractual life (in years)
Outstanding as of December 31, 2024	1,895	\$ 53.45	1.70
Outstanding as of June 30, 2025	1,895	\$ 53.45	1.20

Non-Controlling interest

During the six months ended June 30, 2025, American Bitcoin entered into a Common Stock Purchase Agreement (the "Purchase Agreement") for a private placement (the "Private Placement") with certain accredited investors (collectively, the "Purchasers"). Pursuant to the Purchase Agreement, American Bitcoin agreed to sell and issue to the Purchasers shares of its Class A common stock, par value \$0.0001 per share (the "ABTC Shares"), for gross proceeds of \$200.0 million (up to maximum gross proceeds of \$250.0 million to satisfy oversubscriptions). The closing of the Private Placement occurred on June 27, 2025. At the closing, American Bitcoin sold and issued 11,002,954 ABTC Shares for aggregate gross proceeds in cash and Bitcoin (as described below) of \$220.1 million, and aggregate net proceeds of approximately \$215.3 million after deducting certain fees and expenses incurred in connection with the Private Placement, including aggregate commissions of \$4.8 million. \$10.0 million worth of ABTC Shares were sold for consideration of Bitcoin in lieu of cash at an exchange rate of one Bitcoin to \$104,000. Accordingly, the Company recorded \$122.6 million to additional paid-in capital, representing the portion of the Private Placement attributable to the Company, and \$92.7 million to non-controlling interest, representing the portion attributable to the non-controlling interest.

Subsidiary Penny Warrants

During the six months ended June 30, 2025, the Far North JV, a consolidated subsidiary of the Company, issued 2,000,000 Penny Warrants with an exercise price of less than one penny per share. These subsidiary Penny Warrants represent approximately 10% of Far North JV's common stock outstanding on a non-diluted basis as of June 30, 2025, expire three years from issuance date, and entitle the holder to receive shares of a class of common stock of Far North JV upon exercise. All classes of common stock of Far North JV have equal rights to earnings on a per share basis. The Company accounts for its subsidiary's Penny Warrants as equity instruments based on the specific terms of the subsidiary Penny Warrant agreements, and has recorded them in additional paid-in capital in equity based on their fair value on issuance. The subsidiary Penny Warrants are valued at inception, upon events such as an exercise, and at subsequent reporting periods if applicable. The classification of the subsidiary Penny Warrants, including whether such instruments should be recorded as liabilities, is re-assessed at the end of each reporting period. The fair value of the subsidiary Penny Warrants is estimated on the date of issuance and is approximately equal to the fair value of the shares of a class of common stock underlying the subsidiary Penny Warrants given their exercise price represents little cash consideration.

The subsidiary Penny Warrants were issued in connection with finance lease payment deferral elections by a subsidiary of the Far North JV, and accordingly, the corresponding cost has been capitalized to the associated right-of-use asset in connection with lease remeasurements. The weighted average issuance-date fair value of the subsidiary Penny Warrants was \$0.90 per share. See Note 12. *Leases* for further information on the issuance of the subsidiary Penny Warrants.

Transactions involving the Company's equity-classified subsidiary Penny Warrants are summarized as follows:

<i>(in USD thousands, except share and per share amounts)</i>	Number of shares of Far North JV	Weighted average exercise price (per share)	Aggregate intrinsic value	Weighted average remaining contractual life (in years)
Outstanding as of December 31, 2024	—	\$ —	\$ —	—
Issued	2,000,000	(1)		
Outstanding as of June 30, 2025	2,000,000	\$ (1)	\$ 1,935	2.6

(1) Represents little cash consideration of less than a penny per share.

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Accumulated other comprehensive income (loss)

The changes in accumulated other comprehensive income (loss), net of tax, is as follows:

<i>(in USD thousands)</i>	December 31, 2024	Net Change	June 30, 2025
Foreign currency translation adjustment gain (loss)	\$ (45,553)	\$ 41,024	\$ (4,529)
Total	\$ (45,553)	\$ 41,024	\$ (4,529)

Note 14. Stock-based compensation

In connection with the Business Combination, the Company adopted the Hut 8 Corp. 2023 Omnibus Incentive Plan (as amended, the “2023 Plan”), and Hut 8 Mining Corp. Omnibus Long-Term Incentive Plan (the “2018 Plan”). Under the 2023 Plan, stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock units, deferred stock units, other stock-based awards, and stock bonuses of the Company can be granted to employees, consultants, and directors of the Company and its affiliates. Cancelled and forfeited awards are returned to the 2023 Plan for future awards. 23,710,307 shares of the Company’s common stock have been authorized and registered to be issued under the 2023 Plan. The 2018 Plan was originally established by Legacy Hut on February 15, 2018 to allow Legacy Hut to award stock options and restricted share units to employees, consultants, service providers, and directors of Legacy Hut and its affiliates, as well as deferred share units to employees and directors of Legacy Hut. 1,553,254 shares of common stock have been authorized and registered to be issued under the 2018 Plan.

As of June 30, 2025, only restricted stock units, deferred stock units, performance stock units, and stock options have been granted under the 2023 Plan.

The Company’s stock-based compensation expense recognized during the three and six months ended June 30, 2025 and June 30, 2024 is included in general and administrative expenses in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) as follows:

<i>(in USD thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Stock options	\$ 3,063	\$ 676	\$ 3,243	\$ 1,625
Restricted stock units	2,072	4,171	3,365	7,569
Performance stock units	2,505	2,163	4,825	2,290
Total stock-based compensation	\$ 7,640	\$ 7,010	\$ 11,433	\$ 11,484

Stock options

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model for stock option grants without any market-based vest conditions, and using a Monte Carlo simulation model for stock option grants with any market-based vest condition.

In March 2025, the Company granted 1,000,000 stock options with an exercise price of \$15.00 per share under the 2023 Plan with service-based and market-based vest conditions. These stock options vest upon the later of the end of each tranche’s service period and the derived service period based on the market-based vest condition per tranche, which is if the Company’s stock price, on a 20-consecutive-day volume-weighted average price basis, reaches a certain price during the period from grant date to approximately three years after grant date. The Company recognizes stock-based compensation expense associated with these stock options on a graded basis over the later of the stock options’ time-based service condition and market-based derived service period per tranche. Stock-based compensation expense associated with stock options with market-based vest conditions is not adjusted in future periods for the success or failure to achieve the specified market conditions. These stock options were modified shortly after their grant date to amend a termination vest clause, and the Company determined that there was no incremental fair value to recognize as additional compensation expense as of the modification date given only a termination vest clause was modified and accordingly no incremental compensation expense was required to be recognized.

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The market-based vest conditions of the stock options granted in March 2025 are considered “market conditions” under FASB ASC Topic 718, *Compensation—Stock Compensation* (“ASC 718”), and as such, the Company used a Monte Carlo simulation model to determine the grant-date fair value of stock options with a market condition. The Monte Carlo simulation takes into account the probability that the market condition will be achieved based on predicted stock price paths of the Company in addition to the below assumptions:

	Six Months Ended
	June 30,
	2025
Dividend yield	— %
Expected price volatility	120.00 %
Risk-free interest rate	4.05 %
Expected term (in years)	6.0

As of June 30, 2025 there were 640,960 unvested service-based options and 1,000,000 unvested service and market-based options.

A summary of stock options for the six months ended June 30, 2025 and June 30, 2024 is as follows:

<i>(in USD thousands, except share and per share amounts)</i>	Number of shares	Weighted average exercise price (per share)	Aggregate intrinsic value	Weighted average remaining contractual life (in years)
Outstanding as of December 31, 2024	2,961,929	\$ 0.53	\$ 59,120	7.7
Granted	1,000,000	15.00		
Exercised	(355,363)	0.39	4,622	
Forfeited, canceled, or expired	(68,093)	0.39		
Outstanding as of June 30, 2025	3,538,473	\$ 4.64	\$ 49,411	6.8
Vested and exercisable as of June 30, 2025	1,897,513	\$ 0.61	\$ 34,139	7.2

<i>(in USD thousands, except share and per share amounts)</i>	Number of shares	Weighted average exercise price (per share)	Aggregate intrinsic value	Weighted average remaining contractual life (in years)
Outstanding as of December 31, 2023	4,513,375	\$ 0.48	\$ 58,150	8.8
Granted	—	—		
Exercised	(1,063,417)	0.39	8,957	
Forfeited or canceled	(59,044)	0.39		
Outstanding as of June 30, 2024	3,390,914	\$ 0.51	\$ 49,172	8.2
Vested and exercisable as of June 30, 2024	1,399,128	\$ 0.69	\$ 20,091	8.0

The Company had approximately \$0.3 million and \$6.4 million of total unrecognized compensation expense expected to be recognized over a weighted-average remaining vesting period of approximately 1.0 years and 0.9 years related to stock options under the Hut 8 Corp. Rollover Option Plan and stock options under the 2023 Plan, respectively, as of June 30, 2025.

The grant-date fair value of stock options granted during the six months ended June 30, 2025 was \$9.44 per share. No stock options were granted during the six months ended June 30, 2024.

Restricted stock units

Restricted stock units granted under the 2023 Plan, and those governed under the 2018 Plan that may settle in shares of common stock of the Company, entitle recipients to receive a number of shares of the Company’s common stock over a vesting period, according to each respective restricted stock unit agreement. At the Company’s discretion, restricted stock units may be settled in shares of common stock or cash in lieu of settling in shares or a combination of shares of common stock and cash. The Company currently does not intend to settle any restricted stock units in cash or in a combination of shares of common stock and cash.

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For restricted stock units under the 2023 Plan, stock-based compensation expense related to share-settled restricted stock units is based on the fair value of the Company's common stock on the date of grant. For restricted stock units under the 2018 Plan, the stock-based compensation expense is based on the fair value of the Company's common stock on the date of the consummation of the Business Combination. The Company recognizes stock-based compensation expense associated with such share-settled restricted stock unit awards on a graded basis over the awards' service-based vesting tranches. Share-settled restricted stock unit awards generally vest in equal annual installments over a three-year period, at the end of a three-year period, or fully vest by a certain date for non-employee directors (unless accelerated in connection with a change in control event under specified conditions as set forth in the applicable restricted stock unit agreement or otherwise in accordance with provisions of the award's governing plan or applicable agreement).

The following table presents a summary of the activity of the service-based restricted stock units:

<i>(in USD thousands, except share and per share amounts)</i>	Number of units	Weighted average grant-date fair value	Aggregate intrinsic value
Unvested as of December 31, 2024	1,141,453	\$ 10.62	\$ 23,388
Granted	495,540	12.64	
Vested	(379,733)	9.91	5,873
Forfeited	(154,934)	13.04	
Unvested as of June 30, 2025	1,102,326	\$ 11.43	\$ 20,503

<i>(in USD thousands, except share and per share amounts)</i>	Number of units	Weighted average grant-date fair value	Aggregate intrinsic value
Unvested as of December 31, 2023	1,554,347	\$ 10.36	\$ 20,735
Granted	660,991	8.35	
Vested	(905,221)	9.60	8,205
Forfeited	(59,428)	12.05	
Unvested as of June 30, 2024	1,250,689	\$ 9.77	\$ 18,748

The Company had approximately \$7.1 million of total unrecognized compensation expense related to restricted stock units granted under the 2023 Plan and 2018 Plan that are settleable in shares of common stock of the Company as of June 30, 2025, which is expected to be recognized over a weighted-average remaining vesting period of approximately 1.3 years.

Deferred stock units

Deferred stock units granted under the 2023 Plan, and those governed under the 2018 Plan that are settleable in shares of common stock of the Company, entitled recipients to receive a number of shares of the Company's common stock over a vesting period if applicable, as per each respective deferred stock unit agreement. At the Company's discretion, deferred stock units may be settled in shares of common stock or cash in lieu of settling in shares or a combination of shares of common stock and cash. The Company currently does not intend to settle any deferred stock units in cash or in a combination of shares of common stock and cash.

