UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2024

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: 001-39625

CIPHER MINING INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**85-1614529**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Vanderbilt Avenue, Floor 54 **New York, New York**	**10017**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (332) 262-2300

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 $0.001 per share	**CIFR**	**The Nasdaq Stock Market LLC**
Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of $11.50 per whole share	**CIFRW**	**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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of August 12, 2024, the registrant had 328,941,426 shares of Common Stock, $0.001 par value per share, outstanding.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements contained in this Quarterly Report, other than statements of historical fact, including, without limitation, statements regarding our future results of operations and financial position, business strategy, timing and likelihood of success, potential expansion of or additional bitcoin mining data centers, expectations regarding the operations of mining centers, and management plans and objectives are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "seeks," "intends," "targets," "projects," "contemplates," "believes," "estimates," "forecasts," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions, although not all forward-looking statements use these words or expressions. The forward-looking statements in this Quarterly Report are only predictions and are largely based on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following:

- The further development and acceptance of digital asset networks and other digital assets, which represent a rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of digital asset systems may adversely affect an investment in us.
- We may face several risks due to disruptions in the crypto asset markets, including but not limited to, the risk from depreciation in our stock price, financing risk, risk of increased losses or impairments in our investments or other assets, risks of legal proceedings and government investigations, and risks from price declines or price volatility of crypto assets.
- Our business and the markets in which we operate are new and rapidly evolving, which makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.
- Any unfavorable global economic, business or political conditions, such as geopolitical tensions, military conflicts, acts of terrorism, natural disasters, pandemics, and similar events could adversely affect our business, financial condition and results of operations.
- If we fail to grow our hashrate, we may be unable to compete, and our results of operations could suffer.
- Bitcoin mining activities are energy-intensive, which may restrict the geographic locations of miners and have a negative environmental impact. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours, increase taxes on the purchase of electricity used to mine bitcoin, or even fully or partially ban mining operations.
- We have concentrated our operations and, thus, are particularly exposed to the performance of the Odessa Facility and changes in the regulatory environment, market conditions and natural disasters in Texas.
- Our operating results may fluctuate due to the highly volatile nature of cryptocurrencies in general and, specifically, bitcoin.
- We depend on third parties, including electric grid operators, electric utility providers and manufacturers of certain critical equipment and rely on components and raw materials that may be subject to price fluctuations or shortages, including ASIC chips that have been subject to periods of significant shortage and high innovation pace.
- We may be affected by price fluctuations in the wholesale and retail power markets.
- We are vulnerable to severe weather conditions and natural disasters, including severe heat, winter weather events, earthquakes, fires, floods, hurricanes, as well as power outages and other industrial incidents or mechanical failures, which could severely disrupt the normal operation of our business and adversely affect our results of operations.
- We are exposed to risks related to disruptions or other failures in the supply chain for bitcoin mining hardware and related data center hardware, and difficulties in obtaining new hardware.
- Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation.
- Our automated processes with respect to curtailment may adversely affect our operations.
- The properties in our mining network may experience damages, including damages that are not covered by insurance.

- Our business is subject to the impact of global market, economic and political conditions that are beyond our control and that could significantly impact our business and make our financial results more volatile.
- We maintain our cash and cash equivalents at financial institutions, often in balances that exceed federally insured limits.
- Cybersecurity threats, such as cyber-attacks, data breaches, hacking attacks or malware, targeting us or our third-party service providers may disrupt our operations and trigger significant liability for us, which could harm our operating results and financial condition, and damage our reputation or otherwise materially harm our business.
- The value of bitcoin has historically been subject to wide swings, and our operating results may be adversely affected by our hedging activity.
- There is a potential that, in the event of a bankruptcy filing by a custodian, bitcoin held in custody could be determined to be property of a bankruptcy estate and we could be considered a general unsecured creditor thereof.
- Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations.
- We have identified a material weakness in our internal control over financial reporting which, if not timely remediated, may adversely affect the accuracy and reliability of our future financial statements, and our reputation, business and the price of our common stock, as well as may lead to a loss of investor confidence in us.
- The important factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on March 5, 2024 (the "2023 Form 10-K") and our other reports filed with the SEC.

The forward-looking statements in this Quarterly Report are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report and have filed as exhibits to this Quarterly Report with the understanding that our actual future results, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report, whether as a result of any new information, future events or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

Our corporate website address is https://www.ciphermining.com ("Corporate Website"). The contents of, or information accessible through, our Corporate Website are not part of this Quarterly Report.

The Company maintains a dedicated investor website at https://investors.ciphermining.com/investors ("Investors' Website") which is similarly not part of this Quarterly Report. We make our filings with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports, available free of charge on our Investors' Website as soon as reasonably practicable after we file such reports with, or furnish such reports to, the SEC.

We may use our Investors' Website as a distribution channel of material information about the Company including through press releases, investor presentations, sustainability reports, and notices of upcoming events. We intend to utilize our Investors' Website as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under Regulation FD.

Any reference to our Corporate Website or Investors' Website addresses do not constitute incorporation by reference of the information contained on or available through those websites, and you should not consider such information to be a part of this Quarterly Report or any other filings we make with the SEC.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

CIPHER MINING INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share and per share amounts)

	June 30, 2024	December 31, 2023
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 122,557	$ 86,105
Accounts receivable	286	622
Receivables, related party	176	245
Prepaid expenses and other current assets	3,599	3,670
Bitcoin	138,079	32,978
Derivative asset	44,702	31,878
Total current assets	309,399	155,498
Property and equipment, net	239,075	243,815
Deposits on equipment	58,063	30,812
Intangible assets, net	8,503	8,109
Investment in equity investees	49,949	35,258
Derivative asset	78,228	61,713
Operating lease right-of-use asset	9,926	7,077
Security deposits	22,246	23,855
Other noncurrent assets	203	-
Total assets	**$ 775,592**	**$ 566,137**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 13,733	$ 4,980
Accounts payable, related party	-	1,554
Accrued expenses and other current liabilities	17,855	22,439
Finance lease liability, current portion	3,595	3,404
Operating lease liability, current portion	1,262	1,166
Warrant liability	-	250
Total current liabilities	36,445	33,793
Asset retirement obligation	19,337	18,394
Finance lease liability	9,281	11,128
Operating lease liability	9,181	6,280
Deferred tax liability	10,577	5,206
Total liabilities	84,821	74,801
Commitments and contingencies (*Note 13*)		
Stockholders' equity		
Preferred stock, $0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of June 30, 2024 and December 31, 2023	-	-
Common stock, $0.001 par value, 500,000,000 shares authorized, 335,557,872 and 296,276,536 shares issued as of June 30, 2024 and December 31, 2023, respectively, and 328,616,426 and 290,957,862 shares outstanding as of June 30, 2024, and December 31, 2023, respectively	336	296
Additional paid-in capital	802,610	627,822
Accumulated deficit	(112,168)	(136,777)
Treasury stock, at par, 6,941,446 and 5,318,674 shares at June 30, 2024 and December 31, 2023, respectively	(7)	(5)
Total stockholders' equity	690,771	491,336
Total liabilities and stockholders' equity	**$ 775,592**	**$ 566,137**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIPHER MINING INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for share and per share amounts)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue - bitcoin mining	$ 36,808	$ 31,224	$ 84,945	$ 53,119
Costs and operating expenses (income)				
Cost of revenue	14,281	15,868	29,101	24,009
Compensation and benefits	16,285	12,668	29,321	24,605
General and administrative	8,365	8,667	14,442	14,150
Depreciation and amortization	20,251	14,412	37,495	26,067
Change in fair value of derivative asset	(21,980)	(3,222)	(29,339)	(8,550)
Power sales	(1,109)	(5,651)	(2,282)	(5,749)
Equity in losses (gains) of equity investees	577	1,431	(161)	2,181
Losses (gains) on fair value of bitcoin	16,309	(860)	(24,247)	(5,124)
Other gains	-	-	-	(2,260)
Total costs and operating expenses (income)	52,979	43,313	54,330	69,329
Operating (loss) income	(16,171)	(12,089)	30,615	(16,210)
Other income (expense)				
Interest income	1,053	25	1,839	101
Interest expense	(372)	(485)	(772)	(886)
Change in fair value of warrant liability	-	(22)	250	(59)
Other income (expense)	727	(12)	(1,231)	(12)
Total other income (expense)	1,408	(494)	86	(856)
(Loss) income before taxes	(14,763)	(12,583)	30,701	(17,066)
Current income tax expense	(335)	(31)	(721)	(48)
Deferred income tax expense	(193)	(584)	(5,371)	(637)
Total income tax expense	(528)	(615)	(6,092)	(685)
Net (loss) income	$ (15,291)	$ (13,198)	$ 24,609	$ (17,751)
Net (loss) income per share - basic and diluted	$ (0.05)	$ (0.05)	$ 0.08	$ (0.07)
Weighted average shares outstanding - basic	314,353,742	249,127,664	305,497,621	248,892,181
Weighted average shares outstanding - diluted	314,353,742	249,127,664	316,652,300	248,892,181

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIPHER MINING INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except for share amounts)
(unaudited)

Three Months Ended June 30, 2024

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of March 31, 2024	**312,649,102**	**$ 313**	**$ 697,494**	**$ (96,877)**	**(6,105,772)**	**$ (6)**	**$ 600,924**
Issuance of common shares, net of offering costs - At-the-market offering	20,626,145	21	95,836	-	-	-	95,857
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	2,282,625	3	(4,057)	-	(835,674)	(1)	(4,055)
Share-based compensation	-	-	13,337	-	-	-	13,337
Net loss	-	-	-	(15,291)	-	-	(15,291)
Balance as of June 30, 2024	**335,557,872**	**$ 336**	**$ 802,610**	**$ (112,168)**	**(6,941,446)**	**$ (7)**	**$ 690,771**

Three Months Ended June 30, 2023

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of March 31, 2023	**253,050,088**	**$ 253**	**$ 462,181**	**$ (115,553)**	**(4,144,081)**	**$ (4)**	**$ 346,877**
Issuance of common shares, net of offering costs - At-the-market offering	978,207	1	2,744				2,745
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	674,817	-	(632)	-	(237,654)	-	(632)
Share-based compensation	92,514	-	9,178	-	-	-	9,178
Net loss	-	-		(13,198)	-	-	(13,198)
Balance as of June 30, 2023	**254,795,626**	**$ 254**	**$ 473,471**	**$ (128,751)**	**(4,381,735)**	**$ (4)**	**$ 344,970**

CIPHER MINING INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except for share amounts)
(unaudited)

Six Months Ended June 30, 2024

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of December 31, 2023	**296,276,536**	**$ 296**	**$ 627,822**	**$ (136,777)**	**(5,318,674)**	**$ (5)**	**$ 491,336**
Issuance of common shares, net of offering costs - At-the-market offering	34,872,380	35	160,369	-	-	-	160,404
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	4,408,956	5	(7,235)		(1,622,772)	(2)	(7,232)
Share-based compensation		-	21,654	-	-	-	21,654
Net income	-	-	-	24,609	-	-	24,609
Balance as of June 30, 2024	**335,557,872**	**$ 336**	**$ 802,610**	**$ (112,168)**	**(6,941,446)**	**$ (7)**	**$ 690,771**

Six Months Ended June 30, 2023

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of December 31, 2022	**251,095,305**	**$ 251**	**$ 453,854**	**$ (111,209)**	**(3,543,347)**	**$ (4)**	**$ 342,892**
Cumulative effect upon adoption of ASU 2023-08	-	-	-	209	-	-	209
Issuance of common shares, net of offering costs - At-the-market offering	978,207	1	2,744	-	-	-	2,745
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	2,473,756	2	(1,115)	-	(838,388)	-	(1,113)
Share-based compensation	248,358	-	17,988	-	-	-	17,988
Net loss	-	-	-	(17,751)	-	-	(17,751)
Balance as of June 30, 2023	**254,795,626**	**$ 254**	**$ 473,471**	**$ (128,751)**	**(4,381,735)**	**$ (4)**	**$ 344,970**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIPHER MINING INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six months ended June 30, 2024	Six months ended June 30, 2023
Cash flows from operating activities		
Net income (loss)	$ 24,609	$ (17,751)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	37,192	26,067
Amortization of intangible assets	303	-
Amortization of operating right-of-use asset	565	452
Share-based compensation	21,654	17,988
Equity in (gains) losses of equity investees	(161)	2,181
Non-cash lease expense	762	878
Other operating activities	(1,839)	-
Income taxes	5,371	637
Bitcoin received as payment for services	(85,281)	(52,836)
Change in fair value of derivative asset	(29,339)	(8,550)
Change in fair value of warrant liability	(250)	59
Gains on fair value of bitcoin	(24,247)	(5,124)
Changes in assets and liabilities:		
Accounts receivable	336	(282)
Receivables, related party	69	(512)
Prepaid expenses and other current assets	71	4,994
Security deposits	1,609	(12)
Other non-current assets	(203)	-
Accounts payable	(47)	(185)
Accounts payable, related party	-	(1,529)
Accrued expenses and other current liabilities	(2,745)	6,323
Lease liabilities	(417)	(594)
Net cash used in operating activities	(51,988)	(27,796)
Cash flows from investing activities		
Proceeds from sale of bitcoin	10,334	52,475
Deposits on equipment	(35,748)	(2,932)
Purchases of property and equipment	(15,766)	(28,541)
Purchases and development of software	(698)	-
Prepayments on financing leases	-	(3,676)
Capital distributions from equity investees	-	3,807
Investment in equity investees	(20,435)	(3,095)
Net cash (used in) provided by investing activities	(62,313)	18,038
Cash flows from financing activities		
Proceeds from the issuance of common stock	163,276	2,821
Offering costs paid for the issuance of common stock	(2,868)	(76)
Repurchase of common shares to pay employee withholding taxes	(7,237)	(1,114)
Principal payments on financing lease	(2,418)	(2,059)
Net cash provided by (used in) financing activities	150,753	(428)
Net increase (decrease) in cash and cash equivalents	36,452	(10,186)
Cash and cash equivalents, beginning of the period	86,105	11,927
Cash and cash equivalents, end of the period	$ 122,557	$ 1,741

	Six months ended June 30, 2024	Six months ended June 30, 2023
Supplemental disclosure of noncash investing and financing activities		
Reclassification of deposits on equipment to property and equipment	$ 13,799	$ 72,130
Bitcoin received from equity investees	$ 5,907	$ 317
Settlement of related party payable related to master services and supply agreement	$ 1,554	$ -
Right-of-use asset obtained in exchange for finance lease liability	$ 3,414	$ 14,212
Equity method investment acquired for non-cash consideration	$ -	$ 1,926
Sales tax accrual on machine purchases	$ -	$ 1,837
Finance lease cost in accrued expenses	$ -	$ 2,034

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NOTE 1. ORGANIZATION

Nature of operations

Cipher Mining Inc. ("Cipher" or the "Company") is an emerging technology company that develops and operates industrial scale bitcoin mining data centers. Bitcoin mining is the Company's principal revenue generating business activity. The Company operates one wholly-owned data center and jointly operates three partially-owned data centers that were acquired through investments in joint ventures.

