

Risk Factors Comparison 2024-03-05 to 2023-03-14 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

Our business involves significant risks, some of which are described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report. ~~The risks and uncertainties described below are not the only ones we face. Additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business.~~ The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock or public warrants could decline and you could lose part or all of your investment. Unless the context otherwise requires, references in this Annual Report to the “ Company, ” “ Cipher, ” “ Cipher Mining, ” “ we, ” “ us ” or “ our ” refers to Cipher Mining Inc. and its consolidated subsidiaries, unless otherwise indicated. Risks Related to Our Business, Industry and Operations

The further development and acceptance of digital asset networks and other digital assets, which represent a new and 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. The use of cryptocurrencies to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs cryptocurrency assets, including bitcoin, based upon a computer- generated mathematical or cryptographic protocol. Large- scale acceptance of bitcoin as a means of payment has not, and may never, occur. The growth of this industry in general, and the use of bitcoin in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may occur unpredictably. **Recent Industry** events in the industry, such as filing for and seeking protection of Chapter 11 proceedings by major market participants, may have significant impact on further development and acceptance of digital asset networks and digital assets as they exposed how unpredictable and turbulent the digital assets industry can be. Specifically, the Chapter 11 Bankruptcy filings of digital asset exchanges FTX Trading Ltd., et al. (“ FTX ”) (including its affiliated hedge fund, Alameda Research LLC) was unexpected and significantly reduced confidence in the digital assets industry as it was one of the largest and considered among safest digital asset trading platforms. Furthermore, it also revealed potential systemic risks and industry contagion as a significant number of other major market participants were affected by FTX’ s Chapter 11 filing – namely, among others, BlockFi Inc., et al. (“ BlockFi ”), as one of the largest digital assets lending companies. **Although** ~~At this time, we believe that there are were~~ no significant exposures of our business to any of the industry participants who filed for Chapter 11 bankruptcy ; ~~however~~, such failure of key institutions in the cryptocurrency asset industry highlights the risk of systemic interconnectedness between major market participants and the effect it could have on the industry as a whole. The closure and temporary shutdown of major digital asset exchanges and trading platforms, such as FTX, due to fraud or business failure, has disrupted investor confidence in cryptocurrencies and led to a rapid escalation of oversight of the digital asset industry. Thus, the failures of key market participants and systemic contagion risk is expected to, as a consequence, invite stricter regulatory scrutiny. All this could have a negative impact on further development and acceptance of digital asset networks and digital assets, including bitcoin. See “ — Risks Related to Regulatory Framework — Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations. ” Other factors that could affect further development and acceptance of digital asset networks and other digital assets include, but are not limited to: • worldwide growth in the adoption and use of bitcoin as a medium to exchange; • governmental and quasi- governmental regulation of bitcoin and its use, or restrictions on or regulation of access to and operation of the Bitcoin network or similar cryptocurrency systems; • changes in consumer demographics and public tastes and preferences; • the maintenance and development of the open- source software protocol of the Bitcoin network; • the increased consolidation of contributors to the Bitcoin blockchain through bitcoin mining pools; • the availability and popularity of other cryptocurrencies and other forms or methods of buying and selling goods and services, including new means of using fiat currencies; • the use of the networks supporting cryptocurrencies for developing smart contracts and distributed applications; • general economic conditions and the regulatory environment relating to cryptocurrencies; • environmental or tax restrictions, excise taxes or other additional costs on the use of electricity to mine bitcoin; • an increase in bitcoin transaction costs and any related reduction in the use of and demand for bitcoin; and • negative consumer sentiment and perception of bitcoin specifically or cryptocurrencies generally. 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. In the second half of 2022 and beginning of 2023, some of the well- known crypto asset market participants, including digital asset lenders Celsius Network LLC, et al. (“ Celsius ”), Voyager Digital Ltd., et al. (“ Voyager ”), Three Arrows Capital (“ Three Arrows ”) and Genesis Global Holdco, LLC, et al. (“ Genesis ”) declared bankruptcy, resulting in a loss of confidence in participants of the digital asset ecosystem and negative publicity surrounding digital assets more broadly. In November 2022, FTX, the third largest digital asset exchange by volume at the time, halted customer withdrawals and shortly thereafter, FTX and its subsidiaries filed for bankruptcy. In response to these **and other similar** events **(including significant activity by various regulators regarding digital asset activities, such as enforcement actions, against a variety of digital asset entities, including Coinbase and Binance)** , the digital asset markets, including the market for bitcoin specifically, ~~have~~ experienced extreme price volatility and several other entities in the digital asset industry have been, and may continue to be, negatively affected, further undermining confidence in the digital assets markets and in bitcoin. These events have also negatively impacted