For deferred stock units under the 2023 Plan, the stock-based compensation expense related to share-settled deferred stock units is based on the fair value of the Company's common stock on the date of grant. For deferred stock units under the 2018 Plan, the stock-based compensation expense is based on the fair value of the Company's common stock on the date of the consummation of the Business Combination. The Company recognizes stock-based compensation expense associated with such share-settled deferred stock unit awards on a graded basis over the awards' vesting tranches. Share-settled deferred stock unit awards granted to date are granted in vested state and can only be settled for shares of common stock of the Company upon the participant's departure from the Company.

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The following table presents a summary of the activity of the deferred stock units:

<i>(in USD thousands, except share and per share amounts)</i>	Number of units	Weighted average grant-date fair value	Aggregate intrinsic value
Vested and outstanding as of December 31, 2024	73,954	\$ 9.72	\$ 1,515
Vested and outstanding as of June 30, 2025	73,954	\$ 9.72	\$ 1,376

<i>(in USD thousands, except share and per share amounts)</i>	Number of units	Weighted average grant-date fair value	Aggregate intrinsic value
Vested and outstanding as of December 31, 2023	91,804	\$ 9.73	\$ 1,225
Redeemed	(17,850)	9.78	224
Vested and outstanding as of June 30, 2024	73,954	\$ 9.72	\$ 1,109

There was no remaining unrecognized compensation expense related to deferred stock units as of June 30, 2025.

Performance stock units

Performance stock units granted under the 2023 Plan entitle recipients to receive a number of shares of the Company's common stock based on market, performance, and or service conditions as per each respective performance stock unit agreement. At the Company's discretion, performance stock units may be settled in shares of common stock or cash in lieu of settling in shares or a combination of shares of common stock and cash. The Company currently does not intend to settle any performance stock units in cash or in a combination of shares of common stock and cash. During the six months ended June 30, 2025, the Company granted 1,114,060 performance stock units with performance-based vest conditions to certain employees, including to its Chief Executive Officer, Chief Strategy Officer, Chief Financial Officer, and Chief Legal Officer. During the six months ended June 30, 2024, the Company granted 1,552,432 market-based performance stock units to certain employees, including to its Chief Executive Officer, Chief Strategy Officer, and Chief Legal Officer.

The performance stock units granted during 2024 have market-based and service-based vest conditions. These performance stock units vest approximately three years from grant date and, as set forth in each applicable performance stock unit grant agreement, if the Company's stock price, on a basis of the highest volume-weighted average stock price of the Company over a 20 consecutive trading day period during a certain measurement period, exceeds the Company's 20 consecutive trading day volume-weighted average stock price as of a certain date by at least 50% or at least 100% ("VWAP Goal"), then the percentage of performance stock units eligible to vest is 100% or 200% of the number of performance stock units granted, respectively. Any performance stock units that become eligible to vest as per their respective agreements will vest at the end of their required service period. These performance stock units do not have interpolation conditions on the percentage of units that are eligible to vest.

The VWAP Goal is considered a "market condition" under ASC 718, and as such, the Company used a Monte Carlo simulation model to determine the grant-date fair value of performance stock units with a market condition. The Monte Carlo simulation takes into account the probability that the market condition will be achieved based on predicted stock price paths of the Company in addition to the below assumptions for the performance stock units granted during the six months ended June 30, 2024:

	Six Months Ended June 30, 2024
Dividend yield	— %
Expected price volatility	115 %
Risk-free interest rate	4.38 – 4.84 %
Expected term (in years)	2.9 – 3.0

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The performance stock units granted during the six months ended June 30, 2025 include performance-based and service-based vest conditions. In April 2025, the Company granted 240,698 performance stock units, including to its Chief Financial Officer and Chief Legal Officer, with varying performance-based vest conditions. All but two of these grants had three performance-based vest conditions with 100% of the units eligible to vest upon the achievement of at least one of three performance targets and 200% of the units eligible to vest upon the achievement of two out of the three performance targets; the performance targets for such grants were based on the achievement of certain site development, commercialization, and earnings targets during a specified reference period. A grant was also issued to an employee with a performance-based vest condition of sourcing a site with a certain committed utility load; upon satisfaction of the performance-based vest condition, 25% of the units will vest, and thereafter the remaining performance stock units will vest in equal annual installments for a three-year period. A grant was issued to an employee with a performance-based vest condition of achieving a certain operational milestone for a subsidiary of the Company and certain earnings targets. All of the performance stock units granted had a service condition requiring continuous employment with the Company while the performance-based vest conditions are satisfied.

In June 2025, the Company granted 873,362 performance stock units to its Chief Executive Officer and Chief Strategy Officer with an approximately three-year service period and performance-based vest conditions as follows: one third of units are eligible to vest for each of the three performance conditions and the three payout tiers for each performance condition are 80%, 100%, or 300% of the units eligible to vest, with linear interpolation between 100% and 300% on the operational and earnings-related performance conditions noted below. The three performance conditions are as follows: (1) the Company enters into new agreements to commercialize new facilities based on the achievement of certain target levels for the energy capacity of such commercialized sites, (2) the Company achieves certain earnings targets, and (3) a subsidiary of the Company achieves certain financing and transactional milestones. In June 2025, 127,890 performance stock units granted in April 2025 to 20 employees, including to the Company's Chief Financial Officer and Chief Legal Officer, were modified to have the same performance and service-based vest conditions, units eligible to vest, and payout tiers as the performance stock units granted in June 2025 to the Company's Chief Executive Officer and Chief Strategy Officer. Immediately prior to the modification, the modified performance stock units were not probable of vesting, and accordingly no stock-based compensation expense was recorded. The total incremental compensation cost expected to be recognized under these modified performance stock units, as of the date of the modification, was \$2.0 million over a weighted-average remaining vesting period of approximately 3.0 years.

The Company recognizes stock-based compensation expense associated with performance stock unit awards on a graded basis over the later of the awards' time-based service condition and, if applicable, market-based derived service period per tranche. Stock-based compensation expense associated with performance stock units with market-based vest conditions is not adjusted in future periods for the success or failure to achieve the specified market conditions, and for awards with performance-based vest conditions, it is only recognized if the performance-based vest conditions are considered probable of being satisfied.

The following table presents a summary of the activity of the performance stock units:

<i>(in USD thousands, except share and per share amounts)</i>	Number of units	Weighted average grant-date fair value	Aggregate intrinsic value
Unvested as of December 31, 2024	1,602,609	\$ 17.56	\$ 65,675
Granted	1,114,060	17.69	
Forfeited	(48,517)	12.37	
Unvested as of June 30, 2025	<u>2,668,152</u>	<u>\$ 17.71</u>	<u>\$ 75,086</u>
<i>(in USD thousands, except share and per share amounts)</i>	Number of units	Weighted average grant-date fair value	Aggregate intrinsic value
Unvested as of December 31, 2023	—	\$ —	\$ —
Granted	1,552,432	17.24	
Unvested as of June 30, 2024	<u>1,552,432</u>	<u>\$ 17.24</u>	<u>\$ 46,542</u>

As of June 30, 2025, unrecognized stock-based compensation expense related to the Company's performance stock units was \$32.1 million, which is expected to be recognized over a remaining weighted-average period of approximately 2.0 years.

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Subsequent awards

In August 2025, the Company granted 250,303 restricted stock units with service-based vest conditions and modified the vest conditions of 67,160 stock options.

Note 15. Net income (loss) per share of common stock

Basic and diluted net income (loss) per share attributable to common stockholders is computed in accordance with Note 2. *Basis of presentation, summary of significant accounting policies and recent accounting pronouncements – Net income (loss) per share attributable to common stockholders.*

The following table presents potentially dilutive securities that were not included in the computation of diluted net (loss) income per share of common stock as their inclusion would have been anti-dilutive and or their issuance upon satisfying a contingency, if applicable, was not satisfied or deemed satisfied as of period end:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Stock options ⁽¹⁾	1,000,000	3,390,914	1,000,000	23,000
Restricted stock units	43,077	1,250,689	95,473	144,200
Deferred stock units	—	73,954	—	—
Performance stock units ⁽²⁾	1,096,707	1,552,432	1,096,707	1,552,432
Warrants	1,895	1,895	1,895	1,895
Convertible note and separated embedded derivative from convertible note	—	9,155,230	9,715,476	—
Total	2,141,679	15,425,114	11,909,551	1,721,527

⁽¹⁾ 1,000,000 stock options with market-based vest conditions that were outstanding during the three and six months ended June 30, 2025 were not included in the computation of diluted net income (loss) per share of common stock given their market-based vest conditions were not met if the reporting period end was deemed the end of the stock options' performance period for FASB ASC Topic 260, *Earnings Per Share* ("ASC 260") purposes.

⁽²⁾ 749,844 performance stock units with performance-based vest conditions that were outstanding during the three and six months ended June 30, 2025 were not included in the computation of diluted net income (loss) per share of common stock given their performance-based vest conditions were not met if the reporting period end was deemed the end of the awards' vest period for ASC 260 purposes.

Hut 8 Corp. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

The following is a reconciliation of the denominator of the basic and diluted net income (loss) per share of common stock computations for the periods presented:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
<i>(in USD thousands, except share and per share amounts)</i>				
Numerator:				
Net income (loss) attributable to Hut 8 Corp.	\$ 137,312	\$ (71,866)	\$ 3,423	\$ 179,010
Less: loss from discontinued operations (net of income tax benefit of nil, nil, nil, and nil, respectively)	—	1,738	—	9,364
Subsidiary Penny Warrant adjustment to net income from continuing operations attributable to Hut 8 Corp. – basic ⁽¹⁾	195	—	285	—
Net income (loss) from continuing operations attributable to Hut 8 Corp. – basic	\$ 137,507	\$ (70,128)	\$ 3,708	\$ 188,374
Effect of dilutive shares on net income (loss):				
Effect of convertible note and separated embedded derivative from convertible note, net of tax	2,366	—	—	45
Net income (loss) from continuing operations attributable to Hut 8 Corp. – diluted	\$ 139,873	\$ (70,128)	\$ 3,708	\$ 188,419
Loss from discontinued operations (net of income tax benefit of nil, nil, nil and nil, respectively) attributable to Hut 8 Corp.	\$ —	\$ (1,738)	\$ —	\$ (9,364)
Denominator:				
Weighted average shares of common stock outstanding – basic	104,246,041	90,192,842	103,554,237	89,671,344
Dilutive impact of outstanding equity awards	5,245,650	—	5,515,971	4,329,951
Dilutive impact of convertible note	9,527,070	—	—	150,844
Weighted average shares of common stock outstanding – diluted	119,018,761	90,192,842	109,070,208	94,152,139
Net income (loss) per share of common stock:				
Basic from continuing operations attributable to Hut 8 Corp. ⁽²⁾	\$ 1.32	\$ (0.78)	\$ 0.04	\$ 2.10
Basic from discontinued operations attributable to Hut 8 Corp. ⁽³⁾	\$ —	\$ (0.02)	\$ —	\$ (0.10)
Diluted from continuing operations attributable to Hut 8 Corp. ⁽⁴⁾	\$ 1.18	\$ (0.78)	\$ 0.03	\$ 2.00
Diluted from discontinued operations attributable to Hut 8 Corp. ⁽⁵⁾	\$ —	\$ (0.02)	\$ —	\$ (0.10)

⁽¹⁾ Calculated as the difference between Far North Power Corp.'s, a consolidated subsidiary that issued Penny Warrants, net loss attributable to Hut 8 Corp. under ASC 260 inclusive of the impact of the Penny Warrants less Far North Power Corp.'s net loss attributable to Hut 8 Corp.

⁽²⁾ Calculated as net income (loss) from continuing operations attributable to Hut 8 Corp. – basic, divided by weighted average shares of common stock outstanding – basic

⁽³⁾ Calculated as loss from discontinued operations attributable to Hut 8 Corp. divided by weighted average shares of common stock outstanding – basic

⁽⁴⁾ Calculated as net income (loss) from continuing operations attributable to Hut 8 Corp. – diluted, divided by weighted average shares of common stock outstanding – diluted

⁽⁵⁾ Calculated as loss from discontinued operations attributable to Hut 8 Corp. divided by weighted average shares of common stock outstanding – diluted

Note 16. Income taxes

In general, the Company determines its quarterly provision for income taxes by applying an estimated annual effective tax rate, which is based on expected annual income or loss and statutory tax rates in the various jurisdictions in which the Company operates. Certain discrete items are separately recognized in the quarter in which they occur and can be a source of variability on the effective tax rates from quarter to quarter. The Company's effective tax rate may change based on recurring and non-recurring factors, including the geographical mix of earnings or losses, enacted tax legislation, and state and local income taxes. Each quarter, a cumulative adjustment is recorded for any fluctuations in the estimated annual effective tax rate as compared to the prior quarter.