The Company began deployment of capacity in 2022, with mining operations beginning at the partially-owned Alborz facility in February 2022 (the "Alborz Facility"), as well as the partially-owned Bear facility (the "Bear Facility") and the partially-owned Chief facility (the "Chief Facility") in October 2022. The Company began bitcoin mining operations at the wholly-owned Odessa facility (the "Odessa Facility") in November 2022. In December 2023, the Company announced the acquisition of a site for a new wholly-owned data center in Winkler County, Texas, the "Black Pearl Facility", which is expected to commence operations in 2025.

Bitfury Top HoldCo B.V. and its subsidiaries ("Bitfury Top HoldCo" and, with its subsidiaries, the "Bitfury Group") beneficially owned approximately 33.6% of the Company's common stock, $0.001 par value per share ("Common Stock"), as of June 30, 2024.

Out-of-period-adjustments

Cost of revenue and power sales for the three and six months ended June 30, 2023 included out-of-period adjustments of approximately $1.0 million and $0.6 million, respectively, and $2.0 million and $1.6 million, respectively, that increased both cost of revenue and power sales on the unaudited condensed consolidated statements of operations for the six months ended June 30, 2023, and resulted in net increases to operating loss and loss before taxes of approximately $0.4 million during both periods. These out-of-period adjustments related to power costs and power sales for the year ended December 31, 2022 at the Company's Odessa Facility, which are invoiced on a net basis by the Company's power provider. Management evaluated the impact of this error on the Company's previously issued audited consolidated financial statements for the year ended December 31, 2022, as well as on its unaudited condensed consolidated financial statements for the three and six months ended June 30, 2023, assessing the error both quantitatively and qualitatively, and concluded that the error was not material to the financial statements for either period.

Risks and uncertainties

Liquidity, capital resources and limited business history

The Company has historically experienced net losses and negative cash flows from operations. As of June 30, 2024, the Company had approximate balances of cash and cash equivalents of $122.6 million, working capital of $273.0 million, total stockholders' equity of $690.8 million and an accumulated deficit of $112.2 million. During the fiscal year ended December 31, 2023, and the six months ended June 30, 2024, the Company used proceeds from sales of bitcoin earned by or received from its bitcoin mining data centers, as well as strategic sales of shares through "at-the-market" offerings to support its operating expenses and capital expenditures.

The Company monitors its balance sheet on an ongoing basis to determine the proper mix of bitcoin retention and bitcoin sales to support its cash requirements, ongoing operations, and capital expenditures. Bitcoin is classified as a current asset on the Company's balance sheets due to its intent and ability to sell bitcoin to support operations when needed. Approximately $52.0 million of cash was used for operating activities during the six months ended June 30, 2024.

During the six months ended June 30, 2024, the Company paid approximately $35.7 million for deposits on equipment in connection with new miner purchases for its Odessa Facility, and reclassified approximately $13.8 million to property and equipment related to these miners being placed into service.

The Company has a master loan agreement with Coinbase Credit, Inc., as lender, and Coinbase, Inc., as lending service provider. Pursuant to the master loan agreement, the Company established a secured line of credit up to $10.0 million (the "Credit Facility"). The Company will not incur commitment fees for unused portions of the Credit Facility. The borrowing rate on amounts drawn against the Credit Facility is determined on the basis of the Federal Funds Target Rate - Upper Bound, plus 2.5%, calculated daily based on a 365-day year and payable monthly for the duration of the loan. Borrowings under the Credit Facility are available on demand, open term, and collateralized by bitcoin transferred to the lending service provider's platform. As of June 30, 2024, the Company has not drawn upon the Credit Facility.

Management believes that the Company's existing financial resources, including access to the Credit Facility, combined with projected cash and bitcoin inflows from its data centers and its ability to sell bitcoin received or earned, will be sufficient to enable the Company to meet its operating and capital requirements for at least 12 months from the date these unaudited condensed consolidated financial statements are issued.

There is limited historical financial information about the Company upon which to base an evaluation of its performance. The business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, possible delays in exploration and/or development, and possible cost overruns due to price and cost increases in services. The Company may require additional capital to pursue certain business opportunities or respond to technological advancements, competitive dynamics or technologies, challenges, acquisitions or unforeseen circumstances. Additionally, the Company has incurred and expects to continue to incur significant costs related to operating as a public company. Accordingly, the Company may engage in equity or debt financings or enter into credit facilities for the above-mentioned or other reasons; however, the Company may not be able to timely secure additional debt or equity financings on favorable terms, if at all. If the Company raises additional funds through equity financing, its existing stockholders could experience significant dilution. Furthermore, any debt financing obtained by the Company in the future could involve restrictive covenants relating to the Company's capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities. If the Company is unable to obtain adequate financing on terms that are satisfactory to the Company, when the Company requires it, the Company's ability to continue to grow or support the business and to respond to business challenges could be significantly limited, which may adversely affect the Company's business plan.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The Company prepares its unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the U.S. ("GAAP") as determined by the FASB and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission ("SEC").

The unaudited condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries, including CMTI. All intercompany transactions and balances have been eliminated.

Certain prior year amounts have been reclassified for consistency with the current period presentation. Effective for the quarter ended March 31, 2024, the Company changed the presentation of its condensed consolidated income statement to separately disclose Compensation and benefits from General and administrative. The Company believes this presentation provides increased transparency on the nature of the respective financial statement line items. As a result, the Company reported $12.7 million, and $24.6 million as Compensation and benefits for the three and six months ended June 30, 2023, respectively, which was previously reported in General and administrative.

Emerging Growth Company

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period to enable it to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, the Company's unaudited condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

On the last business day of the second quarter in 2024, the aggregate market value of the Company's shares of common stock held by non-affiliate stockholders exceeded $700 million. As a result, as of December 31, 2024, it will be considered a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, and will cease to be an emerging growth company. Due to loss of emerging growth company status, the Company will no longer be exempt from the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, and its independent registered public accounting firm will evaluate and report on the effectiveness of internal controls over financial reporting.

Commencing with the Company's Annual Report on Form 10-K for the year ending December 31, 2024, it will adopt any accounting pronouncements deferred under the extended transition period election on or before December 31, 2024.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The most significant estimates inherent in the preparation of the Company's financial statements include, but are not limited to, those related to equity instruments issued in share-based compensation arrangements, valuation of its derivative asset and warrant liability under Level 3 of the fair value hierarchy, useful lives of property and equipment, the asset retirement obligation and the valuation allowance associated with the Company's deferred tax assets, among others. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Unaudited condensed consolidated financial statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of the Company's management, these unaudited condensed consolidated financial statements reflect all adjustments, which consist of only normal recurring adjustments necessary for the fair presentation of the balances and results for the periods presented. These unaudited condensed consolidated financial statement results are not necessarily indicative of results to be expected for the full fiscal year or any future period.

A description of the Company's significant accounting policies is included in the Company's 2023 Form 10-K. You should read the unaudited condensed consolidated financial statements in conjunction with the Company's audited consolidated financial statements and accompanying notes in the Company's 2023 Form 10-K. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the Company's audited consolidated financial statements included in the Company's 2023 Form 10-K.

Segment information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is comprised of several members of its executive management team. The Company views its operations and manages its business in one segment.

Income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss) allocated to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share adjusts net income (loss) and net income (loss) per common share for the effect of all potentially dilutive shares of Common Stock. Potentially dilutive common shares consist of the Company's outstanding warrants to purchase Common Stock, as well as unvested restricted stock units ("RSUs").

The dilutive effect of RSUs was calculated using the treasury stock method. For warrants that are liability-classified, during periods when the impact is dilutive, the Company assumes share settlement of the instruments as of the beginning of the reporting period and adjusts the numerator to remove the change in fair value of the warrant liability and adjusts the denominator to include the dilutive shares calculated using the treasury stock method.

The Company's potentially dilutive common shares have been excluded from the computation of diluted net loss per common share when the effect would be to reduce the net loss per common share, or increase the net income per common share.

The following is a reconciliation of the numerator and denominator of the diluted net income (loss) per share computations for the periods indicated below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Basic and diluted income (loss) per share:				
Net income (loss)	$ (15,291)	$ (13,198)	$ 24,609	$ (17,751)
Weighted average shares outstanding - basic	314,353,742	249,127,664	305,497,621	248,892,181
Add:				
RSUs	-	-	11,154,680	-
Weighted average shares outstanding - diluted	314,353,742	249,127,664	316,652,300	248,892,181
Net income (loss) per share - basic	$ (0.05)	$ (0.05)	$ 0.08	$ (0.07)
Net income (loss) per share - diluted	$ (0.05)	$ (0.05)	$ 0.08	$ (0.07)

The following table presents the common shares that are excluded from the computation of diluted net income (loss) per common share at June 30, 2024 and 2023, because including them would have been antidilutive.

	June 30,	
	2024	2023
Public warrants	8,613,980	8,499,980
Private placement warrants	-	114,000
Unvested RSUs	-	23,134,869
	8,613,980	31,748,849

Recently issued and adopted accounting pronouncements

In December 2023, the FASB issued ASU 2023-08, Intangibles-Goodwill and Other-Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets ("ASU 2023-08"). The Company adopted ASU 2023-08 effective January 1, 2023, as reflected in the Company's Form 10-K for the year ended December 31, 2023. The adoption resulted in a $0.2 million adjustment to opening Retained earnings on January 1, 2023, as well as an increase of Operating loss, and Net loss of $0.5 million as reported for the three months ended June 30, 2023, and a reduction of Operating loss, and Net loss of $1.6 million and a reduction of Basic and diluted net loss per share of $0.01 as reported for the six months ended June 30, 2023.

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 to determine the consequences of the change to its financial statements and assures that there are proper controls in place to ascertain that the Company's financial statements properly reflect the change. The Company reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact on its condensed consolidated financial statements.

NOTE 3. BITCOIN

The following table presents information about the Company's bitcoin (in thousands):

	For the Six Months Ended June 30,	
	2024	2023
Opening balance	$ 32,978	$ 6,283
Cumulative effect upon adoption of ASU 2023-08	-	209
Bitcoin received from equity investees	5,907	317
Bitcoin received from mining activities	85,281	52,836
Proceeds from sale of bitcoin	(10,334)	(52,479)
Realized gains on sale of bitcoin	4,868	2,695
Unrealized gains on fair value of bitcoin	19,379	2,435
Ending balance	$ 138,079	$ 12,296

The Company held approximately 2,203, and 780 bitcoin at June 30, 2024, and December 31, 2023, respectively. The associated fair value and cost basis of bitcoin held was $138.1 million, and $116.6 million, respectively, at June 30, 2024, and $33.0 million, and

$30.9 million, respectively at December 31, 2023. Fair value of bitcoin is estimated using the closing price of bitcoin, which is a Level 1 input (i.e., an observable input such as a quoted price in an active market for an identical asset).

The Company may pledge bitcoin as collateral related to bitcoin trading strategies. As of June 30, 2024, 30 bitcoin with a fair value of $1.9 million were pledged. Restrictions on this bitcoin pledged as collateral will lapse in the fourth quarter of 2024. As of December 31, 2023, 10 bitcoin with a fair value of $0.4 million were pledged. Restrictions on that collateral lapsed on January 26, 2024.

NOTE 4. DERIVATIVE ASSET

Luminant Power Agreement

On June 23, 2021, the Company entered into a power purchase agreement with Luminant ET Services Company LLC ("Luminant"), which was subsequently amended and restated on July 9, 2021, and further amended on February 28, 2022, August 26, 2022 and August 23, 2023 (as amended, the "Luminant Power Agreement"), for the supply of a fixed amount of electric power to the Odessa Facility at a fixed price for a term of five years, subject to certain early termination provisions. The Luminant Power Agreement provides for a subsequent automatic annual renewal unless either party provides written notice to the other party of its intent to terminate the agreement at least six months prior to the expiration of the then current term.

The Company's management determined that the Luminant Power Agreement meets the definition of a derivative under ASC 815, *Derivatives and Hedging* ("ASC 815"). Accordingly, the Luminant Power Agreement is recorded at its estimated fair value each reporting period with the change in the fair value recorded in change in fair value of derivative asset in the consolidated statements of operations. See additional information regarding valuation of the Luminant Power Agreement derivative in Note 17. *Fair Value Measurements*.

The Company may opportunistically sell electricity in the ERCOT market in exchange for cash payments, rather than utilizing the power to mine for bitcoin at the Odessa Facility to manage the Company's operating costs. From power sales, the Company earned approximately $1.1 million and $2.3 million for the three and six months ended June 30, 2024, respectively, and $5.7 million for both the three and six months ended June 2023, respectively, and recorded this amount within costs and operating expenses (income) on the unaudited condensed consolidated statement of operations, with the corresponding cost of the power sold recorded in cost of revenue. See Note 1. *Organization* for information regarding the out-of-period adjustments recorded during the three and six months ended June 30, 2023, which affected cost of power, power sales, net operating loss and net loss on the Company's unaudited condensed consolidated statement of operations.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Miners and mining equipment	$ 176,881	$ 163,523
Leasehold improvements	137,494	138,883
Office and computer equipment	272	279
Autos	73	73
Furniture and fixtures	88	88
Construction-in-progress	19,506	49
Total cost of property and equipment	334,314	302,895
Less: accumulated depreciation	(95,239)	(59,080)
Property and equipment, net	$ 239,075	$ 243,815

As of June 30, 2024, the Company has added approximately $19.5 million of construction-in-progress related to the Black Pearl Facility. Depreciation expense was approximately $20.3 million and $14.4 million, respectively, for the three months ended June 30, 2024, and 2023, including approximately $0.6 million and $0.4 million, respectively, of accretion expense related to the Company's asset retirement obligation. Depreciation expense was approximately $37.2 million and $26.1 million, respectively, for the six months ended June 30, 2024 and 2023, respectively, and included approximately $0.9 million for both the six months ended June 30, 2024 and 2023, of accretion expense related to the Company's asset retirement obligation.