the liquidity of the digital assets markets as certain entities affiliated with FTX **and platforms such as Coinbase and Binance have engaged, or may continue to engage,** in significant trading activity. If the liquidity of the digital assets markets continues to be negatively impacted by these events, digital asset prices (including the price of bitcoin) may continue to experience significant volatility and confidence in the digital asset markets may be further undermined. **It** ~~These events are continuing to develop and it~~ is not possible to predict at this time all of the risks ~~that they~~ **these events** may pose to us, our service providers or on the digital asset industry as a whole. Although we had no direct exposure to FTX or any of the above-mentioned cryptocurrency companies **(with the exception of Coinbase, which is discussed in “ — 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 ”)**, nor any material assets that may not be recovered or may otherwise be lost or misappropriated due to the bankruptcies, the failure or insolvency of large exchanges like FTX **or other significant players in the digital asset space** may cause the price of bitcoin to fall and decrease confidence in the ecosystem, which could adversely affect an investment in us. Such market volatility and decrease in bitcoin price have had a material and adverse effect on our results of operations and financial condition and we expect our results of operations to continue to be affected by the bitcoin price as the results of our operations are significantly tied to the price of bitcoin. If we do not continue adjusting our short-term strategy to optimize our operating efficiency in the current dynamic market conditions, such market conditions could have a further negative result on our business, prospects or operations. 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. Our business and the markets in which we operate are new and rapidly evolving, which makes it difficult to evaluate and assess our future prospects and the risks and challenges that we may encounter. These risks and challenges include, among others, our ability to: • operate our bitcoin data centers in a cost-effective manner; • maintain or establish new commercial and supply partnerships, including our power ~~and hosting~~ arrangements as well as our arrangements for the supply of mining equipment and other data center construction items; • react to challenges from existing and new competitors; • comply with existing and new laws and regulations applicable to our business and in our industry; and • anticipate and respond to macroeconomic changes, and industry benchmarks and changes in the markets in which we operate. Our strategy may not be successful, and we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. If the risks and uncertainties that we plan for when building out and operating our business are incorrect or change, or if we fail to manage these risks successfully, our results of operations could differ materially from our expectations and our business, prospects, financial condition and operating results could be adversely affected. **Any unfavorable global** ~~We are currently operating in a period of economic uncertainty and capital markets disruption, which business or political conditions, such has~~ ~~as been significantly impacted by geopolitical tensions, instability due to the ongoing military conflict conflicts between Russia, acts of terrorism, natural disasters, pandemics (like the COVID- 19 pandemic), and Ukraine. Our similar events could adversely affect our~~ business, financial condition and results of operations may. **Our results of operations could** be materially adversely affected by **general conditions in** any negative impact on the global economy and capital **in the global financial** markets resulting from the conflict in Ukraine, **including conditions that are outside of or our any other control.** ~~geopolitical~~ **Geopolitical tensions, acts** ~~U. S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and terrorism, hostilities or the start of the perception that hostilities may be imminent, military conflict between and acts of war, including further escalation of the Russia and Ukraine. On February 24 conflict and the related response, 2022 including sanctions or other restrictive actions, a full-scale military invasion of Ukraine by Russian troops was reported. Although the United States and / or the other countries~~ length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine has led to market disruptions, and is likely to cause continued and significant volatility in commodity prices, credit and capital markets, as well as ~~the conflicts between Israel- Hamas or China- Taiwan, could adversely impact our business, supply chain or partners.~~ Events like these, particularly if they occur in regions of the world where we operate or source our mining equipment, could cause supply chain ~~interruptions~~ **disruptions** for some of our mining equipment components. Our operations are particularly vulnerable to potential interruptions in the supply of certain critical materials and metals, such as neon gas and palladium, which are used in semiconductor manufacturing. Any interruption to semiconductor chip supply could significantly impact our ability to receive the mining equipment and timely roll-out of our operations. Furthermore, any potential increase in geopolitical tensions in Asia, particularly in the Taiwan Strait, could also significantly disrupt existing semiconductor chip manufacturing and increase the prospect of an interruption to the semiconductor chip supply across the world. The world’s largest semiconductor chip manufacturer is located in Taiwan and a large part of equipment and materials for our ~~cryptocurrency~~ **bitcoin** miners, including ASIC chips, is manufactured in Taiwan. A setback to the current state of relative peace and stability in the region could compromise existing semiconductor chip production and have downstream implications for our company. We are continuing to monitor the ~~situation~~ **situations** in Ukraine, **Israel** and globally and assessing its potential impact on our business. ~~Additionally~~ **There is also a potential increase in risk for cyberattacks due to cyberwarfare in connection with ongoing military conflicts, such as the** ~~Russia~~ ~~’s~~ ~~prior~~ ~~annexation~~ ~~of~~ ~~Crimea,~~ ~~recent~~ ~~recognition~~ ~~of~~ ~~two~~ ~~separatist~~ ~~republics~~ ~~in~~ ~~the~~ ~~Donetsk~~ ~~and~~ ~~Luhansk~~ ~~regions~~ ~~of~~ ~~Ukraine~~ ~~and~~ ~~Israel~~ ~~subsequent~~ ~~military~~ ~~interventions~~ ~~in~~ ~~Ukraine~~ ~~have~~ ~~led~~ ~~to~~ ~~sanctions~~ ~~and~~ ~~other~~ ~~penalties~~ ~~being~~ ~~levied~~ ~~by~~ ~~the~~ ~~United~~ ~~States,~~ ~~European~~ ~~Union~~ ~~and~~ ~~other~~ ~~countries~~ ~~against~~ ~~Russia,~~ ~~Belarus,~~ ~~the~~ ~~Crimea~~ ~~Region~~ ~~of~~ ~~Ukraine,~~ ~~the~~ ~~so-~~ ~~called~~ ~~Donetsk~~ ~~People~~ ~~’s~~ ~~Republic,~~ ~~and~~ ~~the~~ ~~Other~~ ~~so-~~ ~~called~~ ~~Luhansk~~ ~~People~~ ~~’s~~ ~~Republic,~~ ~~including~~ ~~agreement~~ ~~to~~ ~~remove~~ ~~certain~~ ~~Russian~~ ~~financial~~ ~~institutions~~ ~~from~~ ~~the~~ ~~Society~~ ~~for~~ ~~Worldwide~~ ~~Interbank~~ ~~Financial~~ ~~Telecommunication~~ ~~(“~~ ~~SWIFT~~ ~~”)~~ ~~payment~~ ~~system.~~ ~~Additional,~~ **economic recessions, inflationary issues and associated changes in monetary policy or** ~~potential~~ ~~sanctions~~ ~~economic recession, commodity prices, foreign currency fluctuations, international tariffs, social, political and economic risks,~~ ~~penalties~~ ~~have~~ ~~also~~ ~~been~~