For the three months ended June 30, 2025, the Company's income tax expense and effective tax rate were \$27.6 million and 16.7%, respectively. This rate differed from the statutory federal income tax rate of 21.0% primarily due to the Company's non-taxable portion of gains on digital assets and subpart F income (foreign income earned by a controlled foreign corporation that will be taxed to the US taxpayer, regardless of any distribution). For the three months ended June 30, 2024, the Company's income tax benefit and effective tax rate were \$1.9 million and 2.6%, respectively. This rate differed from the statutory federal income tax rate of 21.0% primarily due to the Company's non-taxable portion of gains on digital assets.

Hut 8 Corp. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

For the six months ended June 30, 2025, the Company's income tax expense and effective tax rate were \$7.4 million and 70.0%, respectively. This rate differed from the statutory federal income tax rate of 21.0% primarily due to non-taxable portion of gains on digital assets, Subpart F income, and American Bitcoin non-deductible asset contribution costs. For the six months ended June 30, 2024, the Company's income tax expense and effective tax rate were \$2.5 million and 1.3%, respectively. This rate differed from the statutory federal income tax rate of 21.0% primarily due to the Company's non-taxable portion of gains on digital assets.

The Company is subject to U.S. federal income taxes as well as income taxes in various state jurisdictions and in Canada. The Company's tax returns for tax years beginning 2021 remain subject to potential examination by the taxing authorities.

Note 17. Concentrations

The Company has only mined Bitcoin during the three and six months ended June 30, 2025 and June 30, 2024. Therefore, 100% of the Company's digital asset mining revenue within its Compute segment is related to one digital asset. The Company used two mining pool operators during the three and six months ended June 30, 2025 and June 30, 2024.

Note 18. Related party transactions

Parties are considered related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. This includes equity method investment entities. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all known related party transactions.

The Company provides services to TZRC, an equity method investment entity (refer to Note 9. *Investment in unconsolidated joint venture* for additional information on the equity method investment entity), in exchange for fees under a PMA. The Company also has a SAFE agreement with a related party as described in Note 10. *Loans, notes payable, and other financial liabilities*.

Note 19. Commitments and contingencies

BITMAIN Purchase Agreement

The BITMAIN Purchase Agreement includes the following financial commitments: a *Bitcoin redemption option*, recognized as a derivative asset under ASC 815, measured at fair value at each reporting period, a *Miner purchase liability* representing a commitment to settle the obligation in cash if the redemption right is exercised before expiration, and a derecognition of *Digital assets – pledged for miner purchase* if the redemption right is not exercised. See Note 6. *Digital assets* for further information on the BITMAIN Purchase Agreement.

Hut 8 Corp. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements

Legal and regulatory matters

The Company and its subsidiaries are subject at times to various claims, lawsuits, and governmental proceedings relating to the Company's business and transactions arising in the ordinary course of business. The Company cannot predict the final outcome of such proceedings. Where appropriate, the Company vigorously defends such claims, lawsuits, and proceedings. Some of these claims, lawsuits, and proceedings seek damages, including consequential, exemplary, or punitive damages, in amounts that could, if awarded, be significant. Certain of the claims, lawsuits, and proceedings arising in ordinary course of business are covered by the Company's insurance program. The Company maintains property and various types of liability insurance in an effort to protect the Company from such claims. In terms of any matters where there is no insurance coverage available to the Company, or where coverage is available and the Company maintains a retention or deductible associated with such insurance or elects not to purchase such insurance, the Company may establish an accrual for such loss, retention, or deductible based on current available information. In accordance with accounting guidance, if it is probable that an asset has been impaired or a liability has been incurred as of the date of the financial statements and the amount of loss is reasonably estimable, then an accrual for the cost to resolve or settle these claims is recorded by the Company in the accompanying Consolidated Balance Sheets. If it is reasonably possible that an asset may be impaired as of the date of the financial statement, then the Company discloses the range of possible loss. Expenses related to the defense of such claims are recorded by the Company as incurred and included in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income. Management, with the assistance of outside counsel, may from time to time adjust such accruals according to new developments in the matter, court rulings, or changes in the strategy affecting the Company's defense of such matters. On the basis of current information, the Company does not believe there is a reasonable possibility that any material loss will result from any claims, lawsuits, and proceedings to which the Company is subject to either individually or in the aggregate.

Securities Litigation

In February and March 2024, two purported securities class actions were filed in the U.S. District Court for the Southern District of New York against the Company and certain of its current and former officers. The two class actions were consolidated into *In re Hut 8 Corp. Securities Litigation*, case number 24-cv-00904 (VM), and a lead plaintiff was appointed on April 19, 2024. The lead plaintiff filed a consolidated amended complaint on June 14, 2024. The consolidated amended complaint alleges violations of Sections 11 and 15 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act. On December 2, 2024, the defendants filed a motion to dismiss the consolidated amended complaint. On January 16, 2025, the lead plaintiff opposed the motion. On February 18, 2025, the defendants filed a reply in further support of the motion to dismiss.

Since the filing of the securities class actions, shareholder derivative suits were filed against the Company, its directors and certain of its current and former officers in the U.S. District Courts for the Southern District of New York, the District of Delaware, and the Southern District of Florida alleging derivative claims for breach of fiduciary duties, unjust enrichment, waste of corporate assets, and violations of the Exchange Act, including Section 10(b). All derivative actions in the Southern District of New York were voluntarily dismissed or transferred to the District of Delaware. All derivative actions in the District of Delaware were voluntarily dismissed or dismissed by the court without prejudice. The Southern District of Florida consolidated and stayed the proceedings before it pending the outcome of the motion to dismiss in the securities class action in the Southern District of New York and administratively closed the case.

The Company disputes the claims in these cases and intends to vigorously defend against them. Based on the preliminary nature of these proceedings, the outcome of these matters remains uncertain, and the Company cannot estimate the potential impact, if any, on its business or financial statements at this time.

Note 20. Subsequent events

The Company has completed an evaluation of all subsequent events after the balance sheet date up to the date that the Consolidated Financial Statements were available to be issued. Except as described above and below, the Company has concluded no other subsequent events have occurred that requires disclosure.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law, which includes a broad range of tax reform provisions, including extending and modifying certain key Tax Cuts and Jobs Act provisions (both domestic and international), and provisions allowing accelerated tax deductions for qualified property and research expenditures. The Company continues to evaluate the impact of OBBBA on its financial position.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited condensed consolidated financial statements and the related notes and the other financial information included elsewhere in this Quarterly Report and with our audited consolidated financial statements included in our Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual business, financial condition, and results of operations could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Quarterly Report and in our Annual Report, particularly under "Item 1A. Risk Factors." See also "Cautionary Statement Regarding Forward-Looking Statements." Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Business Overview

Hut 8 is an energy infrastructure platform that integrates power, digital infrastructure, and compute at scale to fuel next-generation, energy-intensive use cases such as Bitcoin Mining and HPC. We take a power-first, innovation-driven approach to developing, commercializing, and operating the critical infrastructure that underpins the breakthrough technologies of today and tomorrow. Beginning April 1, 2025, Bitcoin Mining operations reported under our Compute segment generally operate through our majority owned subsidiary, American Bitcoin Corp. ("American Bitcoin").

Q2 2025 Highlights

- *Miner Fleet Upgrade.* We completed the deployment of new-generation ASIC miners across our facilities on April 4, 2025. These upgrades contributed to a significant increase in deployed hashrate and improvement in fleet efficiency. Upon completion of the fleet upgrade, our deployed hashrate was approximately 9.3 EH/s with a fleet efficiency of approximately 20 J/TH.
- *American Bitcoin Go-Public Transaction.* In May 2025, American Bitcoin entered into a definitive merger agreement to go public with Gryphon Digital Mining, Inc. (Nasdaq: GRYP) ("Gryphon") pursuant to which Gryphon will acquire American Bitcoin in a stock-for-stock merger transaction (the "ABTC Merger"). At the closing of the ABTC Merger, the issued and outstanding capital stock of American Bitcoin will be canceled and converted into the right to receive newly issued stock representing, in the aggregate, approximately 98% of the issued and outstanding stock of Gryphon as of immediately following the ABTC Merger. Upon the completion of the ABTC Merger, Gryphon is expected to be renamed "American Bitcoin Corp.," and is expected to trade on Nasdaq under the ticker symbol "ABTC." Immediately following the completion of the ABTC Merger transaction, we will beneficially own a majority of the issued and outstanding capital stock of the combined company. Following the ABTC Merger transaction, we will continue to serve as American Bitcoin's exclusive infrastructure and operations partner through a series of long-term commercial agreements expected to generate stable, contracted revenue streams in our Power and Digital Infrastructure segments.
- *Coinbase Loan.* On June 16, 2025, we entered into a Third Amended and Restated Credit Agreement ("Credit Agreement") with Coinbase Credit, Inc. ("Coinbase") to, among other things, amend and expand our Bitcoin-backed credit facility from \$65.0 million to up to \$130.0 million, available through July 30, 2025, and extend the maturity date to June 16, 2026. Additionally, the interest rate structure was converted to a fixed interest rate of 9.0%, compared to a stated interest rate ranging from 10.5% to 11.5% between the quarter ended December 31, 2023 and the quarter ended March 31, 2025.
- *American Bitcoin Private Placement.* In June 2025, American Bitcoin issued and sold 11,002,954 shares of its Class A common stock for aggregate gross proceeds in cash and Bitcoin of \$220.1 million, and aggregate net proceeds of approximately \$215.3 million after deducting certain fees and expenses incurred in connection with the issuance, including aggregate commissions of \$4.8 million. \$10.0 million worth of the shares were sold for consideration of Bitcoin in lieu of cash at an exchange rate of one Bitcoin to \$104,000. During the period from July 1, 2025 to August 6, 2025, American Bitcoin used \$205.6 million of these proceeds to purchase approximately 1,726 Bitcoin, at an weighted average price of approximately \$119,120 per Bitcoin, to further expand its strategic Bitcoin reserve.

- *Energization of Vega Facility.* At the end of Q2 2025, we completed the initial energization of our Vega facility in the panhandle of Texas. The single-building facility, spanning 162,000 square feet, is powered by 205 MW of nameplate capacity behind-the-meter by a wind farm and front-of-the-meter by the ERCOT grid. At full energization, Vega is expected to support up to approximately 15 exahash per second (“EH/s”) of direct-to-chip liquid cooling BITMAIN U3S21EXPH servers for Bitcoin mining ASIC compute. BITMAIN is the client for all of the approximately 15 EH/s under an ASIC colocation agreement. Additionally, under this ASIC colocation agreement we have an option to purchase all or a portion of the colocated miners at a fixed price within six months of their energization.
- *Far North Capacity Contract Awards.* At the end of Q2 2025, each of our four natural gas-fired power plants in Ontario (the “Power Plants”) were awarded five-year capacity contracts with the Ontario Independent Electricity System Operator (“IESO”). The Power Plants are owned and operated by Far North Power Corp. (“Far North JV”), a majority owned subsidiary of Hut 8 Corp. The contracts were awarded following successful bids submitted into the competitive IESO Medium-Term 2 capacity auction and will commence on May 1, 2026. The contracted assets total 310 MW of nameplate capacity across the four Power Plants. The contracts include a weighted average capacity payment of approximately C \$530 per MW-business day in Year 1, with partial inflation indexation that allows for potential increases over time.

Key Factors Affecting Our Performance

Price of Bitcoin

Our business is heavily dependent on the price of Bitcoin, which has historically experienced significant volatility. We generate revenue from Bitcoin rewards that we earn through mining in our facilities. We have also acquired, and may in the future acquire, additional Bitcoin through at-market purchases to build our strategic reserve of Bitcoin. Under ASU 2023-08, *Intangibles-Goodwill and Other-Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* (“ASU 2023-08”), Bitcoin is revalued at fair value at the end of each reporting period, with changes in fair value recognized in net income. As a result, fluctuations in the price of Bitcoin may significantly impact our results of operations.