In June 2024, the Company entered into agreements with Bitmain Technologies Delaware Limited (“Bitmain”) and Canaan Creative Global Pte. Ltd. (“Canaan”) to purchase the newest generation miners to be delivered in the fourth quarter of 2024. As more efficient machines were available earlier than anticipated, this prompted a shift in the Company's planned use of the existing miners. The Company will use these new miners to replace less efficient machines at the Odessa Facility instead of deploying at the Black Pearl Facility. Due to the change in intention, the Company deemed this event a trigger to reevaluate the estimated useful lives of the miners, and the Company reduced the estimated useful life of miners from five years to three years. The Company changed this accounting policy effective June 1, 2024 and accounted for it prospectively. This change in estimate resulted in a $3 million increase in Depreciation and amortization expense, and respective reduction of Operating (loss) income, and Net (loss) income for the three and six months ended June 30, 2024, and a $0.01 increase in Net loss per share and a $0.01 decrease in Net income per share for the three and six months ended June 30, 2024.

NOTE 6. DEPOSITS ON EQUIPMENT

In the fourth quarter of 2023, the Company entered into an agreement with Bitmain to purchase 7.1 EH/s of miners to be delivered in the first half of 2025 (the “Original Agreement”). The Company paid a deposit of $9.9 million upon execution of the agreement. In the second quarter of 2024, the Company paid an additional $16.9 million towards this contract, in addition to amending the agreement to upgrade the miners, and accelerate the delivery from the first half of 2025 to the fourth quarter of 2024. This commitment has $107.4 million remaining to be paid as of June 30, 2024. The agreement also has an option to purchase an additional 8.7 EH/s in 2024 (the “Future Sales and Purchase Agreement”). The Company paid $12.2 million upon signing the agreement in the fourth quarter of 2023 as a deposit, which can be used towards purchases under this option. On July 10, 2024, the Company entered into an agreement to amend the Future Sales and Purchase agreement (the “Amendment Agreement”). The Amendment Agreement upgraded the miners to be purchased under the option, and extended the option expiration from December 31, 2024 to June 30, 2025. The Company paid an additional $6.5 million as a deposit in connection with this amendment. See Note 19. *Subsequent Events* for additional information related to the Amendment Agreement.

In the second quarter of 2024, the Company entered into an agreement with Canaan to purchase 1.25 EH/s of miners to be delivered in the fourth quarter of 2024. The Company paid a deposit of $6.6 million in connection with the agreement, with $9.8 million left to be paid. Additionally, the contract included an option to purchase 160 MW of miners which the Company can exercise on or before June 30, 2025. The Company paid a deposit of $5.3 million associated with the option.

During the second quarter of 2024, the Company signed an agreement to purchase a backup transformer for the Odessa Facility. The Company paid $6.5 million for this equipment which is classified as a deposit on the Company’s consolidated balance sheet as of June 30, 2024.

NOTE 7. INVESTMENTS IN EQUITY INVESTEES

The Company uses the equity method of accounting to account for its 49% equity interest in its partially owned mining operations Alborz LLC, Bear LLC and Chief, LLC (the “Data Center LLCs”).

During fiscal year 2022, the Company contributed miners and mining equipment to the Data Center LLCs. The contributed miners had a fair value that was lower than the cost paid by the Company to obtain them. As such, the Company recognized a loss at the time of the contributions, resulting in basis differences of the miners between the Company and the Data Center LLCs, which recorded the contributions of equipment from the Company at historical cost. The Company accretes these basis differences over the same period and records the accretion amount for each reporting period within equity in losses of equity investees on its statements of operations. As of June 30, 2024, the Company had remaining basis differences totaling approximately $21.4 million that have not yet been accreted.

Activity in the Company’s investments in equity investees during the six months ended June 30, 2024, and 2023, consisted of the following (in thousands):

Balance as of December 31, 2022	$	37,478
Cost of contributed mining equipment and other capital contributions		1,925
Accretion of basis differences related to miner contributions		3,340
Capital distributions		(3,807)
Bitcoin received from equity investees		(317)
Equity in net losses of equity investees		(5,521)
Balance as of June 30, 2023	$	33,098

Balance as of December 31, 2023	$	35,258
Cost of contributed mining equipment and other capital contributions		20,437
Accretion of basis differences related to miner contributions		3,342
Capital distributions		-
Bitcoin received from equity investees		(5,907)
Equity in net losses of equity investees		(3,181)
Balance as of June 30, 2024	$	49,949

NOTE 8. INTANGIBLE ASSETS

The Company’s intangible assets consisted of the following for the dates indicated (in thousands):

	June 30, 2024		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**
Strategic contract	$ 7,000	$ (204)	$ 6,796
Capitalized software	1,929	(222)	1,707
Total	$ 8,929	$ (426)	$ 8,503

	December 31, 2023		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**
Strategic contract	$ 7,000	$ (28)	$ 6,972
Capitalized software	1,230	(93)	1,137
Total	$ 8,230	$ (121)	$ 8,109

The Company recorded amortization expense related to intangible assets of $0.2 million and $0.3 million in the three and six months ended June 30, 2024, respectively, and nil in both the three and six months ended June 30, 2023. The Company expects to record amortization expense as follows over the next five subsequent years (in thousands):

Remaining Year Ended December 31, 2024	$	355
Year Ended December 31, 2025		710
Year Ended December 31, 2026		710
Year Ended December 31, 2027		710
Year Ended December 31, 2028		635

NOTE 9. SECURITY DEPOSITS

The Company's security deposits consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Luminant Power Purchase Agreement collateral	$ 12,554	$ 12,554
Luminant Purchase and Sale Agreement collateral	1,838	3,063
Operating lease security deposits	974	960
Oncor Facility Extension security deposit related to Black Pearl	6,269	6,269
Other deposits	611	1,009
Total security deposits	$ 22,246	$ 23,855

NOTE 10. SUPPLEMENTAL FINANCIAL INFORMATION

Prepaid expenses and other current assets were $3.6 million and $3.7 million as of June 30, 2024 and December 31, 2023, respectively, primarily consisting of prepaid insurance and employee compensation as of June 30, 2024, and prepaid insurance as of December 31, 2023.

The Company's accrued expenses and other current liabilities consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Taxes (primarily sales tax)	$ 14,004	$ 15,184
Employee compensation	3,421	5,800
Legal settlement [1]	-	1,000
Other	430	455
Total accrued expenses and other current liabilities	$ 17,855	$ 22,439

[1] See Note 13. *Commitments and Contingencies* for additional information regarding the legal settlement accrual as of June 30, 2024.

NOTE 11. RELATED PARTY TRANSACTIONS

Related party receivables

Related party receivables were $0.2 million as of both June 30, 2024 and December 31, 2023, consisting of expenses paid on behalf of the Data Center LLCs.

Purchase commitments, deposits on equipment and related party payables

On April 8, 2022, the Company entered into two agreements with the Bitfury Group, made under, and as a part of, the Master Services and Supply Agreement to purchase equipment related to data center construction. The Bitfury Group contracted with third-party vendors for the purchase of equipment and the receipt of services related to Cipher's future mining operations. Pursuant to one of these arrangements between the Bitfury Group and a third-party vendor, the Company made payments directly to the third party vendor in place of the Bitfury Group totaling approximately $5.8 million during the year ended December 31, 2023 and the Company's obligations to the Bitfury Group under the Master Services and Supply Agreement were reduced by the same amount. The Company and the Bitfury Group terminated the Master Services and Supply Agreement on February 28, 2024, for no additional consideration.

NOTE 12. LEASES

Combined Luminant Lease Agreement

The Company entered into a series of agreements with affiliates of Luminant, including the Lease Agreement dated June 29, 2021, with amendment and restatement on July 9, 2021 and August 23, 2023 (as amended and restated, the "Luminant Lease Agreement"). The Luminant Lease Agreement leases a plot of land to the Company for the data center, ancillary infrastructure and electrical system (the "Interconnection Electrical Facilities" or "substation") of the Odessa Facility. The Company also entered into the Luminant

Purchase and Sale Agreement to build the infrastructure necessary to support its Odessa Facility operations. The Company determined that the Luminant Lease Agreement and the Luminant Purchase and Sale Agreement should be combined for accounting purposes under ASC 842 (collectively, the "Combined Luminant Lease Agreement") and that amounts exchanged under the combined contract should be allocated to the various components of the overall transaction based on relative fair values.

The Combined Luminant Lease Agreement commenced on November 22, 2022 and has an initial term of five years, with renewal provisions that are aligned with the Luminant Power Agreement. Financing for use of the land and substation is provided by Luminant affiliates.

At the end of the lease term for the Interconnection Electrical Facilities, the substation will be sold back to Luminant's affiliate, Vistra Operations Company, LLC at a price to be determined based upon bids obtained in the secondary market.

Office leases

The Company leases office space for its headquarters in New York, New York. During the second quarter of 2024, the Company modified this lease to substitute the leased space with a larger office in the same location.

In July 2024, the Company also signed leases for office space in Charleston, South Carolina, and Denver, Colorado. These agreements are expected to commence in the third quarter of 2024.

Additional lease information

Components of the Company's lease expenses are as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Finance leases:				
Amortization of ROU assets [(1)]	$ 761	$ 1,027	$ 1,522	$ 1,816
Interest on lease liability	370	477	762	878
Total finance lease expense	1,131	1,504	2,284	2,694
Operating leases:				
Operating lease expense	548	467	987	921
Short-term lease rent expense	-	-	-	-
Total operating lease expense	548	467	987	921
Total lease expense	$ 1,679	$ 1,971	$ 3,271	$ 3,615

(1) Amortization of finance lease ROU assets is included within depreciation expense.

The Company did not incur any variable lease costs during any of the periods presented.

Other information related to the Company's leases is shown below (dollar amounts in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Operating cash flows - operating lease	$ 438	$ 396	$ 839	$ 791

	June 30, 2024	December 31, 2023
Weighted-average remaining lease term – finance lease (in years)	3.2	3.7
Weighted-average remaining lease term – operating lease (in years)	7.5	5.8
Weighted-average discount rate – finance lease	11.0%	11.0%
Weighted-average discount rate – operating lease	10.2%	10.0%
Finance lease ROU assets [(1)]	$ 9,638	$ 11,160

(1) As of June 30, 2024 and December 31, 2023, the Company had recorded accumulated amortization of approximately $2.8 million and $1.3 million, respectively, for the finance lease ROU assets. Finance lease ROU assets are recorded within property and equipment, net on the Company's consolidated balance sheets.

As of June 30, 2024, future minimum lease payments during the next five years are as follows (in thousands):

	Finance Lease	Operating Lease	Total
Year Ended December 31, 2024	$ 2,417	$ 1,110	$ 3,527
Year Ended December 31, 2025	4,834	3,556	8,390
Year Ended December 31, 2026	4,834	1,844	6,678
Year Ended December 31, 2027	3,223	1,871	5,094
Year Ended December 31, 2028	-	1,899	1,899
Thereafter	-	3,316	3,316
Total lease payments	15,308	13,596	28,904
Less present value discount	(2,432)	(3,153)	(5,585)
Total	$ 12,876	$ 10,443	$ 23,319

NOTE 13. COMMITMENTS AND CONTINGENCIES

Commitments

In the normal course of business, the Company enters into contracts that contain a variety of indemnifications with its employees, licensors, suppliers and service providers. The Company's maximum exposure under these arrangements, if any, is unknown as of June 30, 2024, aside from miner purchase contracts described in further detail in Note 6. *Deposits on Equipment*.

Contingencies

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 the 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, 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 unaudited condensed consolidated balance sheets. If it is reasonably possible that an asset may be impaired as of the date of the financial statements, 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 unaudited condensed consolidated statements of operations. 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 a material loss, if any, will result from any claims, lawsuits and proceedings to which the Company is subject to either individually, or in the aggregate.

Litigation

Luminant Power Agreement

On November 18, 2022, Luminant filed suit against the Company, seeking recoupment and return of money previously paid by Luminant to the Company in connection with Luminant's (and its affiliates') construction and energization of Cipher's bitcoin mining data center in Odessa, Texas. Luminant contended that such payments, although voluntarily made by Luminant, were not due under the terms of the Luminant Power Agreement, as amended. The Company settled the dispute with Luminant (the "Luminant Settlement"). In connection with the Luminant Settlement, the Company, entered into (i) a Fourth Amendment to the Power Purchase

Agreement (the “Amended PPA”) with Luminant, which amended the Luminant Power Agreement and (ii) a Second Amendment to the Lease Agreement (the "Amended Lease") with an affiliate of Luminant, which amended the Luminant Lease Agreement.

During the second quarter of 2023 and in connection with the Luminant Settlement, the Company established a $2.0 million accrual for the cost of resolving the claims, which was fully paid as of June 30, 2024.

NOTE 14. STOCKHOLDERS’ EQUITY

As of June 30, 2024, 510,000,000 shares with a par value of $0.001 per share are authorized, of which, 500,000,000 shares are designated as Common Stock and 10,000,000 shares are designated as preferred stock (“Preferred Stock”).

Common Stock

Holders of each share of Common Stock are entitled to dividends when, as and if declared by the Board. As of the issuance of these unaudited condensed consolidated financial statements, the Company had not declared any dividends. The holder of each share of Common Stock is entitled to one vote. The voting, dividend, liquidation and other rights and powers of the Common Stock are subject to and qualified by the rights, powers and preferences of any outstanding series of Preferred Stock, for which there currently are none outstanding.

During the six months ended June 30, 2024, the Company issued 4,013,379 shares of Common Stock to officers, employees and consultants in settlement of an equal number of fully vested RSUs awarded to these individuals, and 395,577 shares of Common Stock to directors, pursuant to grants made under the Cipher Mining Inc. 2021 Incentive Award Plan (the “Incentive Award Plan”). The Company immediately repurchased 1,622,772 of these shares of Common Stock from officers and employees, with a fair value of approximately $7.2 million, to cover taxes related to the settlement of vested RSUs, as permitted by the Incentive Award Plan. The Company placed the repurchased shares in treasury stock.