proposed and / or threatened. Russian military actions and the resulting sanctions could adversely affect our business, financial condition and results of operations. For example, the U. S. inflation rate steadily increased since 2021 and into 2022 and 2023. These inflationary pressures, as well as disruptions in our supply chain, have increased the costs of most the other goods, services and personnel, which have in turn caused our capital expenditures and operating costs to rise. Sustained levels of high inflation caused the U. S. Federal Reserve and other central banks to increase interest rates, which have raised the cost of acquiring capital and reduced economic growth, either of which — or the combination thereof — could hurt the financial and operating results of our business. Any disruptions or failures of our systems or other services that we use, including as a result of these types of events, as well as power outages, telecommunications infrastructure outages, a decision by one of our third- party service providers to close facilities that we use without adequate notice or to materially change the pricing or terms of their services, or other unanticipated problems with our systems or the third- party services that we use, could severely impact our ability to conduct our business operations, which could materially adversely affect our future operating results. The effects of such global economy economic conditions and geopolitical events could adversely affect our business, prospects, financial condition, and operating results. For example, the aforementioned factors could adversely affect our ability to access the capital and other financial markets , and lead if so, we may need to instability and lack- consider alternative sources of liquidity in funding for some of our growth and operations and for working capital markets- , which potentially making it more difficult for us to obtain additional funds. Any of the abovementioned factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the increase our cost of, as well as adversely impact our access to, capital of other risks described in this Annual Report.

If we fail to grow our hashrate, we may be unable to compete, and our results of operations could suffer. Generally, a bitcoin miner’ s chance of solving a block on the bitcoin blockchain and earning a bitcoin reward is a function of the miner’ s hashrate (i. e., the amount of computing power devoted to supporting the Bitcoin blockchain), relative to the global network hashrate. As demand for bitcoin has increased, the global network hashrate has increased, and to the extent more adoption of bitcoin occurs, we would expect the demand for bitcoin would increase, drawing more mining companies into the industry and further increasing the global network hashrate. As new and more powerful miners are deployed, the global network hashrate will continue to increase, meaning a miner’ s percentage of the total daily rewards will decline unless it deploys additional hashrate at pace with the growth of global hashrate. Accordingly, to compete in this highly competitive industry, we believe we will need to continue to acquire new miners, both to replace those lost to ordinary wear- and- tear and other damage, and to increase our hashrate to keep up with a growing global network hashrate. Furthermore, predicting the growth in network hashrate is extremely difficult. Generally, we would expect hashrate increases to be correlated with increases in bitcoin price, but that has not always been the case, including during recent periods of time during 2022 and 2023. To the extent that hashrate increases but the price of bitcoin does not, the results of our bitcoin mining operations will 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. Mining bitcoin requires large amounts of electrical power, and electricity costs account for a significant portion of our overall costs. The availability and cost of electricity restrict the geographic locations of our mining activities. Any shortage of electricity supply or increase in electricity costs in any location where we operate may negatively impact the viability and the expected economic return for bitcoin mining activities in that location. Further, our business model can only be successful and our mining operations can only be profitable if the costs, including electrical power costs, associated with bitcoin mining are lower than the price of bitcoin itself. As a result, our mining operations can only be successful if we can obtain sufficient electrical power for that site on a cost- effective basis, and our establishment of new mining data centers requires us to find sites where that is the case. Even if our electrical power costs do not increase, significant fluctuations in, and any prolonged periods of, low bitcoin prices may also cause our electrical supply to no longer be cost- effective. Furthermore, government scrutiny related to restrictions on cryptocurrency mining facilities and their energy consumption has increased over the past few years as cryptocurrency mining has become more widespread. The consumption of electricity by mining operators may also have a negative environmental impact, including contribution to climate change, which could set the public opinion against allowing the use of electricity for bitcoin mining activities or create a negative consumer sentiment and perception of bitcoin. State and federal regulators are increasingly focused on the energy