Bitcoin network difficulty and hashrate

Our business is not only impacted by the volatility in Bitcoin prices, but also by increases in the competition for Bitcoin production. This increased competition is described as the network hashrate resulting from the growth in the overall quantity and quality of miners working to solve blocks on the Bitcoin blockchain, and the difficulty index associated with the secure hashing algorithm employed in solving the blocks. Increased difficulty reduces the mining proceeds of the equipment proportionally and eventually requires Bitcoin miners like us to upgrade their equipment to remain profitable and compete effectively with other miners. Conversely, a decline in network hashrate results in a decrease in difficulty, increasing mining proceeds and profitability.

Block reward and halving

The current Bitcoin reward for solving a block is 3.125 Bitcoin. The Bitcoin network is programmed such that the Bitcoin block reward is halved every 210,000 blocks mined, or approximately every four years. This reduction in reward spreads out the release of Bitcoin over a long period of time as fewer Bitcoin are mined with each halving event. Bitcoin halving events impact the number of Bitcoin that we generally mine through American Bitcoin which, in turn, may have a potential impact on our results of operations. The last halving event occurred in April 2024, and the next halving event is expected to occur in 2028.

Power Costs

Power is the foundation of our platform. We acquire, develop, and manage critical energy assets such as interconnects, powered land, and other electrical infrastructure to address the load demands of energy-intensive applications such as Bitcoin mining and HPC. We currently maintain a portfolio which has access to competitively priced electrical power based on the regions in which we operate. However, there is no guarantee that we will be able to procure additional power on similar terms, or at all. Market prices for power, capacity, and other ancillary services are unpredictable and tend to fluctuate substantially. See “Risk Factors—Risks Related to Our Business and Operations—We are subject to risks associated with our need for significant electrical power” in the Annual Report.

Key Performance Indicators

In addition to our financial results, financial measures under generally accepted accounting principles in the United States of America (“GAAP”) financial measures, and non-GAAP financial measures, we use certain key performance indicators to evaluate our business, identify trends, and make strategic decisions.

The following table presents our key performance indicators for the three and six months ended June 30, 2025 and 2024.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Energy capacity under management ⁽¹⁾	1,020 MW	1,117 MW	1,020 MW	1,117 MW
Energy cost per MWh	\$ 39.82	\$ 31.71	\$ 44.39	\$ 35.40
Number of Bitcoin in strategic reserve ⁽²⁾	10,667	9,102	10,667	9,102

(1) Energy capacity under management includes all Power assets: Power Generation, Managed Services, ASIC Colocation, CPU Colocation, Bitcoin Mining, Data Center Cloud, and non-operational sites.

(2) Number of Bitcoin in strategic reserve includes Bitcoin held in custody, pledged as collateral, or pledged for a miner purchase under an agreement with BITMAIN.

Energy cost per MWh

Our management reviews the energy cost per MWh to better understand cost efficiency, operational performance, and identify opportunities for overall profitability improvements. Energy cost per MWh is calculated by dividing our total energy expense by the total MWh utilized at our facilities during the respective periods and includes our net share of a 50/50 joint venture for a site with a facility in McCamey, Texas (the “King Mountain JV”).

Energy cost per MWh for the three months ended June 30, 2025 was \$39.82 compared to \$31.71 for the three months ended June 30, 2024. The increase was primarily due to an increase in emission credit purchases, which we purchase in order to offset the emissions from our energy consumption, as well as an uptick in MWhs consumed and higher power prices during the three months ended June 30, 2025.

Energy cost per MWh for the six months ended June 30, 2025 was \$44.39 compared to \$35.40 for the six months ended June 30, 2024, and the increase was primarily due to fixed transmission and distribution charges at our Medicine Hat site that continued during downtime while fleet upgrades occurred, as well as higher seasonal pricing at our sites located in Texas.

Number of Bitcoin in strategic reserve

Number of Bitcoin in strategic reserve represents the number of Bitcoin we own as of each reporting period end date, which is the aggregate number of our Bitcoin held in custody, pledged as collateral, or pledged for a miner purchase. We have the ability to leverage our Bitcoin in strategic reserve as a flexible financial asset to fund growth initiatives, optimize our balance sheet, and capitalize on emerging market opportunities. Our management uses this metric to assess the value of our Bitcoin in strategic reserve and determine when and how to deploy said reserve, including whether to continue to hold the Bitcoin. As of June 30, 2025, we had 10,667 Bitcoin in strategic reserve compared to 9,102 Bitcoin held in strategic reserve as of June 30, 2024. The increase was attributable to additional Bitcoin mined over the year as well as an at-market purchase of Bitcoin in December 2024. As of June 30, 2025, of the 10,667 in our strategic reserve, 404 Bitcoin was held by American Bitcoin.

Energy capacity under management

Energy capacity under management comprises all power assets: Power Generation, Managed Services, ASIC Colocation, CPU Colocation, Bitcoin Mining, Data Center Cloud, and non-operational sites. Management reviews this metric to assess total energy capacity utilization across our operations to drive an efficient allocation of resources.

Energy capacity under management as of June 30, 2025 was 1,020 MW compared to 1,117 MW as of June 30, 2024. The decrease was due to the loss of our Managed Services contract with Ionic for five sites that consisted of 302 MW, partially offset by the addition of our Vega site, which has 205 MW of nameplate capacity.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we rely on Adjusted EBITDA to evaluate our business, measure our performance, and make strategic decisions. Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income (loss), adjusted for impacts of interest expense, income tax provision or benefit, depreciation and amortization, our share of unconsolidated joint venture depreciation and amortization, foreign exchange gain or loss, gain or loss on sale of property and equipment, gain or loss on derivatives, gain or loss on other financial liability, the removal of non-recurring transactions, asset contribution costs, loss from discontinued operations, (income) loss attributable to non-controlling interests, and stock-based compensation expense in the period presented. You are encouraged to evaluate each of these adjustments and the reasons our Board and management team consider them appropriate for supplemental analysis.

Our board of directors and management team use Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense and income), asset base (such as depreciation and amortization), and other items (such as non-recurring transactions mentioned above) that impact the comparability of financial results from period to period.

Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in such presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in the future, and any such modification may be material. Adjusted EBITDA has important limitations as an analytical tool and you should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definition of this non-GAAP financial measure may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

For a reconciliation to our most directly comparable financial measure calculated and presented in accordance with GAAP, please see “—Results of Operations” below.

Business Segments

We have four reportable business segments: Power, Digital Infrastructure, Compute, and Other.

Power

The Power business segment consists of Power Generation and Managed Services.

Power Generation

We generate revenue from our 80.1% interest in a joint venture between us and Macquarie, which provides capacity and energy to the electrical grid through four natural gas power plants in Ontario, Canada that were acquired in February 2024 (the “Far North JV”). The power generation facilities are connected to the Independent Electricity System Operator, which operates Ontario’s power grid, and primarily generate revenue from capacity and electricity sales. Revenue generated from capacity and electricity sales is variable and depends on several factors, including generation capacity in the market, the supply and demand for electricity, and the prevailing price of natural gas.

Managed Services

Our Managed Services business provides institutional partners with an end-to-end partnership model for energy infrastructure development, including:

- *Project inception*: site design, procurement, and construction management;
- *Project operationalization*: software automation, process design, personnel hiring, and team training;
- *Revenue management*: utilities contracts, hosting operations, and customer management;
- *Project optimization*: energy portfolio optimization and strategic initiatives; and/or
- *Compliance and reporting*: finance, accounting, and safety

Cash flows are generated through a fee structure that is typically fixed based on power capacity under management, with reimbursement of passthrough costs. In addition to the fixed fee, under certain agreements, further cash flows may be driven from incentive bonuses and certain energy management services.

As of June 30, 2025, we managed 280 MW of energy capacity under this program at one site in the United States owned by the King Mountain JV.

Starting April 1, 2025, we began operating as the exclusive provider of managed services to American Bitcoin via the execution of a Master Managed Services Agreement (“MSA”). Under the MSA, we provide American Bitcoin with management, oversight, strategy, compliance, operational, and the other services for American Bitcoin’s mining operations colocated at our facilities. The fee structure includes a fixed monthly fee based on the power capacity of each facility, as well as designated site level reimbursements. As American Bitcoin is a consolidated subsidiary, all fees under the MSA are eliminated in consolidation.

Digital Infrastructure

The Digital Infrastructure business segment consists of CPU Colocation and ASIC Colocation services.

CPU Colocation

Our CPU Colocation business spans five locations in Canada (Mississauga, Ontario; Vaughan, Ontario; Kelowna, British Columbia; and two locations in Vancouver, British Columbia) with a total energy capacity of 3 MW and more than 36,000 square feet of geo-diverse data center space powered by predominantly emission-free energy sources. Our infrastructure is designed to support a variety of compute, storage, and network workloads across traditional enterprise, B2B, machine learning, visual effects, and AI. This segment serves computing needs unrelated to Bitcoin Mining. These data centers are geo-diverse and carrier neutral with network diversity and redundancy from multiple telecommunications providers.

Our CPU Colocation business is based on a fixed-fee model. Customers pay a fixed recurring monthly fee based on a set amount of resources assigned.

ASIC Colocation

Under our ASIC Colocation business, we enter into contracts to host and operate mining equipment on behalf of third parties within our facilities. These services include the provision, if applicable, and hosting of mining equipment as well as the monitoring, troubleshooting, repair, and maintenance of such equipment. Revenues from ASIC Colocation services are generated through fees that may be fixed or based on profit-sharing arrangements, often with reimbursement for certain pass-through costs such as electricity.

During the fourth quarter of 2024, our agreement with Ionic Digital Inc. (“Ionic”) to host approximately 8,500 miners (0.8 EH/s) at our Alpha site was terminated. As a result, we ceased providing ASIC Colocation services at Alpha and utilize the site solely for self-mining purposes.

During 2024, we entered into a new ASIC Colocation contract with BITMAIN. The agreement features a fixed hosting fee with an option for us to purchase all or a portion of the hosted machines in up to three tranches at a fixed price within six months of energization of the relevant tranches. BITMAIN miners will be hosted at our Vega site, which completed its first energization at the end of June 2025.

Starting April 1, 2025, we began operating as the exclusive provider of ASIC colocation services to American Bitcoin via the execution of a Master Colocation Services Agreement (“CSA”). Under the CSA, we provide ASIC colocation services for American Bitcoin’s miners at our facilities. The fee structure typically includes a fixed monthly fee based on the power capacity of each facility, as well as infrastructure related site level reimbursements. As American Bitcoin is a consolidated subsidiary, all fees under the CSA are eliminated in consolidation.

Compute

The Compute business segment consists of Bitcoin Mining, GPU-as-a-Service, and Data Center Cloud operations.

Bitcoin Mining

Currently, one of our largest revenue streams is derived from Bitcoin Mining.

Our Bitcoin Mining business spanned four sites as of June 30, 2025:

- three sites with facilities we own and/or lease, and operate: (1) Alpha (Niagara Falls, New York), (2) Medicine Hat (Medicine Hat, Alberta), and (3) Salt Creek (Orla, Texas); and
- one site that we own 50% of through a joint venture, King Mountain (McCamey, Texas).

Until April 30, 2024, we also had Bitcoin Mining operations hosted at Kearney, Nebraska and Granbury, Texas. We also previously mined Bitcoin at a site in Drumheller, Alberta, which has been non-operational since March 2024. The closure was due to the site’s lack of profitability as a result of several factors, mostly elevated energy costs and underlying voltage issues. We will consider re-energizing Drumheller if market conditions improve.

Bitcoin rewards are received from mining activity through third-party mining pool operators, which allow miners to combine their processing power, increasing their chances of solving a block and getting paid by the network. We provide computing power to mining pools, which use this computing power to operate nodes and validate blocks on the blockchain. The pools then distribute our pro-rata share of Bitcoin mined to us based on the computing power we contribute.