At-the-Market Sales Agreement

On September 21, 2022, the Company filed with the SEC a shelf registration statement on Form S-3, which was declared effective on October 6, 2022 (the “Registration Statement”). In connection with the filing of the Registration Statement, the Company also entered into an at-the-market offering agreement (the “Prior Sales Agreement”) with H.C. Wainwright & Co., LLC (the “Prior Agent”), under which the Company may, from time to time, sell shares of its Common Stock having an aggregate offering price of up to $250.0 million in “at-the-market” offerings through the Prior Agent. Effective August 1, 2023, the Company terminated the Prior Sales Agreement.

On August 3, 2023, the Company entered into a Controlled Equity Offering^{SM} Sales Agreement (the “Sales Agreement”) with Cantor Fitzgerald & Co., Canaccord Genuity LLC, Needham & Company, LLC and Compass Point Research & Trading, LLC (each, an “Original Agent” and, together, the “Original Agents”), pursuant to which the Company may offer and sell, from time to time through or to the Agents, shares of its Common Stock, for aggregate gross proceeds of up to $250.0 million (the “Shares”). The offering and sale of up to $250.0 million of the Shares has been registered under the Registration Statement, the base prospectus contained within the Registration Statement, and a prospectus supplement that was filed with the SEC on August 4, 2023 (the “Prospectus Supplement”).

On March 6, 2024, the Company entered into an amendment (the “Amendment”) to the Sales Agreement (as amended, the “Amended Sales Agreement”) by and among the Original Agents, Stifel, Nicolaus & Company, Incorporated (“Stifel”) and Virtu Americas LLC (“Virtu”) (each of the Original Agents, Stifel and Virtu, an “Agent” and, together, the “Agents”). The Amendment modifies the Sales Agreement to include Stifel and Virtu as additional agents under the Amended Sales Agreement. On March 6, 2024, the Company also filed an amendment to the Prospectus Supplement (i) increasing the dollar amount of shares available to be sold pursuant to the Amended Sales Agreement, to $296,560,661, which consists of $96,560,661 remaining as originally authorized under the Prospectus Supplement and an additional $200,000,000, and (ii) including Stifel and Virtu as additional Agents.

Pursuant to the Sales Agreement, the Agent selected by the Company (such Agent, the “Designated Agent”) may sell the Shares in sales deemed to be “at-the-market offerings” as defined in Rule 415(a)(4) promulgated under the Securities Act. The Company has no obligation to sell any of the Shares under the Sales Agreement and may at any time suspend or terminate the offering of the Shares pursuant to the Sales Agreement upon notice and subject to other conditions. The Agents will act as sales agents and will use commercially reasonable efforts to sell on the Company’s behalf all of the Shares requested to be sold by it, on mutually agreed terms between the Agents and the Company. Under the terms of the Sales Agreement, the Company agreed to pay the Designated Agent a commission up to 3.0% of the aggregate gross proceeds from any Shares sold through such Designated Agent pursuant to the Sales Agreement. In addition, the Company agreed to reimburse certain expenses incurred by the Agents in connection with the Sales Agreement. During the three months ended June 30, 2024, in connection with the Prior Sales Agreement and the Sales Agreement, the Company received proceeds of approximately $95.9 million, net of issuance costs, from the sale of 20,626,145 shares of common stock, with an average net selling price of $4.65 per share.

NOTE 15. WARRANTS

Upon consummation of the business combination, the Company assumed Common Stock warrants that were originally issued in GWAC's initial public offering (the "Public Warrants"), as well as warrants that were issued in a private placement that closed concurrently with GWAC's initial public offering (the "Private Placement Warrants"). The Public and Private Placement Warrants entitle the holder to purchase one share of Common Stock at an exercise price of $11.50 per share, subject to adjustment. There were 8,499,980 Public Warrants and 114,000 Private Placement Warrants outstanding as of December 31, 2023, and 8,613,980 Public Warrants and no Private Placement Warrants outstanding as of June 30, 2024. The exercise price and number of shares of Common Stock issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or the Company's recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of shares of Common Stock at a price below their respective exercise prices. Additionally, in no event will the Company be required to net cash settle the warrants.

NOTE 16. SHARE-BASED COMPENSATION

The Incentive Award Plan provides for the grant of stock options, including incentive stock options and nonqualified stock options, stock appreciation rights, RSUs and other stock or cash-based awards to employees, consultants and directors. Upon vesting of an award, the Company may either issue new shares or reissue treasury shares.

Initially, up to 19,869,312 shares of Common Stock were available for issuance under awards granted pursuant to the Incentive Award Plan. In addition, the number of shares of Common Stock available for issuance under the Incentive Equity Plan is increased on January 1 of each calendar year beginning in 2022 and ending in 2031 by an amount equal to (a) three percent (3%) of the total number of shares of Common Stock outstanding on the final day of the immediately preceding calendar year or (b) such smaller number of shares determined by the Board. On January 1, 2024, this resulted in an increase of 8,728,736 shares of Common Stock available for issuance under the Incentive Award Plan. As of June 30, 2024, 5,060,000 shares of Common Stock were available for issuance under the Incentive Award Plan.

The Company recognized total share-based compensation expense in Compensation and benefits on the unaudited condensed consolidated statements of operations for the following categories of awards as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Service-based RSUs	$ 10,221	$ 5,580	$ 16,357	$ 10,827
Performance-based RSUs	1,824	3,378	3,771	6,720
Common stock, fully-vested	1,292	220	1,526	441
Total share-based compensation expense	$ 13,337	$ 9,178	$ 21,654	$ 17,988

Service-based RSUs

A summary of the Company's unvested Service-based RSU activity for the six months ended June 30, 2024 is shown below:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2023	17,047,242	$ 3.23
Granted	10,729,675	$ 3.20
Vested	(4,013,379)	$ 4.68
Unvested at June 30, 2024	23,763,538	$ 2.97

As of June 30, 2024, there was approximately $39.1 million of unrecognized compensation expense related to unvested Service-based RSUs, which is expected to be recognized over a weighted-average vesting period of approximately 1.3 years.

If not fully vested upon grant, Service-based RSUs awarded generally vest over a period ranging from two to four years in equal installments on the award's anniversary of the vesting commencement date, which will generally coincide with the timing when the employee or consultant began to provide services to the Company, as determined by the Board, and which may precede the grant date. Vesting is subject to the award recipient's continuous service on the applicable vesting date; provided, that if the award recipient's employment is terminated by the Company without "cause", by award recipient for "good reason" (if applicable, as such term or similar term may be defined in any employment, consulting or similar service agreement between award recipient and the Company) or due to award recipient's death or permanent disability, all unvested Service-based RSUs will vest in full. In addition, in the event of a change in control, any unvested Service-based RSUs will vest subject to the award recipient's continuous service to the Company through such change in control. In addition, if the Company achieves a $10 billion market capitalization milestone (described further below) and the Chief Executive Officer ("CEO") remains in continuous service through such achievement, any then-unvested Service-based RSUs awarded to the CEO will also vest.

Performance-based RSUs

There was no new activity for unvested Performance-based RSUs during the six months ended June 30, 2024. There were 4,257,710 unvested Performance-based RSUs with a weighted average grant date fair value of $7.76 as of both June 30, 2024 and December 31, 2023. As of June 30, 2024, there was approximately $1.4 million of unrecognized compensation expense related to unvested Performance-based RSUs, which is expected to be recognized over a weighted-average derived service period of approximately 0.1 years.

One-third of the outstanding Performance-based RSUs will vest upon the Company achieving a market capitalization equal to or exceeding $5 billion, $7.5 billion and $10 billion, in each case over a 30-day lookback period and subject to the CEO's continuous service through the end of the applicable 30-day period. In the event of a change in control and CEO's continuous service through such change in control, the per share price (plus the per share value of any other consideration) received by the Company's stockholders in such change in control will be used to determine whether any of the market capitalization milestones are achieved (without regard to the 30-day lookback period). Any Performance-based RSUs that do not vest prior to the CEO's termination of service or, if earlier, in connection with a change in control will be forfeited for no consideration.

NOTE 17. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities measured at fair value are classified and disclosed in one of the following categories based on the inputs used to derive the fair value:

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not active and financial instruments for which all significant inputs are observable, either directly or indirectly; or

Level 3 — Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The Company's financial assets and liabilities subject to fair value measurement on a recurring basis and the level of inputs used for such measurements were as follows as of the dates indicated (in thousands):

	Fair Value Measured as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets included in:				
Cash and cash equivalents				
Money market securities	$ 121,717	$ -	$ -	$ 121,717
Bitcoin	138,079	-	-	138,079
Accounts receivable	286	-	-	286
Derivative asset	-	-	122,930	122,930
	$ 260,082	$ -	$ 122,930	$ 383,012

	Fair Value Measured as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets included in:				
Cash and cash equivalents				
Money market securities	$ 65,945	$ -	$ -	$ 65,945
Bitcoin	32,978	-	-	32,978
Accounts receivable	622	-	-	622
Derivative asset	-	-	93,591	93,591
	$ 99,545	$ -	$ 93,591	$ 193,136
Liabilities included in:				
Warrant liability	$ -	$ -	$ 250	$ 250
	$ -	$ -	$ 250	$ 250

The carrying values reported in the Company's consolidated balance sheets for cash (excluding cash equivalents which are recorded at fair value on a recurring basis), accounts payable and accrued expenses and other current liabilities are reasonable estimates of their fair values due to the short-term nature of these items.

There were no transfers of financial instruments between Level 1, Level 2 and Level 3 during the periods presented.

Level 3 asset

The Company's derivative asset, related to the Luminant Power Agreement, is divided between current and noncurrent assets, and was initially recorded on its unaudited condensed consolidated balance sheets on the derivative asset's effective date of July 1, 2022, with an offsetting amount recorded to change in fair value of derivative asset in costs and operating expenses on the unaudited condensed consolidated statements of operations. Subsequent changes in fair value are also recorded to change in fair value of derivative asset. The Luminant Power Agreement was not designated as a hedging instrument. The estimated fair value of the Company's derivative asset was derived from Level 2 and Level 3 inputs (i.e., unobservable inputs) due to a lack of quoted prices for similar type assets and as such, is classified in Level 3 of the fair value hierarchy. Specifically, the discounted cash flow estimation models contain quoted spot and forward prices for electricity, as well as estimated usage rates consistent with the terms of the Luminant Power Agreement, which has a remaining term of approximately 3.1 years. The valuations performed by the third-party valuation firm engaged by the Company utilized pre-tax discount rates of 6.23% and 6.11% as of June 30, 2024 and December 31, 2023, respectively, and include observable market inputs, but also include unobservable inputs based on qualitative judgment related to company-specific risk factors. Unrealized gains associated with the derivative asset within the Level 3 category include changes in fair value that were attributable to changes to the quoted forward electricity rates, as well as unobservable inputs (e.g., changes in estimated usage rates and discount rate assumptions).

The following table presents the changes in the estimated fair value of the derivative asset measured using significant unobservable inputs (Level 3) for the six months ended June 30, 2024, and 2023 (in thousands):

Balance as of December 31, 2022	66,702
Change in fair value	8,550
Balance as of June 30, 2023	$ 75,252
Balance as of December 31, 2023	93,591
Change in fair value	29,339
Balance as of June 30, 2024	$ 122,930

Level 3 liability

The Company's Private Placement Warrants (as defined in Note 15. *Warrants*) were its only liability classified within Level 3 of the fair value hierarchy because the fair value is based on significant inputs that are unobservable in the market. The valuation of the Private Placement Warrants used assumptions and estimates the Company believes would be made by a market participant in making the same valuation. As of March 31, 2024, all Private Placement Warrants were converted to Public Warrants, and as such no Private Placement Warrants were outstanding as of June 30, 2024.

The Company engaged a valuation firm to determine the fair value of the Private Placement Warrants using a Black-Scholes option-pricing model and the quoted price of its Common Stock. The following table presents significant assumptions utilized in the valuations of the Private Placement Warrants as of the dates indicated:

	December 31, 2023
Risk-free rate	4.00%
Dividend yield rate	0.00%
Volatility	124.0%
Contractual term (in years)	2.7
Exercise price	$ 11.50

The following table presents changes in the estimated fair value of the Private Placement Warrants for the six months ended June 30, 2024 and 2023 (in thousands):

Balance as of December 31, 2022	$	7
Change in fair value		59
Balance as of June 30, 2023	$	66
Balance as of December 31, 2023	$	250
Change in fair value		(250)
Balance as of June 30, 2024	$	-

NOTE 18. INCOME TAXES

The determination of income tax expense in the unaudited condensed consolidated statements of operations is based upon the estimated effective tax rate for the year, adjusted for the impact of any discrete items which are accounted for in the period in which they occur. The Company recorded an income tax expense of approximately (3.6%) and (4.9%) of loss before taxes for the three months ended June 30, 2024, and 2023 respectively. The Company recorded an income tax expense of approximately 19.8% of income before taxes for the six months ended June 30, 2024 and an income tax expense of approximately (4.0%) of loss before taxes for the six months ended June 30, 2023.

NOTE 19. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for adjustment to or disclosure in its condensed consolidated financial statements through the date of this report. The Company has identified the below subsequent events that have not otherwise been reported in these condensed consolidated financial statements or the notes thereto:

Miner Purchase Amendment

On July 10, 2024, the Company entered into the Amendment Agreement with Bitmain, which upgraded the miners the Company has the option to purchase (the "Option Miners"), and extended the call option period the Company has to exercise its purchase of the Option Miners, which may be exercised in whole or in part, in one or more transactions, from December 31, 2024 to June 30, 2025.

The purchase price for the Option Miners under the Amendment Agreement is $186.7 million. The Company paid an additional $6.2 million as a deposit in connection with this amendment.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report, as well as our audited consolidated financial statements and related notes disclosed in our 2023 Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the "Risk Factors" sections of our 2023 Form 10-K and this Quarterly Report and in other parts of this Quarterly Report.

Unless the context otherwise requires, references in this Quarterly Report to the "Company," "Cipher," "Cipher Mining," "we," "us" or "our" refers to Cipher Mining Inc. and its consolidated subsidiaries, unless otherwise indicated.

Overview

We are an emerging technology company that develops and operates industrial scale bitcoin mining data centers. Bitcoin mining is our principal revenue generating business activity.