and environmental impact of bitcoin mining activities. In March 2022, the Electricity Reliability Council of Texas (“ ERCOT ”), the organization that operates Texas’ electrical grid, started requiring large scale digital asset miners to apply for permission to connect to Texas’ power grid, and in April 2022, set up a taskforce committee to review the participation of large flexible loads, including bitcoin data centers, in the ERCOT market. The taskforce has been tasked to develop policy recommendations for consideration by ERCOT relating to network planning, markets, operations, and large load interconnection processes for large flexible loads in the ERCOT network. We experienced delays in the energization of our the Odessa Facility due to ERCOT’ s new process, and may face additional delays and obligations in the future. Separately, in November 2022, the state of New York placed a two- year moratorium on “ proof- of- work ” cryptocurrency mining, which includes bitcoin mining, citing environmental concerns over the energy- intensive mining process. At the federal level, legislation has been proposed by various Senators that would require certain agencies to analyze and report on topics around energy consumption in the digital asset industry, including the type and amount of energy used for cryptocurrency mining and the effects of digital asset mining on energy prices and baseload power levels. There have been calls by various members of Congress on the Environmental Protection Agency (“ EPA ”) and Department of Energy to establish rules that would require digital asset miners to report their energy usage and emissions. In Additionally, in March 2022, President Biden signed an Executive Order calling on, among other things, various agencies and departments,

including the EPA, to report on the connections between distributed ledger technology and energy transitions, and the impact of such technology on climate change. Also, on March 9, 2023, the Department of the Treasury published General Explanations of the Administration's Fiscal Year 2024 Revenue Proposals, in which it proposed imposing a 30 % excise tax on electricity usage by digital asset miners. Any of the foregoing could reduce the availability, or increase the cost, including through taxation, of, electricity in the geographic locations in which our operating facilities are located, or could otherwise adversely impact our business. If we are forced to reduce our operations due to the availability or cost of electrical power, or restrictions on bitcoin mining activities, this will have an adverse effect on our business, prospects, financial condition and operating results.

Government regulators in other countries **have banned** ~~may also ban~~ or substantially **limit limited** their local cryptocurrency mining activities, **or may do so in the future**, which could have a material effect on our **competitiveness, by affecting** supply chains for mining equipment or services and the price of bitcoin. For ~~participants.~~ **Additionally further details on our competition, regulatory actions, see " — We operate in a highly competitive industry and we compete against companies that operate in less regulated environments** as well as **any companies with greater financial and other resources, and** political developments in the regions with active cryptocurrency trading or our **mining business, operating results, and financial condition** may **increase be adversely affected if we are unable to respond to** our domestic competition ~~competitors effectively.~~ **Additionally,** as some of those cryptocurrency miners or **our** new entrants in this market may move their cryptocurrency mining operations **could be materially** or establishing new operations in the United States. See "Risks Related to Regulatory Framework — Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects **affected by power outages** our business, prospects or operations" and **similar disruptions. Given** " — The impact of geopolitical and economic events on the **power requirements** supply and demand for **our mining equipment, it would** cryptocurrencies is uncertain." We may not be able **feasible** to **run this equipment** compete successfully against present or future competitors. We may not have the resources to compete with larger competitors and, consequently, may experience great difficulties in expanding and improving our operations to remain competitive. For details on **back-up power generators in the event of a government restriction on electricity** our ~~or a power outage~~ current competitive landscape, see "Business — Competition." ~~Competition from existing and future competitors~~ **Under some of our power arrangements, our power supply** could result in our inability to secure acquisitions and partnerships that we may need to expand our business in the future. This competition from other entities with greater resources, experience and reputations may result in our failure to maintain or expand our business, as we may never be **automatically reduced** able to successfully execute our ~~or curtailed by the market~~ **regulators** business model. Furthermore, we anticipate encountering new competition if we expand our ~~or grid operations~~ **operators in cases** to new locations geographically and into wider applications of **certain system disruptions or emergencies** blockchain, cryptocurrency mining and data center operations. If we are unable to expand **receive adequate power supply** and **are forced to reduce** remain competitive, or maintain our ~~or~~ relative share of **shut down our operations due to the Bitcoin network total hashrate** **availability or cost of electrical power**, **it would have a material adverse effect on** our business, prospects, financial condition, and operating results ~~could be adversely affected.~~ We have concentrated our operations in Texas 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 this state.** We currently operate all of our data centers in Texas **and** **and the Odessa Facility was responsible for mining approximately 88 % of the bitcoin we produced in the year ended December 31, 2023.