During February and March 2025, our mining activity was reduced due to a planned fleet upgrade, which was completed on April 4, 2025. During the quarter ended June 30, 2025, the fleet upgrade resulted in higher efficiency Antminer S21+ miners which improved Bitcoin Mining operations.

On March 31, 2025, we launched American Bitcoin. Beginning April 1, 2025, Bitcoin Mining operations previously reported under our Compute segment remain under this segment but operate generally through the American Bitcoin brand.

GPU-as-a-Service

Our GPU assets are deployed under our wholly owned subsidiary, Highrise AI, Inc., at a third-party colocation site near Chicago, Illinois. This segment generates recurring revenue through payments made by the provider to us based on fixed infrastructure payments and a revenue share tied to GPU utilization.

Data Center Cloud

Our Data Center Cloud services support both public and private cloud deployments, managed backup, business continuity and disaster recovery services, and high-performance, high-capacity storage solutions. We employ a consumption-based fee structure where customers commit to a baseline level of compute, storage, network, or power usage as defined in their service agreements. Any usage beyond this baseline is typically billed incrementally, so costs are aligned with actual resource consumption and customers are afforded flexibility as their needs evolve.

Other

Equipment Sales and Repairs

We may sell mining equipment when profitable opportunities arise (e.g., if market prices exceed our procurement cost). We may also repair miners for third parties in exchange for a fee, as we have a fully equipped, MicroBT-certified repair center space at our Medicine Hat site.

Results of Operations

Three Months Ended June 30, 2025 and 2024

(in USD thousands)	Three Months Ended		Increase (Decrease)
	2025	June 30, 2024	
Revenue:			
Power	\$ 5,492	\$ 10,530	\$ (5,038)
Digital Infrastructure	1,512	5,264	(3,752)
Compute	34,295	15,795	18,500
Other	—	3,626	(3,626)
Total revenue	41,299	35,215	6,084
Cost of revenue (exclusive of depreciation and amortization shown below):			
Cost of revenue – Power	5,000	5,449	(449)
Cost of revenue – Digital Infrastructure	2,120	4,331	(2,211)
Cost of revenue – Compute	14,656	8,670	5,986
Cost of revenue – Other	—	2,186	(2,186)
Total cost of revenue	21,776	20,636	1,140
Operating expenses (income):			
Depreciation and amortization	19,458	11,531	7,927
General and administrative expenses	30,158	17,899	12,259
(Gains) losses on digital assets	(217,640)	71,842	(289,482)
(Gain) loss on sale of property and equipment	(312)	—	(312)
Total operating (income) expenses	(168,336)	101,272	(269,608)
Operating income (loss)	187,859	(86,693)	274,552
Other income (expense):			
Foreign exchange gain	3,114	720	2,394
Interest expense	(8,396)	(6,012)	(2,384)
(Loss) gain on derivatives	(18,403)	17,219	(35,622)
Loss on other financial liability	(181)	—	(181)
Equity in earnings of unconsolidated joint venture	1,064	2,440	(1,376)
Total other (expense) income	(22,802)	14,367	(37,169)
Income (loss) from continuing operations before taxes	165,057	(72,326)	237,383
Income tax (provision) benefit	(27,574)	1,874	(29,448)
Net income (loss) from continuing operations	\$ 137,483	\$ (70,452)	\$ 207,935
Loss from discontinued operations (net of income tax of nil and nil, respectively)	—	(1,738)	1,738
Net income (loss)	137,483	(72,190)	209,673
Less: Net (income) loss attributable to non-controlling interests	(171)	324	(495)
Net income (loss) attributable to Hut 8 Corp.	\$ 137,312	\$ (71,866)	\$ 209,178
Net income (loss)	\$ 137,483	\$ (72,190)	\$ 209,673
Other comprehensive income (loss):			
Foreign currency translation adjustments	39,892	(7,362)	47,254
Total comprehensive income (loss)	177,375	(79,552)	256,927
Less: Comprehensive (income) loss attributable to non-controlling interest	(227)	423	(650)
Comprehensive income (loss) attributable to Hut 8 Corp.	\$ 177,148	\$ (79,129)	\$ 256,277

Adjusted EBITDA reconciliation:

(in USD thousands)	Three Months Ended June 30		Increase (Decrease)
	2025	2024	
Net income (loss)	\$ 137,483	\$ (72,190)	\$ 209,673
Interest expense	8,396	6,012	2,384
Income tax provision (benefit)	27,574	(1,874)	29,448
Depreciation and amortization	19,458	11,531	7,927
Share of unconsolidated joint venture depreciation and amortization (1)	5,543	7,837	(2,294)
Foreign exchange gain	(3,114)	(720)	(2,394)
Gain on sale of property and equipment	(312)	—	(312)
Loss (gain) on derivatives	18,403	(17,219)	35,622
Loss on other financial liability	181	—	181
Non-recurring transactions (2)	3,739	21	3,718
Loss from discontinued operations (net of income tax benefit of nil and nil, respectively)	—	1,738	(1,738)
(Income) loss attributable to non-controlling interests	(3,786)	324	(4,110)
Stock-based compensation expense	7,640	7,010	630
Adjusted EBITDA	\$ 221,205	\$ (57,530)	\$ 278,735

(1) Net of the accretion of fair value differences of depreciable and amortizable assets included in equity in earnings of unconsolidated joint venture in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in accordance with ASC 323. See Note 9. *Investments in unconsolidated joint venture* of our Unaudited Condensed Consolidated Financial Statements for further detail.

(2) Non-recurring transactions for the three months ended June 30, 2025 primarily represent approximately \$3.5 million of American Bitcoin related transaction costs, and \$0.2 million of restructuring costs. Non-recurring transactions for the three months ended June 30, 2024 represent approximately \$1.5 million of miner relocation costs, \$0.7 million of restructuring costs, offset by a \$2.2 million tax refund.

Revenue

Total revenue for the three months ended June 30, 2025 and 2024 was \$41.3 million and \$35.2 million, respectively, and consisted of Power, Digital Infrastructure, Compute, and Other.

Power

Power revenue was \$5.5 million and \$10.5 million for the three months ended June 30, 2025 and 2024, respectively. This \$5.0 million decrease was primarily driven by a \$7.8 million decrease in Managed Services revenue due to the termination of the Ionic managed services agreement in December 2024. This decrease was partially offset by a \$2.8 million increase in electricity sales through the Far North JV due to an increase in electricity demand in the current year period.

Digital Infrastructure

Digital Infrastructure revenue was \$1.5 million and \$5.3 million for the three months ended June 30, 2025 and 2024, respectively. This \$3.8 million decrease was primarily driven by a \$3.8 million decrease in ASIC Colocation revenue as a result of the termination of our colocation agreement with Ionic during the fourth quarter of 2024.

Compute

Compute revenue was \$34.3 million and \$15.8 million for the three months ended June 30, 2025 and 2024, respectively. This \$18.5 million increase was primarily driven by a \$16.4 million increase in Bitcoin Mining revenue (which is under American Bitcoin beginning April 1, 2025), largely due to increased mining efficiencies at our Medicine Hat and Salt Creek sites as a result of our fleet upgrade, which not only involved the installation of higher-efficiency machines, but also targeted infrastructure upgrades at our sites to support higher rack-level power density. The fleet upgrade led to an increase in the number of Bitcoin mined (308 Bitcoin mined during the three months ended June 30, 2025 versus 212 Bitcoin mined during the three months ended June 30, 2024). Additionally, there was an increase in the average revenue per Bitcoin mined from \$65,731 to \$98,425 due to an increase in the price of Bitcoin. The increase was also driven by a \$2.3 million increase in revenue from our GPU-as-a-Service offering, which launched in September 2024. These increases were partially offset by a \$0.2 million decrease in revenue from our Data Center Cloud operations.

Other

Other revenue was nil and \$3.6 million for the three months ended June 30, 2025 and 2024, respectively. This \$3.6 million decrease was due to no equipment sales during the three months ended June 30, 2025, while there were \$3.6 million of equipment sales during the three months ended June 30, 2024.

Cost of revenue

Total cost of revenue was \$21.8 million and \$20.6 million for the three months ended June 30, 2025 and 2024, respectively, and consisted of Power, Digital Infrastructure, Compute, and Other.

Power

Power cost of revenue was \$5.0 million and \$5.4 million for the three months ended June 30, 2025 and 2024, respectively. The cost of revenue decreased, primarily due to a decrease in our Managed Services related operating costs of \$2.3 million due to the termination of our Ionic managed services agreement in December 2024, partially offset by a \$1.9 million increase in cost of revenue related to the increased electricity sales by the Far North JV in the quarter.

Digital Infrastructure

Digital Infrastructure cost of revenue was \$2.1 million and \$4.3 million for the three months ended June 30, 2025 and 2024, respectively. This \$2.2 million decrease was primarily driven by a \$2.7 million decrease in ASIC Colocation cost of revenue as a result of the termination of our colocation agreement with Ionic during the fourth quarter of 2024, partially offset by a \$0.5 million increase in the cost of revenue related to CPU Colocation operations due to higher electricity and connectivity costs.

Compute

Compute cost of revenue was \$14.6 million and \$8.7 million for the three months ended June 30, 2025 and 2024, respectively. This \$5.9 million increase was primarily driven by a \$5.2 million increase in the cost of revenue related to Bitcoin Mining primarily due to the increased uptime and an increase in the cost per megawatt hour from \$32.76 to \$41.91. Additionally, there was a \$0.7 million increase in costs of revenues related to our new GPU-as-a-Service offering, which launched in September 2024.

Other

Other cost of revenue was nil and \$2.2 million for the three months ended June 30, 2025 and 2024, respectively. This \$2.2 million decrease was a result of no equipment sold for the three months ended June 30, 2025.

Depreciation and amortization

Depreciation and amortization expense was \$19.5 million and \$11.5 million for the three months ended June 30, 2025 and 2024, respectively. The \$8.0 million increase was primarily driven by increased depreciation as a result of our fleet upgrade, which not only involved the installation of higher-efficiency machines, but also targeted infrastructure upgrades at our sites to support higher rack-level power density. Additionally, there was increased AI GPU depreciation due to the launch of our GPU-as-a-Service offering in September 2024.

General and administrative expenses

General and administrative (“G&A”) expenses were \$30.1 million and \$17.9 million for the three months ended June 30, 2025 and 2024, respectively. The \$12.2 million increase in G&A expenses was driven by: (i) a \$3.5 million increase in transaction costs related to ABTC Merger transaction costs, (ii) a \$3.8 million increase in salary and benefit costs due to added headcount to support our growth initiatives, (iii) a \$2.1 million increase in professional fees primarily due to legal and tax expenses incurred to support the execution of our growth plans, and (iv) a \$2.3 million increase in sales tax expenses, as we received a \$2.2 million refund of sales taxes in Canada during the three months ended June 30, 2024.

(Gains) losses on digital assets

Gains on digital assets were \$217.6 million for the three months ended June 30, 2025, compared to losses on digital assets of \$71.8 million for the three months ended June 30, 2024. The gains were due to the increase in Bitcoin price from approximately \$82,534 as of March 31, 2025 to approximately \$107,173 as of June 30, 2025. In contrast, the price of Bitcoin as of March 31, 2024 of approximately \$71,289 decreased to approximately \$62,668 as of June 30, 2024.

Other (expense) income

Other (expense) income totaled (\$22.8) million and \$14.4 million for the three months ended June 30, 2025 and 2024, respectively. The decrease of \$37.2 million was primarily driven by: (i) a \$35.6 million decrease in gain on derivatives related to our Bitcoin redemption option and call options, (ii) a \$2.4 million increase in interest expense due to an increase in the amount of average borrowing in 2025, and (iii) a \$1.4 million decrease in equity in earnings of King Mountain JV due to the impact of the halving event in April 2024 on Bitcoin Mining revenue. This was slightly offset by a \$2.3 million increase in foreign exchange gain due to a strengthening of Canadian dollar to U.S. dollar exchange rate related to our net U.S. dollar denominated liability position in our Canadian dollar functional currency subsidiaries.

Income tax

Our income tax provision was \$27.6 million and our income tax benefit was \$1.9 million for the three months ended June 30, 2025 and 2024, respectively. This \$29.5 million increase was primarily due to deferred taxes related to the gain on digital assets for the three months ended June 30, 2025.