We currently operate four bitcoin mining data centers in Texas, including one wholly-owned and three partially-owned data centers acquired through investments in joint ventures. Our largest data center is the Odessa data center (the "Odessa Facility"), which is our wholly-owned 207 MW facility located in Odessa, Texas. We also jointly operate the Alborz data center (the "Alborz Facility") located near Happy, Texas, Bear data center (the "Bear Facility") and our Chief data center (the "Chief Facility") are both located near Andrews, Texas which are partially-owned through joint ventures with WindHQ LLC ("WindHQ"). We are also developing an additional wholly-owned data center in Winkler County, TX ("Black Pearl" or the "Black Pearl Facility") for up to 300 MW, and we expect to energize 300 MW in 2025.

Our current intention is to continue to expand our bitcoin mining business by developing additional data centers, expanding capacity at our current data centers, developing our treasury management platform and entering into other arrangements, such as joint ventures, data center hosting agreements, or software licensing arrangements.

Our key mission is to expand and strengthen the Bitcoin network's critical infrastructure. As of July 31, 2024, we operated an aggregate hashrate capacity of approximately 10.6 EH/s, utilizing approximately 310 MW of electricity, of which we owned an aggregate hashrate capacity of approximately 8.7 EH/s, utilizing approximately 257 MW of electricity.

Recent Developments

Miner Purchases and Miner Purchase Amendments

On June 5, 2024, we entered into a Sales and Purchase Contract (the "Canaan Agreement") with Canaan Creative Global Pte. Ltd. ("Canaan") to purchase 1.25 EH/s of miners to be delivered in the fourth quarter of 2024. We paid a deposit of $6.6 million in connection with the Canaan Agreement, with $9.8 million left to be paid. Additionally, the Canaan Agreement included an option to purchase 160 MW of miners which we can exercise on or before June 30, 2025. We paid a deposit of $5.3 million associated with the option.

Also on June 5, 2024, we entered into a Supplemental Agreement to the Future Sales and Purchase Agreement (the "Supplemental Agreement") with Bitmain Technologies Delaware Limited ("Bitmain"), which supplements that certain Future Sales and Purchase Agreement, dated December 16, 2023 (the "Original Agreement"). The Supplemental Agreement (1) upgraded the purchase of 37,396 Antminer T21 miners to 30,364 Antminer S21 Pro miners (the "Bitmain Miners") and (2) accelerated the delivery of the Bitmain Miners from April 2025 to September 2024 and October 2024. The purchase price for the Bitmain Miners under the Supplemental Agreement is $134.3 million.

On July 10, 2024, we entered into an Amendment Agreement to the Future Sales and Purchase Agreement (the "Amendment Agreement") with Bitmain, which upgraded the miners we have the option to purchase (the "Option Miners"), and extended the call option period we have to exercise our purchase of the Option Miners, which may be exercised in whole or in part, in one or more transactions, from December 31, 2024 to June 30, 2025. The purchase price for the Option Miners under the Amendment Agreement is $186.7 million. We paid an additional $6.2 million as a deposit in connection with this amendment.

Factors Affecting Our Results of Operations

There have been no material changes to the "Factors Affecting Our Results of Operations" in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our 2023 Form 10-K. Our financial position and results of operations depend to a significant extent on those factors.

Summary of Bitcoin Mining Results

The following table presents information about our Bitcoin mining activities, including bitcoin production and sales of bitcoin (dollar amounts in thousands):

	Quantity	Amounts
Balance as of December 31, 2023	780	$ 32,978
Bitcoin received from equity investees	89	5,907
Bitcoin received from mining activities	1,487	85,281
Proceeds from sale of bitcoin	(153)	(10,334)
Realized gains on sale of bitcoin	-	4,868
Unrealized gains on fair value of bitcoin	-	19,379
Balance as of June 30, 2024	2,203	$ 138,079

Components of our Results of Operations

For a description of the components of our results of operations, refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our 2023 Form 10-K.

Results of Operations

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue - bitcoin mining	$ 36,808	$ 31,224	$ 84,945	$ 53,119
Costs and operating expenses (income)				
Cost of revenue	14,281	15,868	29,101	24,009
Compensation and benefits	16,285	12,668	29,321	24,605
General and administrative	8,365	8,667	14,442	14,150
Depreciation and amortization	20,251	14,412	37,495	26,067
Change in fair value of derivative asset	(21,980)	(3,222)	(29,339)	(8,550)
Power sales	(1,109)	(5,651)	(2,282)	(5,749)
Equity in losses (gains) of equity investees	577	1,431	(161)	2,181
Losses (gains) on fair value of bitcoin	16,309	(860)	(24,247)	(5,124)
Other gains	-	-	-	(2,260)
Total costs and operating expenses	52,979	43,313	54,330	69,329
Operating (loss) income	(16,171)	(12,089)	30,615	(16,210)
Other income (expense)				
Interest income	1,053	25	1,839	101
Interest expense	(372)	(485)	(772)	(886)
Change in fair value of warrant liability	-	(22)	250	(59)
Other income (expense)	727	(12)	(1,231)	(12)
Total other income (expense)	1,408	(494)	86	(856)
(Loss) income before taxes	(14,763)	(12,583)	30,701	(17,066)
Current income tax expense	(335)	(31)	(721)	(48)
Deferred income tax expense	(193)	(584)	(5,371)	(637)
Total income tax expense	(528)	(615)	(6,092)	(685)
Net (loss) income	$ (15,291)	$ (13,198)	$ 24,609	$ (17,751)

Comparative Results for the Three Months Ended June 30, 2024 and 2023

Revenue

Bitcoin mining operations at our Odessa Facility mined 558 bitcoin, generating revenue of $36.8 million for the three months ended June 30, 2024, at an average price per bitcoin of approximately $65.9 thousand, compared to 1,112 bitcoin, generating revenue of

$31.2 million for the three months ended June 30, 2023, at an average price per bitcoin of approximately $28.1 thousand. The increase in revenue in the current period was primarily driven by the increase in bitcoin price, partially offset by impact of the halving in April 2024.

Cost of revenue

Cost of revenue for the three months ended June 30, 2024 was $14.3 million, compared to $15.9 million for the three months ended June 30, 2023 and consisted primarily of power costs at the Odessa Facility as delivered under our power purchase agreement with Luminant ET Services Company LLC (the "Luminant Power Agreement"), as well as maintenance expenses for mining equipment. The decrease was primarily driven by decreased power costs at the Odessa Facility in the current year period.

Compensation and benefits

Compensation and benefits increased to $16.3 million for the three months ended June 30, 2024 compared to $12.7 million for the three months ended June 30, 2023. The increase is primarily driven by an increase in headcount and share-based compensation expense.

General and administrative

General and administrative expenses were $8.4 million for the three months ended June 30, 2024 compared to $8.7 million for the three months ended June 30, 2023. The decrease was primarily driven by a decrease on our D&O insurance in the current year.

Depreciation and amortization

Depreciation and amortization for the three months ended June 30, 2024 was $20.3 million, compared to $14.4 million for the three months ended June 30, 2023. Depreciation and amortization primarily relates to miners, mining equipment and leasehold improvements at the Odessa Facility. Also included in depreciation is the amortization of our finance lease right-of-use asset for our Interconnection Electrical Facilities (as defined below) that provides power to the Odessa Facility, amortization on our intangible assets, and accretion of our estimated asset retirement obligation related to the Odessa Facility and depreciation of the associated capitalized costs. The increase in depreciation in the current period primarily relates to increased assets placed into service in late 2023 to finish the build-out at the Odessa Facility, in addition to changing the estimated useful life of our miners from five years to three years effective June 1, 2024, increasing Depreciation and amortization by $3 million per month.

Change in fair value of derivative asset

The change in the fair value of our derivative asset related to the Luminant Power Agreement resulted in a gain of $22.0 million during the three months ended June 30, 2024 compared to $3.2 million for the three months ended June 30, 2023. The gains in both periods were primarily due to the change in the power market forward curve over the respective periods as power prices in the futures market continue to increase, outpacing the reduction of benefit from future periods.

Power sales

In accordance with the Luminant Power Agreement, we sold excess electricity that is available under the Luminant Power Agreement, but not needed in our mining operations at the Odessa Facility, back to the ERCOT market through Luminant for which we received proceeds of $1.1 million for the three months ended June 30, 2024 compared to $5.7 million for the three months ended June 30, 2023. Power sales vary each period due to changes in the opportunity cost of selling power instead of mining bitcoin.

Equity in losses of equity investees

Equity in losses of equity investees totaled approximately $0.6 million for the three months ended June 30, 2024, compared to $1.4 million for the three months ended June 30, 2023. Equity in losses of equity investees consists of our 49% share in the earnings or losses generated by our three partially-owned mining sites, and the accretion of the basis differences in our investments in the equity investees that resulted from contributions of miners during the year ended December 31, 2022. We are accreting these basis differences over the life of the miners. We recognized approximately $1.7 million for both the three months ended June 30, 2024 and June 2023, for the accretion of basis differences.

Losses (gains) on fair value of bitcoin

Losses on fair value of bitcoin was $16.3 million during the three months ended June 30, 2024, compared to gains of $0.9 million for the three months ended June 30, 2023. This activity primarily contains of the mark to market of our bitcoin held in inventory, and is highly correlated with bitcoin price. The loss in the current period was driven by an increase in bitcoin held in our inventory, and declining prices over the current quarter. The Company had a bitcoin inventory of 2,203 held at $62.7 thousand per bitcoin at June 30, 2024, compared to 1,730 bitcoin held at $71.3 thousand per bitcoin at March 31, 2024. In the prior year period, we held 404 bitcoin held at roughly $30.5 thousand per bitcoin at June 30, 2023, compared to 415 bitcoin held at $28.5 thousand per bitcoin at March 31, 2023.

Other income (expense)

Other income totaled $1.4 million for the three months ended June 30, 2024, primarily consisting of interest income earned on Cash and cash equivalent balances held in interest bearing accounts, gains and losses on derivative trading related to managing our bitcoin treasury, and interest expense on our finance lease related to our Interconnection Electrical Facilities. Other expense for the three months ended June 30, 2023 totaled $0.5 million and consisted primarily interest expense on our finance lease related to our Interconnection Electrical Facilities.

Income tax expense

Income tax expense totaled $0.5 million, or (3.6%) of income before taxes, and $0.6 million or (4.9%) of a loss before taxes for the three months ended June 30, 2024 and 2023, respectively, and was determined using the estimated effective tax rate for the year, adjusted for the impact of any discrete items which are accounted for in the period in which they occur.

Comparative Results for the Six Months Ended June 30, 2024 and 2023

Revenue

Bitcoin mining operations at our Odessa Facility mined 1,477 bitcoin, generating revenue of $84.9 million for the six months ended June 30, 2024, at an average price per bitcoin of approximately $57.5 thousand, compared to 2,055 bitcoin, generating revenue of $53.1 million for the six months ended June 30, 2023, at an average price per bitcoin of approximately $25.8 thousand. The increase in revenue in the current period was primarily driven by the increase in bitcoin price, partially offset by impact of the halving in April 2024.

Cost of revenue

Cost of revenue for the six months ended June 30, 2024 was $29.1 million, compared to $24.0 million for the six months ended June 30, 2023 and consisted primarily of power costs at the Odessa Facility as delivered under the Luminant Power Agreement, as well as maintenance expenses for mining equipment. The increase was primarily driven by increased maintenance expenses as a result of the Odessa Facility being fully operational. In the current period, Cost of revenue included $1.1 million of non-recurring costs to purchase parts intended to increase the efficiency of our miners.

Compensation and benefits

Compensation and benefits increased to $29.3 million for the six months ended June 30, 2024 compared to $24.6 million for the six months ended June 30, 2023. The increase is primarily driven by an increase in headcount, and share-based compensation.

General and administrative

General and administrative expenses were consistent at $14.4 million for the six months ended June 30, 2024 compared to $14.2 million for the six months ended June 30, 2023.

Depreciation and amortization

Depreciation and amortization for the six months ended June 30, 2024 was $37.5 million, compared to $26.1 million for the six months ended June 30, 2023. Depreciation and amortization primarily relates to miners, mining equipment and leasehold improvements at the Odessa Facility. Also included in depreciation is the amortization of our finance lease right-of-use asset for our Interconnection Electrical Facilities (as defined below) that provides power to the Odessa Facility, amortization on our intangible assets, and accretion of our estimated asset retirement obligation related to the Odessa Facility and depreciation of the associated capitalized costs. The increase in depreciation in the current period primarily relates to increased assets placed into service in late 2023 to finish the build-out at the Odessa Facility, in addition to changing the estimated useful life of our miners from five years to three years effective June 1, 2024, increasing Depreciation and amortization by $3 million per month.

Change in fair value of derivative asset

The change in the fair value of our derivative asset related to the Luminant Power Agreement resulted in a gain of $29.3 million during the six months ended June 30, 2024 compared to $8.6 million for the six months ended June 30, 2023. The gains in both periods were primarily due to the change in the power market forward curve over the respective periods as power prices in the futures market continue to increase, outpacing the reduction of benefit from future periods.

Power sales

In accordance with the Luminant Power Agreement, we sold excess electricity that is available under the Luminant Power Agreement, but not needed in our mining operations at the Odessa Facility, back to the ERCOT market through Luminant for which we received proceeds of $2.3 million for the six months ended June 30, 2024 compared to $5.7 million for the six months ended June 30, 2023. Power sales vary each period due to changes in the opportunity cost of selling power instead of mining bitcoin.

Equity in (gains) losses of equity investees

Equity in gains of equity investees totaled approximately $0.2 million for the six months ended June 30, 2024, compared to Equity in losses of equity investees of $2.2 million for the six months ended June 30, 2023. Equity in losses of equity investees consists of our 49% share in the earnings (losses) generated by our three partially-owned mining sites, and the accretion of the basis differences in our investments in the equity investees that resulted from contributions of miners during the year ended December 31, 2022. We are accreting these basis differences over the five-year useful life of the miners. We recognized approximately $3.3 million for the six months ended June 30, 2024 and 2023, respectively, for the accretion of basis differences.