** ~~consequently~~ **Consequently,** **our business operations and financial condition are particularly reliant on the performance of the Odessa Facility. If any critical equipment fails or there are delays in repairing equipment at the Odessa Facility, our business operations and financial results may be severely affected. Additionally, we** are particularly exposed to changes in the regulatory environment, market conditions and natural disasters in this state. See " — 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." Texas, through its regulatory and economic incentives, has encouraged bitcoin mining companies, like ours, to locate their operations in the state. As such, we may face increased competition in Texas for suitable bitcoin mining data center sites and skilled workers. If we experience delays in construction or operation of data centers, supply chain disruptions (such as the global microchip and semiconductor shortage, or the COVID- related supply chain issues of recent years), increased costs of component parts or raw materials, increased costs or lack of skilled labor, or disputes with our third party contractors or service providers, or if other unforeseen events occur, our business, financial condition and results of operations could be adversely impacted. Additionally, if the regulatory and economic environment in Texas were to become less favorable to bitcoin mining companies, including by way of increased taxes, our heavy concentration of sites in Texas means our business, financial condition and results of operations could be adversely affected. Our operating results may fluctuate due to the highly volatile nature of cryptocurrencies in general and, specifically, bitcoin. Our sources of revenue are dependent on bitcoin and the Bitcoin ecosystem. Due to the highly volatile nature of the cryptocurrency markets and the prices of cryptocurrency assets, and bitcoin specifically, our operating results may fluctuate significantly from quarter to quarter in accordance with market sentiments and movements in the broader cryptocurrency ecosystem and in the Bitcoin ecosystem. Bitcoin prices depend on numerous market factors beyond our control and, accordingly, some underlying bitcoin price assumptions relied on by us may materially change and actual bitcoin prices may differ materially from those expected. For instance, the introduction of cryptocurrencies backed by central banks, known as "CBDCs," could significantly reduce the demand for bitcoin. In particular, our operating results may fluctuate as a result of a variety of factors, many of which are unpredictable and, in certain instances, outside of our control, including: • market conditions across the broader blockchain ecosystem; • investment and trading activities of highly active retail and institutional investors, cryptocurrency users, speculators and miners; • financial strength of market participants; • developments and innovations in bitcoin mining equipment, including ASIC chip designs; • changes in consumer preferences and perceived value of

digital assets, including due to evolving cryptographic algorithms and emerging trends in the technology securing blockchains;• publicity and events relating to the blockchain ecosystem, including public perception of the impact of the blockchain ecosystem on the environment and geopolitical developments;• the correlation between the prices of digital assets, including the potential that a crash in one digital asset or widespread defaults on one digital asset exchange or trading venue may cause a crash in the price of other digital assets, or a series of defaults by counterparties on digital asset exchanges or trading venues;• fees and speed associated with processing bitcoin transactions;• level of interest rates and inflation;• changes in the legislative or regulatory environment, or actions by governments or regulators that impact monetary policies, fiat currency devaluations, trade restrictions, the digital assets industry generally, or mining operations specifically;• difficulty obtaining hardware and related installation costs;• access to cost-effective sources of electrical power;• adverse legal proceedings or regulatory enforcement actions, judgments, settlements or other legal proceeding and enforcement-related costs;• increases in operating expenses that we expect to incur to build-up and expand our operations and to remain competitive;• system failure or outages, including with respect to our mining hardware, power supply and third-party networks;• breaches of security or data privacy;• loss of trust in the network due to a latent fault in the Bitcoin network;• our ability to attract and retain talent;• our ability to hedge risks related to our ownership of digital assets;• the introduction of new digital assets, leading to a decreased adoption of bitcoin; and • our ability to compete with our existing and new competitors. As a result of these factors, it may be difficult for us to forecast growth trends accurately and our business and future prospects are difficult to evaluate, particularly in the short term. In view of the rapidly evolving nature of our business and the Bitcoin ecosystem, period-to-period comparisons of our operating results may not be meaningful, and you should not rely upon them as an indication of future performance. Quarterly and annual expenses reflected in our financial statements may be significantly different from historical or projected rates, and our operating results in one or more future quarters may fall below the expectations of securities analysts and investors. We depend on third parties to **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 depend on third parties to provide us with ASIC chips and **including electric grid operator Oncor Electric Delivery Company LLC (“ Oncor ”), other -- the Texas electric utility ERCOT, and manufacturers of** critical components for our mining equipment and our data centers, which may be subject to price fluctuations or shortages. For example, the ASIC example, **our bitcoin mining operations require approval to operate from Oncor and ERCOT, which can be onerous to obtain. If Oncor or ERCOT delay in providing such approval, or change the requirements to operate bitcoin mining facilities, our business plans may be disrupted and our results of operations may be negatively affected. Additionally, we are reliant** on transactions;• level of interest rates and inflation;• changes in the legislative **critical equipment, such as a single high-voltage power substation transformer to supply power to or our bitcoin** regulatory environment, or actions by governments or regulators that impact monetary