Six Months Ended June 30, 2025 and 2024

	Six Months Ended		
	June 30,		
	2025	2024	Increase (Decrease)
(in USD thousands)			
Revenue:			
Power	\$ 9,872	\$ 20,468	\$ (10,596)
Digital Infrastructure	2,829	11,108	(8,279)
Compute	50,413	47,933	2,480
Other	—	7,447	(7,447)
Total revenue	63,114	86,956	(23,842)
Cost of revenue (exclusive of depreciation and amortization shown below):			
Cost of revenue – Power	8,628	9,082	(454)
Cost of revenue – Digital Infrastructure	3,679	8,960	(5,281)
Cost of revenue – Compute	28,128	26,356	1,772
Cost of revenue – Other	—	4,385	(4,385)
Total cost of revenue	40,435	48,783	(8,348)
Operating expenses (income):			
Depreciation and amortization	34,357	23,003	11,354
General and administrative expenses	51,217	37,898	13,319
Gains on digital assets	(105,246)	(202,732)	97,486
Loss (gain) on sale of property and equipment	2,142	(190)	2,332
Total operating income	(17,530)	(142,021)	124,491
Operating income	40,209	180,194	(139,985)
Other income (expense):			
Foreign exchange gain (loss)	3,123	(1,679)	4,802
Interest expense	(15,865)	(12,293)	(3,572)
Asset contribution costs	(22,780)	—	(22,780)
Gain on derivatives	2,459	17,219	(14,760)
Gain on other financial liability	958	—	958
Equity in earnings of unconsolidated joint venture	2,429	6,962	(4,533)
Total other (expense) income	(29,676)	10,209	(39,885)
Income from continuing operations before taxes	10,533	190,403	(179,870)
Income tax provision	(7,369)	(2,522)	(4,847)
Net income from continuing operations	\$ 3,164	\$ 187,881	\$ (184,717)
Loss from discontinued operations (net of income tax of nil and nil, respectively)	—	(9,364)	9,364
Net income	3,164	178,517	(175,353)
Less: Net loss attributable to non-controlling interests	259	493	(234)
Net income attributable to Hut 8 Corp.	\$ 3,423	\$ 179,010	\$ (175,587)
Net income	\$ 3,164	\$ 178,517	\$ (175,353)
Other comprehensive income (loss):			
Foreign currency translation adjustments	41,079	(18,436)	59,515
Total comprehensive income	44,243	160,081	(115,838)
Less: Comprehensive loss attributable to non-controlling interest	204	557	(353)
Comprehensive income attributable to Hut 8 Corp.	\$ 44,447	\$ 160,638	\$ (116,191)

Adjusted EBITDA reconciliation:

(in USD thousands)	Six Months Ended June 30,		Increase (Decrease)
	2025	2024	
Net income	\$ 3,164	\$ 178,517	\$ (175,353)
Interest expense	15,865	12,293	3,572
Income tax provision	7,369	2,522	4,847
Depreciation and amortization	34,357	23,003	11,354
Share of unconsolidated joint venture depreciation and amortization (1)	11,028	13,186	(2,158)
Foreign exchange (gain) loss	(3,123)	1,679	(4,802)
Losses (gains) on sale of property and equipment	2,142	(190)	2,332
Gain on derivatives	(2,459)	(17,219)	14,760
Gain on other financial liability	(958)	—	(958)
Non-recurring transactions (2)	5,224	4,336	888
Asset contribution costs	22,780	—	22,780
Loss from discontinued operations (net of income tax benefit of nil and nil, respectively)	—	9,364	(9,364)
(Income) loss attributable to non-controlling interests	(3,313)	493	(3,806)
Stock-based compensation expense	11,433	11,484	(51)
Adjusted EBITDA	\$ 103,509	\$ 239,468	\$ (135,959)

(1) Net of the accretion of fair value differences of depreciable and amortizable assets included in equity in earnings of unconsolidated joint venture in the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in accordance with ASC 323. See Note 9. *Investments in unconsolidated joint venture* of our Unaudited Condensed Consolidated Financial Statements for further detail.

(2) Non-recurring transactions for the six months ended June 30, 2025 primarily represent approximately \$4.8 million of American Bitcoin related transaction costs, and \$0.4 million of restructuring costs. Non-recurring transactions for the six months ended June 30, 2024 represent approximately \$1.5 million of miner relocation costs, \$3.5 million of restructuring costs, \$1.5 million related to the Nar North transaction, offset by a \$2.2 million tax refund.

Revenue

Total revenue for the six months ended June 30, 2025 and 2024 was \$63.1 million and \$87.0 million, respectively, and consisted of Power, Digital Infrastructure, Compute, and Other.

Power

Power revenue was \$9.9 million and \$20.5 million for the six months ended June 30, 2025 and 2024, respectively. This \$10.6 million decrease was primarily driven by an \$16.1 million decrease in Managed Services revenue due to the termination of the Ionic managed services agreement in December 2024. This decrease was partially offset by a \$5.5 million increase in electricity sales through the Far North JV due to an increase in electricity demand during 2025.

Digital Infrastructure

Digital Infrastructure revenue was \$2.8 million and \$11.1 million for the six months ended June 30, 2025 and 2024, respectively. This \$8.3 million decrease was primarily driven by an \$8.3 million decrease in ASIC Colocation revenue as a result of the termination of our colocation agreement with Ionic during the fourth quarter of 2024 and a \$0.3 million decrease in CPU Colocation revenue due to customer churn.

Compute

Compute revenue was \$50.4 million and \$47.9 million for the six months ended June 30, 2025 and 2024, respectively. This \$2.5 million increase was primarily driven by a \$4.6 million increase in revenue from our GPU-as-a-Service offering, which launched in September 2024. This increase was partially offset by a \$1.6 million decrease in Bitcoin mining revenue (which is under American Bitcoin beginning April 1, 2025), largely due to a decrease in Bitcoin mined (443 Bitcoin mined during the six months ended June 30, 2025 versus 803 Bitcoin mined during the six months ended June 30, 2024). The decrease in Bitcoin mined was due to reduced uptime at our Medicine Hat and Salt Creek sites in order to complete our fleet upgrade. The decrease was also due to an increase in network difficulty and the halving event in April 2024. These increases in Bitcoin mining revenue were partially offset by an increase in the average revenue per Bitcoin mined from \$55,105 to \$96,321. The increase was also offset by a \$0.5 million decrease in revenue from our Data Center Cloud operations.

Other

Other revenue was nil and \$7.4 million for the six months ended June 30, 2025 and 2024, respectively. This \$7.4 million decrease was due to no equipment sales during the six months ended June 30, 2025, while there was \$7.4 million of equipment sales during the six months ended June 30, 2024.

Cost of revenue

Total cost of revenue was \$40.4 million and \$48.8 million for the six months ended June 30, 2025 and 2024, respectively, and consisted of Power, Digital Infrastructure, Compute, and Other.

Power

Power cost of revenue was \$8.6 million and \$9.1 million for the six months ended June 30, 2025 and 2024, respectively. The decrease in cost of revenue of \$0.5 million, primarily due to a decrease in our Managed Services related operating costs of \$4.4 million due to the termination of our Ionic managed services agreement in December 2024, partially offset by a \$3.9 million increase in cost of revenue related to the increase in electricity sales by the Far North JV.

Digital Infrastructure

Digital Infrastructure cost of revenue was \$3.7 million and \$9.0 million for the six months ended June 30, 2025 and 2024, respectively. This \$5.3 million decrease was primarily driven by a \$6.0 million decrease in ASIC Colocation cost of revenue as a result of the termination of our colocation agreement with Ionic during the fourth quarter of 2024, partially offset by a \$0.7 million increase in the cost of revenue related to CPU Colocation operations due to higher electricity and connectivity costs.

Compute

Compute cost of revenue was \$28.1 million and \$26.4 million for the six months ended June 30, 2025 and 2024, respectively. This \$1.7 million increase was primarily driven by a \$1.7 million increase in costs related to our new GPU-as-a-Service offering, launched in September 2024.

Other

Other cost of revenue was nil and \$4.4 million for the six months ended June 30, 2025 and 2024, respectively. This \$4.4 million decrease was a result of no equipment sold for the six months ended June 30, 2025.

Depreciation and amortization

Depreciation and amortization expense was \$34.4 million and \$23.0 million for the six months ended June 30, 2025 and 2024, respectively. The \$11.4 million increase was primarily driven by increased depreciation as a result of our fleet upgrade. Additionally, there was increased AI GPU depreciation due to launching the GPU-as-a-Service offering in September 2024.

General and administrative expenses

G&A expenses were \$51.2 million and \$37.9 million for the six months ended June 30, 2025 and 2024, respectively. The \$13.3 million increase in G&A expenses was driven by: (i) a \$7.1 million increase in salary and benefit costs due to added headcount to support our growth initiatives, (ii) a \$4.8 million increase in transaction costs related to the ABTC Merger transaction, (iii) a \$3.1 million increase in professional fees primarily due to legal and tax expenses incurred to support the execution of our growth plans, (iv) a \$1.9 million increase in other G&A expenses, and (v) a \$2.2 million increase in sales tax expenses, as we received a \$2.2 million refund of sales taxes in Canada during the six months ended June 30, 2024. These increases were offset by (i) a \$3.3 million decrease in restructuring expenses, (ii) a \$1.4 million decrease in Far North JV acquisition costs, and (iii) a \$1.1 million decrease in insurance expense.

Gains on digital assets

Gains on digital assets were \$105.3 million and \$202.7 million for the six months ended June 30, 2025 and 2024, respectively. The gains were due to the increase in Bitcoin price from approximately \$93,354 as of December 31, 2024 compared to approximately \$107,173 as of June 30, 2025 while the price of Bitcoin as of December 31, 2023 of approximately \$42,288 increased to approximately \$62,668 as of June 30, 2024.

Other expense (income)

Other expense was \$29.7 million for the six months ended June 30, 2025, compared to other income of \$10.2 million for the six months ended June 30, 2024. The decrease of \$39.9 million was primarily driven by (i) \$22.8 million in asset contribution costs related to non-controlling interest portion of American Bitcoin, (ii) a \$14.8 million decrease in gains on derivatives related to our Bitcoin redemption option and call options, (iii) a \$3.6 million increase in interest expense due to an increase in the amount of average borrowing in 2025, and (iv) a \$4.5 million decrease in equity in earnings of King Mountain JV due to the impact of the halving event in April 2024 on Bitcoin Mining revenue. This was slightly offset by (i) a \$1.0 million gain on other financial liability, and (ii) a \$4.8 million increase in foreign exchange gain due to the strengthening of the Canadian dollar to U.S. dollar exchange rate related to our net U.S. dollar denominated liability position in our Canadian dollar functional currency subsidiaries.

Income tax

Our income tax provision was \$7.4 million for the six months ended June 30, 2025, compared to \$2.5 million for the six months ended June 30, 2024. The increase in income tax provision was primarily due to deferred taxes related to the gains on digital assets for the six months ended June 30, 2025.

Loss from discontinued operations

Loss from discontinued operations was nil and \$9.4 million for the six months ended June 30, 2025 and 2024, respectively. On March 6, 2024, we announced the closure of our Drumheller site in Alberta, Canada in connection with restructuring and optimization initiatives designed to strengthen financial performance. Of the \$9.4 million loss related to the closure of our Drumheller site, the impairment of the long term assets contributed \$6.1 million and the remaining \$3.3 million loss was from other operational activities.

King Mountain JV

The King Mountain JV is a 50/50 joint venture with one of the world's largest renewable energy producers. The King Mountain JV has 280 MW of self-mining and hosting operations located behind-the-meter at a wind farm in McCamey, Texas.

As of June 30, 2025, the King Mountain JV owned approximately 18,000 miners for self-mining (about 1.8EH/s) and hosted approximately 67,200 miners (about 7.8 EH/s) for a single hosting customer at its wholly-owned King Mountain site, which has a total capacity of 280 MW.