Gains on fair value of bitcoin

Gains on fair value of bitcoin was $24.2 million during the six months ended June 30, 2024, compared to $5.1 million for the six months ended June 30, 2023. The increase in the current period was primarily driven by an increase in bitcoin held at rising prices by the Company in the current period. We had a bitcoin inventory of 2,203 held at $62.7 thousand per bitcoin at June 30, 2024, compared to 780 bitcoin held at $42.2 thousand per bitcoin at December 31, 2023. In the prior year, we had 404 bitcoin held at roughly $30.5 thousand per bitcoin at June 30, 2023, compared to 394 bitcoin held at $16.5 thousand per bitcoin at December 31, 2022.

Other gains

We recognized proceeds of approximately $2.3 million during the six months ended June 30, 2023 related to the sale of transferable coupons received from Bitmain Technologies Limited, with no comparable activity for the six months ended June 30, 2024.

Other income (expense)

Other income totaled $0.1 million for the six months ended June 30, 2024, compared to Other expense of $0.9 million in the prior period, and in both periods primarily consisted of interest income earned on Cash and cash equivalent balances held in interest bearing accounts, gains and losses on derivative trading related to managing our bitcoin treasury, and interest expense recognized related to our finance lease for the Interconnection Electrical Facilities. The increase in Other income primarily relates to cash management to generate interest income from cash held in money market accounts.

Income tax expense

Income tax expense totaled $6.1 million, or 19.8% of income before taxes, and $0.7 million, or (4.0%) of a loss before taxes for the six months ended June 30, 2024 and 2023, respectively, and was determined using the estimated effective tax rate for the year, adjusted for the impact of any discrete items which are accounted for in the period in which they occur.

Liquidity and Capital Resources

We used cash flows from operations of $52.0 million for the six months ended June 30, 2024. As of June 30, 2024, we had cash and cash equivalents of $122.6 million, total stockholders' equity of $690.8 million and an accumulated deficit of $112.2 million. For our fiscal years prior to 2023, we relied in large part on proceeds from the consummation of our business combination with Good Works Acquisition Corp. ("GWAC") to fund our operations. During fiscal year 2023, we funded operations through a combination of at-the-market stock issuances and bitcoin sales. During the six months ended June 30, 2024, we have not needed to sell our bitcoin inventory to support operating expenses.

On September 21, 2022, we filed the Registration Statement with the SEC. In connection with the filing of the Registration Statement, we also entered into an at-the market offering agreement (the "Prior Sales Agreement") with H.C. Wainwright & Co., LLC (the "Prior

Agent”), under which we may, from time to time, sell shares of our Common Stock having an aggregate offering price of up to $250.0 million in “at-the-market” offerings through the Agent, which is included in the $500.0 million of securities that may be offered pursuant to the Registration Statement. Effective August 1, 2023, the Company terminated the Prior Sales Agreement.

On August 3, 2023, we entered into a Controlled Equity Offering[SM] Sales Agreement (the “Sales Agreement”) with Cantor Fitzgerald & Co., Canaccord Genuity LLC, Needham & Company, LLC and Compass Point Research & Trading, LLC (each, an “Original Agent” and, together, the “Original Agents”), pursuant to which we may offer and sell pursuant to a prospectus supplement, from time to time through or to the Original Agents, shares of our Common Stock, for aggregate gross proceeds of up to $250.0 million. The offering and sale of up to $250.0 million of the Shares has been registered under the Registration Statement, the base prospectus contained within the Registration Statement, and a prospectus supplement that was filed with the SEC on August 4, 2023 (the “Prospectus Supplement”).

On March 6, 2024, we entered into an amendment (the “Amendment”) to the Sales Agreement (as amended, the “Amended Sales Agreement”) by and among the Original Agents, Stifel, Nicolaus & Company, Incorporated (“Stifel”) and Virtu Americas LLC (“Virtu”) (each of the Original Agents, Stifel and Virtu, an “Agent” and, together, the “Agents”). The Amendment modifies the Sales Agreement to include Stifel and Virtu as additional agents under the Amended Sales Agreement. On March 6, 2024, we also filed an amendment to the Prospectus Supplement (i) increasing the dollar amount of shares available to be sold pursuant to the Amended Sales Agreement, to $296,560,661, which consists of $96,560,661 remaining as originally authorized under the Prospectus Supplement and an additional $200,000,000, and (ii) including Stifel, Nicolaus & Company, Incorporated and Virtu Americas LLC as additional Agents. For the quarter ended June 30, 2024, we received net proceeds on sales of 20.6 million shares of common stock under the the Amended Sales Agreement of approximately $95.9 million (net of commissions and expenses) at an average net selling price of $4.65.

On August 14, 2023, we entered into a master loan agreement with Coinbase Credit, Inc., as lender, and Coinbase, Inc., as lending service provider. Pursuant to the master loan agreement, we established a secured line of credit up to $10.0 million (the “Credit Facility”). We will not incur commitment fees for unused portions of the Credit Facility. The borrowing rate on amounts drawn against the Credit Facility is determined on the basis of the Federal Funds Target Rate - Upper Bound, plus 2.5%, calculated daily based on a 365-day year and payable monthly for the duration of the loan. Borrowings under the Credit Facility are available on demand, open term, and collateralized by bitcoin transferred to the lending service provider’s platform. As of June 30, 2024 we have not drawn upon the Credit Facility.

Management believes that our existing financial resources, combined with projected cash and bitcoin inflows from our data centers and our intent and ability to sell bitcoin received or earned, will be sufficient to enable us to meet our operating and capital requirements for at least 12 months from the date these unaudited condensed consolidated financial statements are issued.

Cash Flows

The following table summarizes our sources and uses of cash (in thousands):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Net cash used in operating activities	$ (51,988)	$ (27,796)
Net cash (used in) provided by investing activities	(62,313)	18,038
Net cash provided by (used in) financing activities	150,753	(428)
Net increase (decrease) in cash and cash equivalents	$ 36,452	$ (10,186)

Operating Activities

Net cash used in operating activities increased by $24.2 million to $52.0 million for the six months ended June 30, 2024 from $27.8 million for the six months ended June 30, 2023. We earned net income of $24.6 million for the six months ended June 30, 2024, compared to a net loss of $17.8 million for the six months ended June 30, 2023, representing an increase of $42.4 million. Cash flows from operating activities was impacted by a $57.0 million increase in non-cash items, primarily driven by a $32.4 million increase in bitcoin received as payment from our mining pool operator, $20.8 million gain on our derivative asset, and a $19.1 million increase in gains on the fair value of bitcoin. Additionally, changes in assets and liabilities resulted in a decrease in cash used of $9.5 million between the six months ended June 30, 2024 and 2023.

Investing Activities

Cash flows from investing activities decreased by $80.4 million to $62.3 million of net cash used in investing activities for the six months ended June 30, 2024 compared to $18.0 million of net cash provided by investing activities for the six months ended June 30, 2023, primarily related to a $42.1 million decrease in proceeds from bitcoin sales as we increased our bitcoin inventory, $32.8 million of deposits primarily related to new miner purchases, and a $17.3 million increase in contributions to equity investees related to expansions at the Bear and Chief facilities, partially offset by a $12.8 million decrease in purchases of property and equipment which in the prior period related to building out the Odessa facility.

Financing Activities

Cash flows from financing activities increased by $151.2 million to $150.8 million net cash provided by financing activities for the six months ended June 30, 2024 from $0.4 million net cash used in financing activities for the six months ended June 30, 2023, primarily driven by $160.5 million increase in proceeds from the issuance of common stock during the six months ended June 30, 2024.

Limited Business History; Need for Additional Capital

There is limited historical financial information about us upon which to base an evaluation of our performance. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, possible delays in exploration and/or development, and possible cost overruns due to price and cost increases in services. We may require additional capital to pursue certain business opportunities or respond to technological advancements, competitive dynamics or technologies, customer demands, challenges, acquisitions or unforeseen circumstances. Additionally, we have incurred and expect to continue to incur significant costs related to becoming a public company. Accordingly, we may engage in equity or debt financings or enter into credit facilities for the above-mentioned or other reasons; however, we may not be able to timely secure additional debt or equity financings on favorable terms, if at all. If we raise additional funds through equity financing, our existing stockholders could experience significant dilution. Furthermore, any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If we are unable to obtain adequate financing on terms that are satisfactory to us, when we require it, our ability to continue to grow or support the business and to respond to business challenges could be significantly limited, which may adversely affect our business plan. For risks associated with this, see “Risks Factors—Risks Related to Our Business, Industry and Operations—We may need to raise additional capital, which may not be available on terms acceptable to us, or at all” in our 2023 Form 10-K.

Contractual Obligations and Other Commitments

On December 17, 2021, we entered into a lease agreement for executive office space, with an effective term that commenced on February 1, 2022 and monthly rent payments of approximately $0.1 million. The initial lease term was for a period of five years and four months. During the second quarter of 2024, we entered into an amendment to the lease agreement commencing on May 15, 2024, to increase the leased office space and extend the term through May 2029. Monthly rent payments associated with the amended lease are approximately $0.2 million.

We also entered into a series of agreements with affiliates of Luminant ET Services Company LLC (“Luminant”), including the Lease Agreement dated June 29, 2021, with amendment and restatement on July 9, 2021 (as amended and restated, the “Luminant Lease Agreement”). The Luminant Lease Agreement leases a plot of land to us where our data center, ancillary infrastructure and electrical system (the “Interconnection Electrical Facilities” or “substation”) have been set up for our Odessa Facility. We entered into the Luminant Lease Agreement and the Luminant Purchase and Sale Agreement to build the infrastructure necessary to support our planned operations. Management determined that the Luminant Lease Agreement and the Luminant Purchase and Sale Agreement should be combined for accounting purposes under ASC 842 (collectively, the “Combined Luminant Lease Agreement”) and that amounts exchanged under the combined contract should be allocated to the various components of the overall transaction based on relative fair values.

Our management determined that the Combined Luminant Lease Agreement contains two lease components; and the components should be accounted for together as a single lease component, because the effect of accounting for the land lease separately would be insignificant.

The Combined Luminant Lease Agreement commenced on November 22, 2022 and has an initial term of five years, with renewal provisions that are aligned with the Luminant Power Agreement. Financing for use of the land and substation is provided by Luminant affiliates. Despite lease commencement in November 2022, we had not been required by Luminant to make any lease payments for the substation prior to July 2023, therefore we accrued amounts due under the Combined Luminant Lease Agreement in accrued expenses and other current liabilities on its unaudited condensed consolidated balance sheet.

On August 23, 2023, we entered into a second amendment of the Luminant Lease Agreement, the terms of which included an amended payment schedule, reflecting monthly installments of principal and interest totaling $19.7 million on an undiscounted basis, due over the remaining four-year period starting in July 2023. This amendment did not have a material impact on our unaudited condensed consolidated financial statements.

At the end of the lease term for the Interconnection Electrical Facilities, the substation will be sold back to Luminant's affiliate, Vistra Operations Company, LLC at a price to be determined based upon bids obtained in the secondary market.

Non-GAAP Financial Measures

We are providing supplemental financial measures for Adjusted Earnings that excludes the impact of depreciation and amortization, the non-cash change in fair value of derivative asset, the non-cash change in fair value of the warrant liability, nonrecurring gains and losses, deferred income taxes, and share-based compensation expense. This supplemental financial measure is not a measurement of financial performance under accounting principles generally accepted in the United Stated ("GAAP") and, as a result, this supplemental financial measure may not be comparable to similarly titled measures of other companies. Management uses this non-GAAP financial measure internally to help understand, manage, and evaluate our business performance and to help make operating decisions. We believe the use of this non-GAAP financial measure can also facilitate comparison of our operating results to those of our competitors.

Non-GAAP financial measures are subject to material limitations as they are not in accordance with, or a substitute for, measurements prepared in accordance with GAAP. For example, we expect that share-based compensation expense, which is excluded from the non-GAAP financial measure, will continue to be a significant recurring expense over the coming years and is an important part of the compensation provided to certain employees, officers and directors. Similarly, we expect that depreciation and amortization will continue to be a recurring expense over the term of the useful life of the related assets. Our non-GAAP financial measure is not meant to be considered in isolation and should be read only in conjunction with our condensed consolidated financial statements included elsewhere in this Quarterly Report, which have been prepared in accordance with GAAP. We rely primarily on such condensed consolidated financial statements to understand, manage and evaluate our business performance and use the non-GAAP financial measures only supplementally.

The following is a reconciliation of our Adjusted Earnings to the most directly comparable GAAP measure for the periods indicated (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Reconciliation of Adjusted Earnings:				
Net (loss) income	$ (15,291)	$ (13,198)	$ 24,609	$ (17,751)
Change in fair value of derivative asset	(21,980)	(3,222)	(29,339)	(8,550)
Share-based compensation expense	13,336	9,178	21,654	17,988
Depreciation and amortization	20,251	14,412	37,495	26,067
Deferred income tax expense	193	584	5,371	637
Other gains - nonrecurring	-	-	-	(2,260)
Change in fair value of warrant liability	-	22	(250)	59
Adjusted (loss) earnings	(3,491)	7,776	59,540	16,190

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of expenses during the reporting period. A description of our significant accounting policies in included in our 2023 Form 10-K. You should read the accompanying unaudited condensed consolidated financial statements in conjunction with our audited consolidated financial statements and accompanying notes in our 2023 Form 10-K. There have been no material changes in the information disclosed in the notes to our audited consolidated financial statements included in our 2023 Form 10-K, except the change in estimated useful life of our miners from five years to three years, as described in Note 5. Property and Equipment of Item 1. Financial Statements in this Form 10-Q.

Recent accounting pronouncements

Information regarding recent accounting pronouncements applicable to us, adopted and not yet adopted as of the date of this report, is included in Note 2 to our unaudited condensed consolidated financial statements located in "Part I - Financial Information, Item 1. Financial Statements" in this Quarterly Report.

Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our unaudited condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

On the last business day of the second quarter in 2024, the aggregate market value of our shares of common stock held by non-affiliate stockholders exceeded $700 million. As a result, as of December 31, 2024, we will be considered a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, and will cease to be an emerging growth company. Due to loss of emerging growth company status, we will no longer be exempt from the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, and our independent registered public accounting firm will evaluate and report on the effectiveness of internal control over financial reporting.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

Item 4. Controls and Procedures.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of our "disclosure controls and procedures" ("Disclosure Controls"), as defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of June 30, 2024, the end of the period covered by this Quarterly Report. The Disclosure Controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, with the goal being that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, our disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2024.