policies, fiat currency devaluations, trade restrictions, the digital assets industry generally, or mining operations **at** specifically;• difficulty obtaining hardware and related installation costs;• access to cost-effective sources of electrical power;• adverse legal proceedings or regulatory enforcement actions, judgments, settlements or other legal proceeding and enforcement-related costs;• increases in operating expenses that we expect to incur to build-up and expand our operations and to remain competitive;• system failure or outages, including with respect to our mining hardware, power supply and third-party networks;• breaches of security or data privacy;• loss of trust in the network due to a latent fault in the Bitcoin network;• our ability to attract and retain talent;• our ability to hedge risks related to our ownership of digital assets;• the introduction of new digital assets, leading to a decreased adoption of bitcoin; and • our ability to compete with our existing and new competitors. As a result of these factors, it may be difficult for us to forecast growth trends accurately and our business and future prospects are difficult to evaluate, particularly in the short term. In view of the rapidly evolving nature of our business and the Bitcoin ecosystem, period-to-period comparisons of our operating results may not be meaningful, and you should not rely upon them -- **the Odessa Facility** as an indication of future performance. **If this** Quarterly and annual expenses reflected in our financial statements may be significantly different from historical or projected rates, and our operating results in one or more future quarters may fall below the expectations of securities analysts and investors. We depend on third parties to provide us with certain critical equipment **malfunctions** and rely on components and raw materials that may be subject to price fluctuations or **we** shortages, including ASIC chips that have **delays in** been subject to periods of significant shortage and high innovation pace. We depend on third parties to provide us with ASIC chips and other -- **the ability to fix such** critical components for our mining equipment and our data centers. **it could adversely affect** which may be subject to price fluctuations or **our** shortages **operations and financial results**. **Additionally** For example, the ASIC chip is the key component of a mining machine as it determines the efficiency of the device. The production of ASIC chips typically requires highly sophisticated silicon wafers, which currently only a small number of fabrication facilities, or wafer foundries, in the world are capable of producing. We **have a limited operating history and** cannot order ASIC chips or other equipment or services without advance payments because ASIC chip manufacturers and suppliers typically do not guarantee reserve foundry capacity or supplies without substantial order deposits. While **as part of our buildout** we have already entered into certain arrangements for supply of miners and other equipment and services (for further details, see “ Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Contractual Obligations and Other Commitments ”), we cannot guarantee that we or our counterparties, under **these our supply arrangements** or any other future arrangements, will be able to timely place or fulfill our purchase orders to ensure sufficient supply of the required equipment at prices acceptable to us or at all. Some of our competitors may enter into supply arrangements for mining equipment, which may have greater capabilities or lower costs compared to ours, which could substantially harm our competitive position and results of operations. Our ability to source ASIC chips and other critical components for our data centers in a timely matter and at acceptable price and quality levels is critical to our potential expansion **including the development of the Black Pearl Facility and expansions at the Bear Facility and the Chief Facility**. See “

Business — Bitcoin and Blockchain.” We are exposed to the risk of disruptions or other failures in the overall global supply chain for bitcoin mining and related data center hardware. This is particularly relevant to the ASIC chip production since there is only a small number of fabrication facilities capable of such production, which increases our risk exposure to manufacturing disruptions or other supply chain failures, but it also applies to other infrastructure hardware necessary for operating our data centers, such as transformers, cables, and switch gear. **In addition, our ability to initiate operations at the Black Pearl Facility depends on on-time delivery by Oncor of the substation for the facility.** For further details see “ — 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.” There is also a risk that a manufacturer or seller of ASIC chips or other necessary mining equipment may adjust the prices according to bitcoin prices or otherwise, so the cost of new machines could become unpredictable and extremely high. As a result, at times, we may be forced to obtain miners and other hardware at premium prices, to the extent they are available at all. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results. We may be affected by price fluctuations in the wholesale and retail power markets. While ~~the majority~~ our power ~~and hosting~~ arrangements contain fixed power prices, ~~some~~ **they** also contain certain price adjustment mechanisms in case of certain events. Furthermore, a portion of our power ~~and hosting~~ arrangements includes merchant power prices, or power prices reflecting market movements. Market prices for power, generation capacity and ancillary services, are unpredictable. Depending upon the effectiveness of any price risk management activity undertaken by us, an increase in market prices for power, generation capacity, and ancillary services may adversely affect our business, prospects, financial condition, and operating results. Long- and short- term power prices may fluctuate substantially due to a variety of factors outside of our control, including, but not limited to: • increases and decreases in generation capacity; • changes in power transmission or fuel transportation capacity constraints or inefficiencies; • volatile weather conditions, particularly unusually hot or mild summers or unusually cold or warm winters; • technological shifts resulting in changes in the demand for power or in patterns of power usage, including the potential development of demand- side management tools, expansion and technological advancements in power storage capability and the development of new fuels or new technologies for the production or storage of power; • federal and state power, market and environmental regulation and legislation; and • changes in capacity prices and capacity markets. If we are unable to secure power supply at prices or on terms acceptable to us, it would have a material adverse effect on our business, prospects, financial condition, and operating results. **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.