We account for the King Mountain JV using the equity method of accounting, resulting in reporting the King Mountain JV as an unconsolidated joint venture. Additionally, our 50% portion of any distributions from the King Mountain JV are used to pay down the TZRC Secured Promissory Note. See Note 9. *Investment in unconsolidated joint venture* and Note 10. *Loans, notes payable, and other financial liabilities* to the consolidated financial statements found elsewhere in this Quarterly Report for additional information on the King Mountain JV and TZRC Secured Promissory Note.

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Below are the condensed consolidated income statements for the King Mountain JV for the three and six months ended June 30, 2025 and 2024:

(in USD thousands)	Condensed Consolidated Income Statement			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Total revenue, net	\$ 30,532	\$ 33,046	\$ 64,445	\$ 74,240
Gross profit	14,472	17,726	29,305	39,321
Net (loss) income	(1,358)	1,394	(2,114)	6,952
Net (loss) income attributable to investee	(679)	697	(1,057)	3,476

Our board of directors and management team also evaluate Adjusted EBITDA for the King Mountain JV, which is a non-GAAP financial measure. We define Adjusted EBITDA as net (loss) income before depreciation and amortization and interest income. We use Adjusted EBITDA to assess the King Mountain JV's financial performance because it allows us to compare the operating performance on a consistent basis across periods by removing the effects of the King Mountain JV's capital structure.

Net (loss) income is the GAAP measure most directly comparable to Adjusted EBITDA. This non-GAAP financial measure should not be considered as an alternative to the most directly comparable GAAP financial measure. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in such presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in the future, and any such modification may be material. Adjusted EBITDA has important limitations as an analytical tool and you should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definition of this non-GAAP financial measure may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

(in USD thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Net (loss) income	\$ (1,358)	\$ 1,394	\$ (2,114)	\$ 6,952
Depreciation and amortization	15,823	15,674	31,528	31,107
Interest income	(1,102)	(440)	(2,077)	(915)
Adjusted EBITDA	<u>\$ 13,363</u>	<u>\$ 16,628</u>	<u>\$ 27,337</u>	<u>\$ 37,144</u>

Liquidity and Capital Resources

Our primary sources of liquidity include our cash and cash equivalents, debt facilities, strategic Bitcoin reserve, equity sales, and the cash flows generated from operations. Historically, our primary cash needs have been for working capital to support equipment financing, including the purchase of additional Bitcoin miners, and growth initiatives, including infrastructure purchases, development opportunities, and acquisitions.

On December 4, 2024, we entered into a Controlled Equity Offering Sales Agreement establishing an at-the-market offering, allowing us to offer and sell up to \$500.0 million of our common stock from time to time (the "2024 ATM"). Concurrently, we launched a \$250.0 million stock repurchase program enabling us to repurchase up to 4,683,936 shares of our common stock (representing 5.0% of our issued and outstanding common stock as of December 4, 2024) within twelve months of launch.

In June 2025, American Bitcoin sold and issued 11,002,954 shares of its Class A common stock for aggregate gross proceeds in cash and Bitcoin of \$220.1 million, and aggregate net proceeds of approximately \$215.3 million after deducting certain fees and expenses incurred in connection with the issuance, including aggregate commissions of \$4.8 million. \$10.0 million worth of the shares were sold for consideration of Bitcoin in lieu of cash at an exchange rate of one Bitcoin to \$104,000. In July 2025, American Bitcoin used \$200.0 million of these proceeds to purchase approximately 1,677 Bitcoin at an average price of approximately \$119,280.

In June 2025, we amended our Credit Agreement with Coinbase to, among other things: (i) extend the final maturity date to June 16, 2026; (ii) increase the principal amount by up to \$65.0 million of additional borrowings available through July 30, 2025, if any, resulting in a total principal amount of up to \$130.0 million; (iii) modify the interest rate such that amounts that are borrowed will bear interest at a rate equal to 9.0%; and (iv) remove the right for Coinbase to receive an early termination fee for any repayment or prepayment by the Company prior to the final maturity date.

During the six months ended June 30, 2025, we issued and sold 4,205,019 shares of our common stock under the 2024 ATM for gross proceeds of \$113.1 million, incurred issuance costs of \$1.1 million, and repurchased nil shares of our common stock under the stock repurchase program.

During the period from July 1, 2025 to August 6, 2025, the Company issued and sold 1,000,000 shares of its common stock under the 2024 ATM for gross proceeds of \$21.1 million and incurred issuance costs of \$0.2 million.

Our ability to meet our anticipated cash requirements will depend on various factors including our ability to maintain our existing business, enter into new lines of business, provide new offerings, compete with existing and new competitors in existing and new markets and offerings, acquire new businesses or pursue strategic transactions, and respond to global and domestic economic, geopolitical, social conditions and their impact on demand for our offerings.

We believe that cash flows generated from operating activities, our strategic Bitcoin reserve, and the 2024 ATM will meet our anticipated cash requirements in the short-term. On a long-term basis, we plan to rely on access to the capital markets for any long-term funding not provided by operating cash flows, cash on hand, and our strategic Bitcoin reserve.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended	
	2025	2024
<i>(in USD thousands)</i>		
Cash flows used in operating activities	\$ (82,636)	\$ (42,693)
Cash flows (used in) provided by investing activities	\$ (101,480)	\$ 34,992
Cash flows provided by financing activities	\$ 320,764	\$ 152,862

Operating Activities

Net cash used in operating activities was \$82.6 million and \$42.7 million for the six months ended June 30, 2025 and 2024, respectively. Net cash used in operating activities for the six months ended June 30, 2025 resulted from net income and related adjustments of \$59.6 million in addition to unfavorable changes in working capital of \$23.0 million. Net cash used in operating activities for the six months ended June 30, 2024 resulting from net income and related adjustments of \$29.5 million and unfavorable changes in working capital of \$13.2 million.

Investing Activities

Net cash used in investing activities totaled \$101.5 million for the six months ended June 30, 2025, primarily consisting of \$108.7 million in property and equipment purchases, and \$0.9 million related to other intangibles purchases. These outflows were partially offset by \$3.7 million in proceeds from Bitcoin sales, and \$4.4 million in proceeds from the sale of property and equipment. Net cash provided by investing activities totaled \$35.0 million for the six months ended June 30, 2024, primarily consisting of \$53.1 million in proceeds from Bitcoin sales, \$4.2 million in proceeds from the sale of property and equipment and \$1.1 million in cash added as part of the Far North JV acquisition. These inflows were partially offset by \$17.0 million in property and equipment purchases, and \$6.4 million cash payment in exchange for shares in Ionic.

Financing Activities

Net cash provided by financing activities was \$320.8 million for the six months ended June 30, 2025, primarily consisting of \$205.3 million in net cash proceeds from the issuance and sale of American Bitcoin's Class A common stock, \$112.0 million in net proceeds from the issuance of common stock through our 2024 ATM and \$3.5 million in proceeds from funding in relation to our GPU-as-a-Service business segment. Net cash provided by financing activities was \$152.9 million for six months ended June 30, 2024, primarily consisting of \$150.0 million in proceeds from the Coatue convertible note, \$20.8 million in proceeds from covered call options premium, and \$14.8 million in proceeds from the Coinbase loan. This was partially offset by \$32.3 million in repayment of loans and notes payable.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our Unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these Unaudited Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. We evaluate our estimates and assumptions on an ongoing basis and base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for the judgments we make about the carrying value of assets and liabilities that are not readily apparent from other sources. Because these estimates can vary depending on the situation, actual results may differ from these estimates. Making estimates and judgments about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position, and statement of cash flows.

There have been no material changes to our critical accounting policies and estimates disclosed in the Annual Report other than as described in Note 2. *Basis of Presentation, Summary of Significant Accounting Policies and Recent Accounting Pronouncements* in our Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes.

Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with revenue recognition, determining the useful lives and recoverability of long-lived assets, impairment analysis of finite-lived intangibles and digital assets, and current and deferred income tax assets (including the associated valuation allowance) and liabilities.

Regulatory Update

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law, which includes a broad range of tax reform provisions, including extending and modifying certain key Tax Cuts and Jobs Act provisions (both domestic and international), and provisions allowing accelerated tax deductions for qualified property and research expenditures. We are currently evaluating the potential impacts that the OBBBA may have on our financial position.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Price Risk of Bitcoin

We hold a significant amount of Bitcoin; therefore, we are exposed to the impact of market price changes in Bitcoin.

As of June 30, 2025, we held 10,667 Bitcoin, and the fair value of a single Bitcoin was approximately \$107,173. Therefore, the fair value of our Bitcoin holdings as of June 30, 2025 was approximately \$1.14 billion. Declines in the fair market value of Bitcoin will impact the cash value that would be realized if we were to sell our Bitcoin for cash, therefore having a negative impact on our liquidity.

Custodian Risk

Our Bitcoin is held with third-party custodians, Coinbase Custody, NYDIG, Anchorage, and BitGo, which we select based on various factors, including their financial strength and industry reputation. Custodian risk refers to the potential loss, theft, or misappropriation of our Bitcoin assets due to operational failures, cybersecurity breaches, or financial difficulties experienced by these third parties. Although we periodically monitor the financial health, insurance coverage, and security measures of our custodians, reliance on such third parties inherently exposes us to risks that we cannot fully mitigate.

Credit Risk

Credit risk arises from our practice of pledging Bitcoin as collateral in transactions with counterparties. We mitigate this risk by engaging with counterparties that we believe possess strong creditworthiness based on their size, credit quality, and reputation, among other factors. During the six months ended June 30, 2025, we have not incurred any material loss from such transactions. However, there remains a risk that a counterparty could default on its obligations to us, which might result in a material loss. We continually assess the credit risk associated with our counterparties and, if necessary, recognize a loss provision or write-down. Credit risk also arises from us placing our cash and demand deposits in financial institutions. Although we strive to limit our exposure by placing cash and demand deposits with financial institutions with a high credit standing, there can be no assurances that we are able to mitigate our credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We have one loan that maintains a variable interest rate, the TZRC Secured Promissory Note, which includes a maximum interest rate of 15.25%. As a result, changes in market interest rates could affect our operations over certain periods and may also impact our ability to finance projects. For more information regarding the TZRC Secured Promissory Note, see Note 10. *Loans, notes payable, and other financial liabilities* to the Unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report.

In addition, our exposure to interest rate risk relates to our ability to earn interest income on cash balances at variable rates. Changes in short term interest rates are not expected to have a significant effect on the fair value of our cash account.

Tariff Risk

Changes in government and economic policies, incentives, or tariffs may also have an impact on equipment that we import. While the final scope and application of recently announced changes in U.S trade policy remain uncertain at this time, higher tariffs on imports and subsequent retaliatory tariffs could adversely impact our ability to import equipment at levels that are cost effective. We plan to continue to adjust accordingly to such developments.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), designed to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized, and reported within the specified time periods. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports that we file and submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to enable timely decisions regarding required disclosure.

As of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer, with the participation of our management, have concluded that our disclosure controls and procedures were not effective as of June 30, 2025 due to the identification of material weaknesses in our internal control over financial reporting, as further described in Item 9A of our Annual Report and below.

Our management, including our Chief Executive Officer and Chief Financial Officer, recognize that any system of disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance rather than absolute assurance of achieving its objectives. The design of a control system must reflect resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation can provide absolute assurance that all control issues or instances of fraud, if any, will be detected. These inherent limitations include the possibility of faulty judgments, errors or mistakes, and the potential for controls to be circumvented by individual acts, collusion among employees, or management override. Moreover, the design of any control system is based on certain assumptions regarding future events, and there is no guarantee that any design will succeed under all potential future conditions. Over time, controls may become inadequate due to changes in conditions or deterioration in compliance with policies or procedures. Consequently, misstatements due to error or fraud may occur and not be detected.

Material Weaknesses in Internal Control and Plan for Remediation

Based on our evaluation, management previously identified the following material weaknesses in internal control over financial reporting that remained open as of December 31, 2024:

- our control pertaining to the review was not operating effectively as it relates to the calculation of the deferred tax provision for Bitcoin held in an international jurisdiction; and
- our control pertaining to the review of a complex accounting transaction related to our BITMAIN miner purchase agreement was not operating effectively.

These material weaknesses did not result in a material misstatement to our previously issued Consolidated Financial Statements, nor in the Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report.