Remediation of Material Weakness

As noted in the 2023 Form 10-K, during management's assessment of internal controls over financial reporting, a material weakness was identified related to certain Information Technology General Controls over user access, segregation of duties and change management controls.

As management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, we understand the importance of developing a resolution plan aligned with management and overseen by the Audit Committee of our Board of Directors. Since the material weakness was identified, management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. Our plan includes the following:

- Enhance our remediation efforts by continuing to devote resources in 2024 in key financial reporting and information technology areas, including hiring additional employees.
- Continue to utilize an external third-party internal audit and SOX 404 implementation firm to work to improve the Company's controls related to our material weaknesses, specifically relating to user access and change management surrounding the Company's IT systems and applications.
- Continue to implement new processes and controls and engage external resources when required in connection with remediating this material weakness, such that these controls are designed, implemented, and operating effectively.
- Continue to formalize our policies and processes including those over outside service providers with a specific focus on enhancing design and documentation related to (i) developing and communicating additional policies and procedures to govern the areas of IT change management and user access processes and related control activities and (ii) develop robust processes to validate data received from third-parties and relied upon to generate financial statements that are complete and accurate.

We recognize that the material weaknesses in our internal control over financial reporting will not be considered remediated until the remediated controls operate for a sufficient period of time and can be tested and concluded by management to be designed and operating effectively. Because our remediation efforts involve our outsourced service providers, we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts.

We continue to evaluate and work to improve our internal control over financial reporting related to the identified material weaknesses and management may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above. In addition, we report the progress and status of the above remediation efforts to the Audit Committee on a periodic basis.

Changes in Internal Control over Financial Reporting

Other than the remediation efforts described above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are not a party to any material pending legal proceedings. From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business. There have been no material changes to such proceedings previously disclosed in our 2023 Form 10-K.

Item 1A. Risk Factors.

Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to the risk factors as previously disclosed in Part I, Item 1A, "Risk Factors" of our 2023 Form 10-K, which is incorporated herein by reference. There have been no material changes to the risk factors previously disclosed in our 2023 Form 10-K, except for the risk factor noted below.

We will no longer qualify as an "emerging growth company" or a "smaller reporting company" as of December 31, 2024 and, as a result, we will no longer be able to avail ourselves of certain reduced reporting requirements applicable to emerging growth companies or smaller reporting companies, subject to applicable transition relief.

We are currently an "emerging growth company," as defined in the JOBS Act, and we have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including the auditor attestation requirements of Section 404, compliance with requirements that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditors' report providing additional information about the audit and the financial statements, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies.

Because the market value of our common stock held by non-affiliates exceeded $700 million as of June 30, 2024, we will be deemed a large accelerated filer under the Exchange Act and will lose our status as an "emerging growth company" as of December 31, 2024. As a result, subject to certain grace periods, we will be required to:

- engage an independent registered public accounting firm to provide an attestation report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002;
- submit certain executive compensation matters to stockholder advisory votes; and
- disclose a compensation discussion and analysis, including disclosure regarding certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

We will no longer able to take advantage of cost savings associated with the JOBS Act. Furthermore, if the additional requirements applicable to non-emerging growth companies divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. Furthermore, if we are unable to satisfy our obligations as a non-emerging growth company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

As a result of our loss of "emerging growth company" status, it is possible that investors will find our common stock less attractive in light of the fact that we have relied on certain of these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile. In addition, any failure to comply with these additional requirements in a timely manner, or at all, could have an adverse effect on our business and results of operations and could cause a decline in the price of our common stock.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) Disclosure in lieu of reporting on a Current Report on Form 8-K.

None.

(b) Material changes to the procedures by which security holders may recommend nominees to the board of directors.

None.

(c) Insider trading arrangements and policies.

Our officers and directors from time to time may adopt trading plans to transact in our common stock for a variety of reasons, including tax considerations, investment diversification, or other personal reasons. During the three months ended June 30, 2024, certain of our officers and directors adopted a pre-arranged stock trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended (each such plan, a “Rule 10b5-1 Plan”), as described below. On May 21, 2024, Tyler Page, Chief Executive Officer and Director, adopted a Rule 10b5-1 Plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 900,000 shares of our common stock until November 29, 2024. On May 17, 2024, Patrick Kelly, Co-President and Chief Operating Officer, adopted a Rule 10b5-1 Plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 428,078 shares of our common stock until May 16, 2025. On June 11, 2024, William Iwaschuk, Co-President, Chief Legal Officer and Corporate Secretary, adopted a Rule 10b5-1 Plan that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 323,694 shares of our common stock until June 10, 2025. No other directors or “officers” (as defined in Section 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, terminated, or modified a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K, during the three months ended June 30, 2024.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		From	File No.	Exhibit	Filing Date	
2.1†	Agreement and Plan of Merger, dated as of March 4, 2021, by and among Good Works Acquisition Corp., Currency Merger Sub, Inc. and Cipher Mining Technologies Inc.	8-K	001-39625	2.1	3/5/2021	
3.1	Second Amended and Restated Certificate of Incorporation of Cipher Mining Inc.	8-K	001-39625	3.1	8/31/2021	
3.2	Amended and Restated Bylaws of Cipher Mining Inc.	8-K	001-39625	3.2	8/31/2021	
4.1	Specimen Warrant Certificate of Good Works Acquisition Corp.	S-1/A	333-248333	4.3	10/9/2020	
4.2	Warrant Agreement, dated as of October 19, 2020, by and between Continental Stock Transfer & Trust Company and Good Works Acquisition Corp.	8-K	001-39625	4.1	10/28/2020	
10.1	Amended and Restated Non-Employee Directors Compensation Policy					*
10.2	Supplemental Agreement to the Future Sales and Purchase Agreement, dated June 5, 2024, by and between Cipher Mining Infrastructure LLC and Bitmain Technologies Delaware Limited					*
10.3	Amendment Agreement to the Future Sales and Purchase Agreement, dated July 10, 2024, by and between Cipher Mining Infrastructure LLC and Bitmain Technologies Delaware Limited					*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

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 thereunto duly authorized.

	CIPHER MINING INC.
Date: August 13, 2024	By: /s/ Tyler Page **Tyler Page** **Chief Executive Officer** *(Principal Executive Officer)*
Date: August 13, 2024	By: /s/ Edward Farrell **Edward Farrell** **Chief Financial Officer** *(Principal Financial Officer)*

Exhibit 10.1

CIPHER MINING INC.
NON-EMPLOYEE DIRECTORS COMPENSATION POLICY
(As Amended and Restated Effective May 2, 2024)

Non-employee members of the board of directors (the "***Board***") of Cipher Mining Inc. (the "***Company***") shall be eligible to receive cash and equity compensation as set forth in this Amended and Restated Non-Employee Directors Compensation Policy (this "***Policy***"). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a "***Non-Employee Director***") unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Policy shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors and between any subsidiary of the Company and any of its non-employee directors.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of $150,000 for service on the Board.

(b) Additional Annual Retainers. In addition, a Non-Employee Director shall receive the following annual retainers:

(i) Lead Independent Director. A Non-Employee Director serving as Lead Independent Director shall receive an additional annual retainer of $75,000 for such service.

(ii) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $25,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson of the Audit Committee) shall receive an additional annual retainer of $12,500 for such service.

(iii) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $25,000 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson of the Compensation Committee) shall receive an additional annual retainer of $12,500 for such service.

(iv) Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $15,000 for such service. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson of the Nominating and Corporate Governance Committee) shall receive an additional annual retainer of $10,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears on a quarterly prorated portion basis (where applicable) not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1(b), for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the annual retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Sections 1(a) and 1(b), with such prorated portion determined by multiplying such otherwise payable retainer(s) by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director or in the applicable positions described in Section 1(b) during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted in the form of fully vested shares of Company common stock (par value $0.001 "***Common Stock***") under and shall be subject to the terms and provisions of the Company's 2021 Incentive Award Plan or any other applicable Company equity incentive plan then maintained by the Company (such plan, as may be amended from time to time, the "***Equity Plan***"). All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan.

(a) Annual Awards. Subject to the approval of the Board or the compensation committee of the Board (the "***Committee***"), each Non-Employee Director who is elected to the Board on the date of an annual meeting of the Company's stockholders (each, an "***Annual Meeting***") and who serves on the Board as of the ***Grant Dates*** (as defined below) shall receive, for each one (1) year period commencing on the date of the 2024 Annual Meeting, an annual award of fully vested shares of Common Stock (each, an **"*Annual Award*"**), having a value of $200,000. Each Annual Award shall be granted on a date following the meeting as approved by the Board or the Committee (the ***"Grant Date"***), subject to the relevant Grantee's continued service on the applicable Grant Date. The number of shares of Common Stock granted on each Grant Date shall be determined by dividing $200,000 by the average of the closing sales price for such Common Stock as quoted on the Nasdaq on each of the seven trading days immediately preceding the applicable Grant Date. For the purposes of this Policy, a "trading day" is a day on which national stock exchanges are open for trading.

(b) Initial Awards. Subject to the approval of the Board or the Committee, each Non-Employee Director who is initially elected or appointed to the Board on any date other than the date of an Annual Meeting (the day of such initial election or appointment, the Non-Employee Director's "**Start Date**") shall receive, on a date following the Non-Employee Director's Start Date as approved by the Board or the Committee (such Non-Employee Director's "**Initial Grant Date**"), an award of vested shares of Common Stock having a value equal to the product of (i) $200,000 and (ii) a fraction, the numerator of which is (x) 365 minus (y) the number of days in the period beginning on the date of the Annual Meeting immediately preceding such Non-Employee Director's Start Date and ending on such Non-Employee Director's Start Date and the denominator of which is 365. The number of shares of Common Stock granted on the Non-Employee Director's Initial Grant Date shall be determined by dividing the value determined in accordance with the immediately preceding sentence by the average of the closing sales price for such Common Stock as quoted on the Nasdaq on each of the seven trading days immediately preceding the Initial Grant Date. The award made on the Non-Employee Director's Initial Grant Date shall be referred to as an "***Initial Award***." For the avoidance of doubt, no Non-Employee Director shall be granted more than one Initial Award.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 2(a) above on each applicable Grant Date.

3. Expenses. The Company will reimburse each Non-Employee Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board meetings and meetings of any committee of the Board; *provided*, that the Non-Employee Director timely submit to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy applicable to directors, as in effect from time to time. To the extent that any taxable reimbursements are provided to any Non-Employee Director, they will be provided in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, including, but not limited to, the following provisions: (i) the amount of any such expenses eligible for reimbursement during such individual's taxable year may not affect the expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense must be made no later than the last day of such individual's taxable year that

immediately follows the taxable year in which the expense was incurred; and (iii) the right to any reimbursement may not be subject to liquidation or exchange for another benefit.

4. Business Days. In the event any time period or any date provided in this Policy ends or falls on a day other than a Business Day, such date shall be deemed to fall on the next succeeding Business Day, and performance herein may be made on such Business Day, with the same force and effect as if made on such other day. "Business Day" means any calendar day that is not a Saturday, a Sunday, or a day on which commercial banks in New York, New York are authorized or required to be closed.

Exhibit 10.2

Certain information marked as [****] has been excluded from this exhibit because it is both (i) not material and (ii) is the type that the Registrant treats as private or confidential.

DATED June 5th , 2024

BITMAIN TECHNOLOGIES DELAWARE LIMITED

(“BITMAIN”)

and

Cipher Mining Infrastructure LLC

(“PURCHASER”)

SUPPLEMENTAL AGREEMENT TO

FUTURE SALES AND PURCHASE AGREEMENT (ANTMINER T21)

relating to the purchase of Hash Super Computing Server, T21

Dated December 16th, 2023

BM Ref: SALES-20240602-01

BITMAIN

THIS SUPPLEMENTAL AGREEMENT (the "**Supplemental Agreement**") is made on June 5th , 2024.

BETWEEN:

(1) **BITMAIN TECHNOLOGIES DELAWARE LIMITED**, a company incorporated and existing under the laws of the State of Delaware, the United States (File Number: 6096946) ("**BITMAIN**"); and

(2) **Cipher Mining Infrastructure LLC**, a company incorporated and existing under the laws of the State of Delaware, the United States (File Number: 93-4777486) ("**Purchaser**").

(together the "**Parties**" and each a "**Party**").

RECITALS

(A) BITMAIN and the Purchaser have entered into a *Future Sales and Purchase Agreement (ANTMINER T21)* (BM Ref: T21-XS-00120231216005) dated December 16th, 2023 (the "**Original Agreement**") in respect of HASH Super Computing Servers (Model: T21) of a reference quantity of 37,396 to be delivered in April 2025 with an estimated total purchase price of US$99,473,360.00.

(B) As of the date hereof, none of the Products under the Original Agreement has been executed and delivered.

(C) The Parties wish to enter into this Supplemental Agreement regarding certain amendments to the Original Agreement. Unless the context otherwise requires, terms defined in the Original Agreement shall have the same meaning in this Supplemental Agreement.