** Our business is subject to the risks of 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, any of which could result in system failures, power supply disruptions and other interruptions that could harm our business. Since our business and operations are located in Texas, we are particularly vulnerable to disruptions affecting that state. **Furthermore, the majority of our bitcoin production and revenues currently come from the Odessa Facility. Any significant system failures or power disruptions at that site could harm our business even if our other sites remain unaffected. See “ — 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.”** For example, in February 2023, Texas was hit with a major winter storm, which triggered power outages across the state for several days and left hundreds of thousands of businesses and households without power. Texas experienced a similar major storm in 2021, which also left millions of homes, offices and factories without power. Future power outages may disrupt our business operations and adversely affect our results of operations. Furthermore, the grid damages that occurred in Texas could potentially lead to delays and increased prices in our procurement of certain equipment essential to our operations, such as switch gear, cables and transformers. This could adversely impact our operations. While the majority of our power ~~and hosting~~ arrangements contain fixed power prices, some portion of our power arrangements have merchant power prices, or power prices reflecting the market movements. In an event of a major power outage, such as the abovementioned power outage in Texas, the merchant power prices could be too high to make bitcoin mining profitable. Furthermore, even the fixed- price power arrangements would still depend upon prevailing market prices to some degree. To extent the power prices increase significantly as result of severe weather conditions, natural disasters or any other causes, resulting in contract prices for power being significantly lower than current market prices, the counterparties under our power ~~and hosting~~ arrangements may refuse to supply power to us during that period of fluctuating prices. See “ — We are exposed to **the** risk of nonperformance by counterparties, including our counterparties under our power ~~and hosting~~ arrangements.” From time to time, we may consider protecting against power price movements by adopting a more risk averse power procurement strategy and hedging our power purchase prices, which would translate into additional hedging costs for us. Furthermore, events such as the aforementioned outage in Texas may lead federal, state or regional government officials to introduce new legislation and requirements on power providers that may result in, among other things, increased taxes on power used for bitcoin mining or restrictions on cryptocurrency mining operations in general. We do not carry business interruption insurance sufficient to compensate us for the losses that may result from interruptions in our operations as a result of system failures. A system outage or data loss, caused by it ~~, could have a material adverse effect on our business, prospects, financial condition, and operating results. We are exposed to risk of nonperformance by counterparties, whether contractual or otherwise. Risk of nonperformance includes inability or refusal of a counterparty to perform because of a counterparty’s financial condition and liquidity or for any other reason. For example, our counterparties under our power and hosting arrangements may be unable or unwilling to deliver the required amount of power at the required time for a variety of technical or economic reasons. For example, in the past, we have experienced certain power availability postponements due to infrastructure supply delays. For further details, see “ Business — Business Agreements — Power and Hosting Arrangements.”~~ Furthermore, there is a risk that during a period of power price fluctuations or prolonged or

sharp power price increases on the market, our counterparties may find it economically preferable to refuse to supply power to us, despite the contractual arrangements. Any significant nonperformance by counterparties, could have a material adverse effect on our business, prospects, financial condition, and operating results. Manufacture, assembly and delivery of certain components and products for our data center operations are complex and long processes, in the course of which various problems could arise, including disruptions or delays in the supply chain, product quality control issues, as well other external factors, over which we have no control. Our mining operations can only be successful and profitable if the costs associated with bitcoin mining, including hardware costs, are lower than the price of bitcoin itself. In the course of the normal operation of our bitcoin mining data centers, our miners and other critical equipment and materials related to data center construction and maintenance, such as containers, switch gear, transformers and cables, experience ordinary wear and tear and may also face more significant malfunctions caused by a number of extraneous factors beyond our control. Declines in the condition of our miners and other hardware require us, over time, to repair or replace those miners or other hardware. See “ — Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence.” Additionally, as the technology evolves, we may be required to acquire newer models of miners to remain competitive in the market. **Any upgrading process may require substantial capital investment, and we may face challenges in doing so on a timely and cost- effective basis. Our business is subject to