Remediation

Our board of directors and management take internal control over financial reporting and the integrity of our financial statements seriously. Management continues to work to improve our controls related to the material weaknesses described above. Management will continue to implement measures to remediate the material weaknesses, such that these controls are designed, implemented, and operating effectively. In order to achieve the timely implementation of the above, management has commenced the following actions and will continue to assess additional opportunities for remediation on an ongoing basis:

- replaced our existing third-party advisor who prepared and supported our review of the deferred taxes calculation with an advisor who has additional expertise in calculating deferred income taxes in the international jurisdictions in which we operate;
- replaced our existing third-party advisor who supported our review of the BITMAIN miner purchase agreement with an advisor who has additional expertise in Bitcoin-related transactions; and
- continue developing and implementing enhanced controls related to the review of certain of our third-party advisors with respect to their review of certain complex transactions.

While these remedial actions are designed to correct the material weaknesses, changes to internal control over financial reporting require operation for a sufficient period of time in order for management to evaluate and test the operating effectiveness. Management will continue to monitor and evaluate the effectiveness of the change for a sufficient period of time prior to concluding that these controls are designed and operating effectively, at which time, the material weaknesses can be considered remediated.

Changes in Internal Control Over Financial Reporting

Other than the remediation efforts that are in process, there were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2025 that materially affected, or that are reasonably likely to materially affect our internal control over financial reporting.

The material weaknesses cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Therefore, to remediate our existing material weaknesses, we require additional time to complete the implementation and testing of our remediation plans and demonstrate the effectiveness of our remediation efforts.

There were no changes in our internal control over financial reporting that occurred during the six months ended June 30, 2025 that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

For a description of material legal proceedings in which we are involved, see Note 19. *Commitments and contingencies* to our Unaudited Condensed Consolidated Financial statements included elsewhere in this Quarterly Report, which is incorporated herein by reference.

We are not presently a party to any other legal or regulatory proceedings that in the opinion of our management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, financial condition, or results of operations. However, we are subject to regulatory oversight by numerous federal, state, provincial, local, and other regulators and we are, and we may become, subject to various legal proceedings, inquiries, investigations, and demand letters that arise in the course of our business. See “Risk Factors—Risks Related to Certain Regulations and Laws, Including Tax Laws—We are involved in legal proceedings from time to time, which could adversely affect us” in the Annual report.

Item 1A. Risk Factors

Other than as set forth below, there have been no material changes from the risk factors set forth in Part I, Item 1A of the Annual Report. We are subject to various risks and uncertainties that could materially adversely affect our business, financial condition, results of operations, and the trading price of our common stock. You should carefully read and consider the risks and uncertainties included herein and in the Annual Report, together with all of the other information in the Annual Report and this Quarterly Report, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, and other documents that we file with the SEC. The risks and uncertainties described in these reports may not be the only ones we face. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business, financial condition, or results of operations. The factors discussed in these reports, among others, could cause our actual results to differ materially from historical results and those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors, and oral statements.

The completion of the ABTC Merger is subject to conditions, including certain conditions that may not be satisfied on a timely basis, if at all, and we may not realize some or all of the expected benefits of the ABTC Merger.

On May 9, 2025, American Bitcoin entered into a definitive merger agreement to go public with Gryphon pursuant to which Gryphon will acquire American Bitcoin in a stock-for-stock merger transaction. At the closing of the ABTC Merger, the issued and outstanding capital stock of American Bitcoin will be canceled and converted into the right to receive newly issued stock representing, in the aggregate, approximately 98% of the issued and outstanding stock of Gryphon as of immediately following the ABTC Merger. Upon the completion of the ABTC Merger, Gryphon is expected to be renamed “American Bitcoin Corp.,” and is expected to trade on Nasdaq under the ticker symbol “ABTC.” Immediately following the completion of the ABTC Merger transaction, we will beneficially own approximately 64.37% of the then-outstanding capital stock of the combined company, on a fully diluted basis, which is expected to represent approximately 80.00% of the total combined voting power of the combined company capital stock.

However, the timing and completion of the ABTC Merger is not assured and is subject to risks, including the risk that the approval of the ABTC Merger by Gryphon’s stockholders is not obtained, the combined company’s application for listing its Class A common stock on The Nasdaq Capital Market is not approved, or other closing conditions are not satisfied. If the ABTC Merger is not completed on the anticipated timeframe or at all, we could be subject to various risks, including declines in the price of our common stock. Furthermore, any failure to complete the ABTC Merger will delay (potentially indefinitely) the timing for American Bitcoin to effectuate a public listing of its securities. As American Bitcoin’s business plan is dependent on raising substantial additional capital, if the ABTC Merger is not consummated, American Bitcoin may not have sufficient access to capital markets to execute on its business plans, which could have a material adverse effect on its and our business, financial condition, cash flows and results of operations. While we do not presently have any intention to sell our stake in American Bitcoin, any failure or delays in achieving a public listing for American Bitcoin could have the effect of limiting or delaying our ability to liquidate our stake in American Bitcoin. These or other developments could cause American Bitcoin and us to realize some or all of the expected benefits of the ABTC Merger on a different timeline than expected, or not at all, which could have a material adverse effect on its and our business, financial condition, cash flows and results of operations. If we are unable to complete the ABTC Merger, we will have incurred substantial costs without realizing the benefits of such transaction.

Furthermore, there can be no assurance that each separate company will be successful as a standalone public company. Our management team, including our Chief Executive Officer and Chief Strategy Officer, are expected to serve as Executive Chairman and as Chief Executive Officer and Director, respectively, of the combined company following the ABTC Merger, which may divert management attention from our business. Moreover, completion of the ABTC Merger will result in independent public companies that are smaller, less diversified companies with more limited businesses concentrated in their respective industries than prior to the transaction. As a result, each company may be more vulnerable to global economic trends, geopolitical risks, demand or supply shocks, and changing industry or market conditions, which could have a material adverse effect on its business, financial condition, cash flows and results of operations. Additionally, the ABTC Merger may result in the duplication of certain costs and expenses, such as public company operating and compliance costs, that would have not been duplicated if our business and ABTC were combined in a single company. Additionally, we cannot predict whether at the closing of the ABTC Merger or over time the market value of our common stock and the Class A common stock of the new combined company after the ABTC Merger will be, in the aggregate, less than, equal to or greater than the market value of our common stock prior to the ABTC Merger. There is no guarantee that the value of our stake in American Bitcoin will be fully reflected in the price of our common stock, or at all. Investors holding our common stock may also sell our common stock or the combined company's common stock to the extent that it does not match their investment strategies, which may cause a decline in the market price of such common stock.

Furthermore, as American Bitcoin is our majority-owned subsidiary, to the extent the risks to American Bitcoin's business are realized, it could result in material decreases in the value of our interest in American Bitcoin. For so long as American Bitcoin's financial results are consolidated in our financial statements, any such event could also have a material adverse effect on our business, financial condition, and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Except as previously reported in our Current Report on Form 8-K filed with the SEC on June 30, 2025, there were no unregistered sales of equity securities by us during the three months ended June 30, 2025.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Amendment to the Coinbase Loan

On August 1, 2025, Hut 8 Mining Corp., our wholly owned subsidiary (the "Borrower"), entered into Amendment No. 1 to the Third Amended and Restated Credit Agreement between the Borrower, as borrower, and Coinbase, as lender, collateral agent, and administrative agent (the "Coinbase Amendment"). The Coinbase Amendment amended our existing credit agreement with Coinbase, dated as of June 26, 2023 and subsequently amended and restated on January 12, 2024, June 17, 2024 and June 16, 2025 (the "Third Amended and Restated Credit Agreement").

The Coinbase Amendment amends the Third Amended and Restated Credit Agreement to extend the availability period of additional principal borrowings from July 30, 2025 to through the final maturity date of June 16, 2026, provided that (i) five business days' notice is given prior to the borrowing and (ii) starting on September 30, 2025, any undrawn portion under the agreement is subject to a commitment fee of 1.5% per annum. All other material terms, including payment terms and acceleration provisions, remained unchanged from the Third Amended and Restated Credit Agreement.

The funds made available pursuant to the Coinbase Amendment are expected to be used for general corporate purposes. The Borrower's obligations under the Coinbase Amendment are secured by the Borrower's interest in certain Bitcoin held in the custody of Coinbase Custody Trust Company, LLC ("Coinbase Custody") and Coinbase's recourse is limited to such Bitcoin held in the custody of Coinbase Custody. Coinbase Custody will not charge the Borrower any custodial fees for such Bitcoin collateral.

This disclosure is provided in this Part II, Item 5 in lieu of disclosure under Items 1.01 and 2.03 of Form 8-K.

Vega Miner Purchase

On August 5, 2025, Zephyr Infrastructure LLC, our indirect wholly owned subsidiary (“Zephyr”), assigned its option to purchase up to approximately 17,280 Bitmain Antminer U3S21EXPH ASIC miners (collectively, the “Bitmain Miners”), representing a total of approximately 14.86 EH/s, to American Bitcoin. American Bitcoin exercised the option on August 5, 2025 and entered into an On-Rack Sales and Purchase Agreement (the “ABTC Bitmain Purchase Agreement”) with Bitmain Technologies Georgia Limited (“Bitmain”) to purchase the Bitmain Miners in one or more tranches for a total purchase price of up to approximately \$320 million (subject to adjustments, offsets and costs as set forth in the ABTC Bitmain Purchase Agreement).

Concurrently with the execution of the ABTC Bitmain Purchase Agreement, American Bitcoin purchased 16,299 of the Bitmain Miners, representing a total of approximately 14.02 EH/s, for a total purchase price of approximately \$314 million, paid through the pledge of Bitcoin at a mutually agreed upon fixed price. Such purchase price was reduced by the application of a deposit and certain expenses of approximately \$46 million previously paid to Bitmain by Zephyr and which ABTC has agreed to repay to Zephyr on or prior to December 31, 2025. The remaining Bitmain Miners must be purchased by ABTC on or before October 5, 2025, and may be purchased with cash and/or by pledging additional Bitcoin. The Bitcoin pledged under the ABTC Bitmain Purchase Agreement has a redemption period of 24 months from each pledge date.

This disclosure is provided in this Part II, Item 5 in lieu of disclosure under Items 1.01 and 2.01 of Form 8-K.

10b5-1 Trading Arrangements

During the quarter ended June 30, 2025, none of our officers or directors adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Hut 8 Corp.	8-K	3.1	12/01/2023
3.2	Amended and Restated Bylaws of Hut 8 Corp.	8-K	3.2	12/01/2023
10.1*	Third Amended and Restated Credit Agreement, dated as of June 16, 2025, between Hut 8 Mining Corp. and Coinbase Credit, Inc.	8-K	10.1	06/23/2025
31.1	Certification of Principal Executive Officer of Hut 8 Corp. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2	Certification of Principal Financial and Accounting Officer of Hut 8 Corp. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
32.1**	Certification of Principal Executive Officer and Principal Financial and Accounting Officer of Hut 8 Corp. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
101	Inline Interactive Data File			
104	Cover Page Interactive Data File			

* Pursuant to Item 601(b)(10), as applicable, of Regulation S-K, certain portions of this exhibit were redacted. Hut 8 Corp. hereby agrees to furnish a copy of any redacted information to the SEC upon request.

** Furnished herewith and not deemed to be “filed” for purposes of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act (whether made before or after the date of the Quarterly Report), irrespective of any general incorporation language contained in such filing.

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.

Dated: August 7, 2025

HUT 8 CORP.

By: /s/ Sean Glennan

Sean Glennan

Principal Financial Officer and Authorized Signatory

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Asher Genoot, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hut 8 Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2025

By: /s/ Asher Genoot

Name: Asher Genoot

Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean Glennan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hut 8 Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2025

By: /s/ Sean Glennan

Name: Sean Glennan

Title: Chief Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Hut 8 Corp. (the “Company”) for the fiscal period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Asher Genoot, as Chief Executive Officer of the Company, and Sean Glennan, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2025

By: /s/ Asher Genoot

Name: Asher Genoot

Title: Chief Executive Officer

By: /s/ Sean Glennan

Name: Sean Glennan

Title: Chief Financial Officer