IT IS AGREED AS FOLLOWS:

1. Amendments to certain definitions and interpretations. The Parties hereby agree that the following definitions set forth in Clause 1.1 used in the Original Agreement shall be deleted in their entirety and replaced as per below:

   *"**Quantity of the Products**" means 30,364, being the quotient of the Contracted Hashrate divided by Rated Hashrate per Unit as set forth in Appendix A, excluding any Forward Deliverables pursuant to Appendix C, which is for reference only and shall not be deemed as any representation, warranty or covenant made by BITMAIN. The Quantity of the Products shall be automatically adjusted in accordance with the change (if any) of the Rated Hashrate per Unit of the delivered Products.*

   *"**Total Purchase Price**" means US$134,287,826.40, being the product of Purchase Unit Price multiplied by the Contracted Hashrate.*

2. Amendments to paragraphs 1.1, 1.2, 1.3 and 3.1 of Appendix A of the Original Agreement. The Parties hereby agree that paragraphs 1.1, 1.2, 1.3 and 3.1 of Appendix A of the Original Agreement shall be deleted in their entirety and replaced as per below:

*"**1. Information of Products.***

1.1 The specifications of the Products are as follows:

Type	***Details***
Product Name	*HASH Super Computing Server*
Model	*S21 Pro*
Rated Hashrate per Unit, T	*234.00 ±10%*
Rated power per Unit, W	*3,510.00*
J/T	*15.00*
Contracted Hashrate, T	*7,105,176.00*
Quantity of the Products	*30,364*
Description	*1. BITMAIN undertakes that the error range of the J/T indicator does not exceed 10%.* *2. The Rated Hashrate per Unit and rated power per unit are for reference only and such indicator of each batch or unit of Products may differ. BITMAIN makes no representation on the Rated Hashrate per Unit and/or the rated power per unit of any Products.* *3. Purchaser shall not reject the Products on the grounds that the parameters of the delivered Products are not in consistence with the reference indicators; provided that the parameters of the delivered Products are within the error range set forth above.*

1.2 It is estimated that each batch of Products shall be purchased and delivered in accordance with the following arrangements:

Batch	***Model***	***Shipping Period***	***Reference Quantity***	***Total Rated Hashrate (T)***	***Purchase Unit Price (US$/T)***	***Corresponding Total Purchase Price (US$)***
1	*S21 Pro*	*September 2024*	*15,182*	*3,552,588*	*18.90*	*67,143,913.20*
2	*S21 Pro*	*October 2024*	*15,182*	*3,552,588*	*18.90*	*67,143,913.20*
In Total			*30,364*	*7,105,176*		*134,287,826.40*

1.3 Total Purchase Price (tax exclusive): US$134,287,826.40(exclusive of Call Purchase Fee, Call Purchase Price).

3. Payment of the Total Purchase Price

BITMAIN

3.1 BITMAIN's BANK ACCOUNT info:

Company Name: Bitmain Technologies Limited

Company address: 11/F., Wheelock House, 20 Pedder Street, Central, Hong Kong

Account No.: [****]

Bank Code: [****]

Bank Name: [****]

Bank Address: [****]

SWIFT Code: [****]

3. Amendments to Appendix B of the Original Agreement. The Parties hereby agree that Appendix B of the Original Agreement shall be deleted in its entirety and replaced as per below:

Payment	***Payment Percentage***	***Payment Date***
Initial Down Payment	-	US$ 9,947,336.00 ("**Initial Down Payment**") has been *paid by the Purchaser* through its affiliate, Cipher Mining Technologies Inc. ("**CMTI**") on December 12, 2023 as "Earnest Money" for the Products, pursuant to the *Letter of Intent for Bulk Purchase* entered by and between BITMAIN DEVELOPMENT PTE. LTD. ("**BITMAIN DEVELOPMENT**") and CMTI, executed by CMTI on December 8, 2023 and by BITMAIN DEVELOPMENT on December 12, 2023.
Down Payment	*20% minus the Initial Down Payment*	*20% of the Total Purchase Price of all batches of Products hereunder minus the Initial Down Payment shall be paid by the Purchaser within seven (7) days after the execution of this Agreement*
Interim Payment	*30%*	*30% of the Total Purchase Price of each batch of Products shall be paid by the Purchaser at least one (1) month prior to the first day of the Shipping Period of such batch of Products*
Interim Payment	*30%*	*30% of the Total Purchase Price of each batch of Products shall be paid by the Purchaser at least seven (7) days prior to the first day of the Shipping Period of such batch of Products.*
Balance Payment	*20%*	*20% of the Total Purchase Price of each batch of Products shall be paid by the Purchaser within nine (9) months of the delivery date specified in the Ready-to-Ship Notification for such batch of Products.*

4. *Amendments to paragraph 1.1 of Appendix C of the Original Agreement.* *The Parties hereby agree that paragraph 1.1 of Appendix C of the Original Agreement shall be deleted in its entirety and replaced as per below:*

*1.1 Right to Purchase. Subject to the terms and conditions of this Agreement, at any time during the period from the date of this Agreement to December 31, 2024 (the "**Call Option Period**"), the Purchaser shall have the right (the "**Call Option**"), but not the obligation, to purchase, in whole or in part, additional Products having the same or better specifications listed in the table below (the "**Forward Deliverable**s") at the Call Purchase Price (as defined below) in one or more transactions, which may be done in more than one batch in non-consecutive months. The maximum rated hashrate of the Forward Deliverables if exercising the Call Option in full shall be 8,684,140 T with a total purchase price of US$ 121,577,960 ("**Call Purchase Price**"), representing US$ 14 per T and full unit price of US$ 2,660 per unit, and the maximum quantity of Forward Deliverables shall be approximately 45,706 units.*

Type	*Details*
Product Name	*HASH Super Computing Server*
Model	*T21*
Rated Hashrate per Unit, T/s	*190.00*
Rated Power per Unit, W	*3,610.00*
J/T	*19.00*
Description	*1. BITMAIN undertakes that the error range of the J/T indicator does not exceed 10%.* *2. The Rated Hashrate per Unit and Rated Power per Unit are for reference only and such indicator of each batch or unit of Products may differ. BITMAIN makes no representation on the Rated Hashrate per Unit and/or the Rated Power per Unit of any Products.* *3. Purchaser shall not reject the Products on the grounds that the parameters of the delivered Products are not in consistence with the reference indicators; provided that the parameters of the delivered Products are within the error range set forth above.*

5. For the avoidance of doubt, except as set out in this Supplemental Agreement, the provisions of the Original Agreement shall not otherwise be affected by this Supplemental Agreement and shall remain in full force and effect. In the event of discrepancies between this Supplemental Agreement and the Original Agreement, the provisions of this Supplemental Agreement shall prevail.

6. Further Assurance. At all times after the date of this Supplemental Agreement, each of the Parties agrees to perform (or procure the performance of) all such acts and things and/or to execute and deliver (or procure the execution and delivery of) all such documents, as may be required by law or as may be necessary or reasonably requested by the other parties for giving full effect to this Supplemental Agreement.

7. Except as modified by this Supplemental Agreement, Clauses 1 to 25 of the Original Agreement apply mutatis mutandis to this Supplemental Agreement.

[Remainder of page intentionally left blank]

BITMAIN

IN WITNESS whereof this Supplemental Agreement has been duly executed by the undersigned on the date first above written.

EXECUTED BY:

BITMAIN TECHNOLOGIES DELAWARE LIMITED

By: /s/ Cheng Ran

Name: Cheng Ran

Title: Director

EXECUTED BY:

Cipher Mining Infrastructure LLC

By: /s/ William Iwaschuk

Name: William Iwaschuk

Title: Co-President and Chief Legal Officer

Exhibit 10.3

DATED July 10th, 2024

BITMAIN TECHNOLOGIES DELAWARE LIMITED

("BITMAIN")

and

Cipher Mining Infrastructure LLC

("PURCHASER")

AMENDMENT AGREEMENT TO

FUTURE SALES AND PURCHASE AGREEMENT (ANTMINER T21)

relating to the purchase of Hash Super Computing Server, T21

Dated December 16th, 2023

BM Ref: SALES-20240627-01

BITMAIN

THIS AMENDMENT AGREEMENT (this "**Amendment**") is made on July 10th, 2024.

BETWEEN:

(1) **BITMAIN TECHNOLOGIES DELAWARE LIMITED**, a company incorporated and existing under the laws of the State of Delaware, the United States (File Number: 6096946) ("**BITMAIN**"); and

(2) **Cipher Mining Infrastructure LLC**, a company incorporated and existing under the laws of the State of Delaware, the United States (File Number: 93-4777486) ("**Purchaser**").

(together the "**Parties**" and each a "**Party**").

RECITALS

(A) BITMAIN and the Purchaser have entered into a *Future Sales and Purchase Agreement (ANTMINER T21)* (BM Ref: T21-XS-00120231216005) dated December 16th, 2023 (as amended by the *Supplemental Agreement* (BM Ref: SALES-20240602-01) dated June 5, 2024, the "**Original Agreement**") in respect of (1) HASH Super Computing Servers (Model: S21 Pro) of a reference quantity of 30,364 to be delivered in September and October 2024 with an estimated total purchase price of US$134,287,826.40 and (2) a right to purchase additional HASH Super Computing Servers (Model: T21) of a maximum quantity of 45,706 by December 31, 2024, with an estimated total price of US$121,577,960.

(B) As of the date hereof, none of the Products under the Original Agreement has been executed and delivered.

(C) The Parties wish to enter into this Amendment regarding certain amendments to the Original Agreement. Unless the context otherwise requires, terms defined in the Original Agreement shall have the same meaning in this Amendment.

IT IS AGREED AS FOLLOWS:

1. Amendments to paragraph 1.1 and 1.2 of Appendix C of the Original Agreement. The Parties hereby agree that paragraph 1.1 and 1.2 of Appendix C of the Original Agreement shall be deleted in its entirety and replaced as per below:

*"1.1 Right to Purchase. Subject to the terms and conditions of this Agreement, at any time during the period from the date of this Agreement to June 30, 2025 (the "**Call Option Period**"), the Purchaser shall have the right (the "**Call Option**"), but not the obligation, to purchase, in whole or in part, additional Products having the same or better specifications listed in the table below (the "**Forward Deliverable**s") at the Call Purchase Price (as defined below) in one or more transactions, which may be done in more than one batch in non-consecutive months. The maximum rated hashrate of the Forward Deliverables if exercising the Call Option in full shall be 8,684,280 T with a total purchase price of US$186,712,020.00 ("**Call Purchase Price**"), representing US$21.5 per T and full unit price of US$5,805 per unit, and the maximum quantity of Forward Deliverables shall be approximately 32,164 units.*

Type	*Details*
Product Name	*HASH Super Computing Server*
Model	*S21 XP*
Rated Hashrate per Unit, T/s	*270*
Rated Power per Unit, W	*3,645*
J/T	*13.5*
Description	*1. BITMAIN procures with commercially reasonable efforts that the error range of the J/T indicator does not exceed 10%.* *2. The Rated Hashrate per Unit and Rated Power per Unit are for reference only and such indicator of each batch or unit of Products may differ. BITMAIN makes no representation on the Rated Hashrate per Unit and/or the Rated Power per Unit of any Products.* *3. Purchaser shall not reject the Products on the grounds that the parameters of the delivered Products are not in consistence with the reference indicators; provided that the parameters of the delivered Products are within the error range set forth above.*

*1.2 Call Purchase Fee. The Purchaser shall pay BITMAIN an amount of US$18,671,202.00 as the consideration of the Call Option (“**Call Purchase Fee**”), which is calculated as 10% of the Call Purchase Price. As the date hereof, the Purchaser has already paid to BITMAIN an amount of US$12,157,796.00 (“**Initial Down Payment**”) towards the Call Purchase Fee and an amount of US$6,513,406.00 (“**Additional Down Payment**”) shall be paid to BITMIN by the Purchaser within 7 days after the execution of this Amendment.*

1.2.1 Exercise of the Call Option in Full. In the event the Purchaser exercises the Call Option in whole, the Call Purchase Fee shall be applied in whole towards the settlement of the Call Purchase Price.

1.2.2 Exercise of the Call Option in Part. In the event that the Purchaser only exercises a portion of the Call Option (less than 100%), a proportion of the Call Purchase Fee, corresponding to the ratio of the quantity to be purchased to 32,164 units shall be applied to settle the total purchase price of Forward Deliverables, while any remaining proportion of the Call Purchase Fee shall be forfeited to BITMAIN.

1.2.3 Upon exercise of the Call Option in accordance with either subparagraph 1.2.1 or 1.2.2, the Purchaser shall be obligated to pay the corresponding proportionate *amount of the Call Purchase Price associated with the exercise of the Call Option less the corresponding proportionate amount of the Call Purchase Fee already paid to BITMAIN, according to the schedule of payment as follows:*

Payment	***Payment Percentage***	***Payment Date***
Initial Down Payment	*$12,157,796*	*Purchaser already paid to BITMAIN $12,157,796 in connection with the execution of the Original Agreement*
Additional Down Payment	*$6,513,406, (together with the Initial Down Payment, 10%)*	*$6,513,406 shall be paid within 7 days after the execution of this Amendment*
Interim Payment	*10%*	*10% of the total purchase price of the applicable batch of the relevant Forward Deliverables shall be paid within 7 days of applicable Notice of Exercise issued under paragraph 1.4.i. of this Appendix C*
Interim Payment	*30%*	*30% of the total purchase price of each batch of Forward Deliverables shall be paid at least 3 months prior to the first day of the Shipping Period of Call Purchase (as defined below) of such batch of Forward Deliverables*
Interim Payment	*30%*	*30% of the total purchase price of each batch of Forward Deliverables shall be paid at least [1] month prior to the first day of the Shipping Period of Call Purchase of such batch of Forward Deliverables*
Balance Payment	*20%*	*20% of the total purchase price of each batch of Forward Deliverables shall be paid within [180] days after the first day of the Shipping Period of Call Purchase of such batch of Forward Deliverables"*

2. For the avoidance of doubt, except as set out in this Amendment, the provisions of the Original Agreement shall not otherwise be affected by this Amendment and shall

remain in full force and effect. In the event of discrepancies between this Amendment and the Original Agreement, the provisions of this Amendment shall prevail.

3. Further Assurance. At all times after the date of this Amendment, each of the Parties agrees to perform (or procure the performance of) all such acts and things and/or to execute and deliver (or procure the execution and delivery of) all such documents, as may be required by law or as may be necessary or reasonably requested by the other parties for giving full effect to this Amendment.

4. Except as modified by this Amendment, Clauses 1 to 25 of the Original Agreement apply mutatis mutandis to this Amendment.

[Remainder of page intentionally left blank]

BITMAIN

IN WITNESS whereof this Amendment has been duly executed by the undersigned on the date first above written.

EXECUTED BY:

BITMAIN TECHNOLOGIES DELAWARE LIMITED

By: /s/ Cheng Ran

Name: Cheng Ran

Title: Director

EXECUTED BY:

Cipher Mining Infrastructure LLC

By: /s/ William Iwaschuk

Name: William Iwaschuk

Title: Co-President & CLO

Exhibit 31.1

CERTIFICATION

I, Tyler Page, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cipher Mining Inc.;

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 13, 2024

By: /s/ Tyler Page

Tyler Page
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Edward Farrell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cipher Mining Inc.;

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 13, 2024

By: /s/ Edward Farrell
Edward Farrell
Chief Financial Officer

Exhibit 32.1

CERTIFICATION 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 of Cipher Mining Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 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.

Date: August 13, 2024

By: /s/ Tyler Page
Tyler Page
Chief Executive Officer

Exhibit 32.2

CERTIFICATION 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 of Cipher Mining Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 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.

Date: August 13, 2024

By: /s/ Edward Farrell
Edward Farrell
Chief Financial Officer