limitations inherent within the supply chain of certain of our components, including competitive, governmental, and legal limitations, and other events. For example, we significantly rely on foreign imports to obtain certain equipment and materials. The miners for our operations are imported from Thailand and Malaysia, and other necessary equipment and materials for our data centers, such as transformers, cables and switch gear, are imported from many other countries around the world. Any global trade disruption, introductions of tariffs, trade barriers and bilateral trade frictions, together with any potential downturns in the global economy resulting therefrom, could adversely affect our necessary supply chains. See also, “ — Any unfavorable global economic, business or political conditions, such as geopolitical tensions, military conflicts, acts of terrorism, natural disasters, pandemics (like the COVID- 19 pandemic), and similar events could adversely affect our business, financial condition and results of operations.” Our third- party manufacturers, suppliers and subcontractors may also experience disruptions by worker absenteeism, quarantines, restrictions on employees’ ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health- related restrictions, such as those that were triggered by the COVID- 19 pandemic, for example. Depending on the magnitude of such effects on our supply chain, shipments of parts for our miners, or any new miners that we order or other equipment necessary to operate our data centers, may be delayed or costs could increase. Furthermore, the global supply chain for cryptocurrency miners is presently heavily dependent on China, where numerous cryptocurrency mining equipment suppliers are located. In the wake of the COVID- 19 pandemic, the industry experienced some significant supply disruptions from China. The Chinese government has also been actively advancing a crackdown on bitcoin mining and trading in China. Specifically, in**

September 24, 2021, the Chinese government declared that all digital currency- related business activities are illegal, effectively banning mining and trading in cryptocurrencies, such as bitcoin. **We believe that this development increases our..... in cryptocurrencies, such as bitcoin.** Most bitcoin miners in China were taken offline. While the supply of cryptocurrency hardware from China has not yet been banned, China has limited the shipment of products in and out of its borders and there is a risk that further regulation or government action, on the national or local level in China, could lead to significant disruptions in the supply chain for cryptocurrency hardware. Overall, we cannot anticipate all the ways in which this regulatory action and any additional restrictions could adversely impact our industry and business. If further regulation or government action follows, for example, in the form of prohibition on production or exports of the mining equipment, it is possible that our industry may be severely affected. Should any disruptions to the China- based global supply chain for cryptocurrency hardware occur, such as, for example, as result of worsening of the U. S. trade relations with China, including imposition of new tariffs, trade barriers and bilateral trade frictions, we may not be able to obtain adequate equipment from the manufacturer on a timely basis. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results. Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation. Our miners are subject to malfunctions and normal wear and tear, and, at any point in time, a certain number of our miners are typically off- line for maintenance or repair. The physical degradation of our miners will require us to replace miners that are no longer functional. Because we use many units of the same miner models, if there is a model wide component malfunction whether in the hardware or the software that powers these miners, the percentage of offline miners could increase substantially, disrupting our operations. Any major miner malfunction out of the typical range of downtime for normal maintenance and repair could cause significant economic damage to us. Furthermore, physical degradation of our miners could be potentially exacerbated by certain factors particular to our facilities. For example, wind power is the sole source of electricity at the Alborz Facility and operating miners at this facility involves frequent curtailment, meaning we automatically turn the miners on and off depending on wind conditions, power prices, bitcoin prices and other factors. We cannot predict how that cycling on and off process will affect the efficiency of our miners over time or whether they will age faster than machines that are not turned on and off as frequently. As such, there is a risk that our miners and other data center equipment at the Alborz Facility may experience more rapid wear and tear, compared to miners at the other facilities. We operate containerized data centers, meaning that our miners and other equipment are more exposed to outdoor environmental factors, including temperature changes and dust, than might be the case at other facilities. As such, our miners and other data center equipment may also experience more rapid wear and tear compared to miners at other facilities. Additionally, our strategy involves curtailing our mining operations for a variety of contractual, economic, weather- related, business or other reasons. Thus, in addition to the curtailment process at the Alborz Facility for changes in wind power generation, we also curtail our machines frequently at all of our data centers. As such, there is a risk that our miners and other data center equipment at all of our data centers may experience more rapid wear and tear compared to

miners at the other facilities. A hardware replacement or upgrading process may require substantial capital investment and we may face challenges in doing so on a timely and cost-effective basis, which could put us at a competitive disadvantage. We may also be impacted by disruptions in the supply chain for cryptocurrency hardware, see “ — We are exposed to risks related to disruptions or other failures in the supply chain for cryptocurrency hardware and difficulties in obtaining new hardware. ” Any of the risks above could have a material adverse effect on our business, prospects, financial condition, and operating results. Our automated processes with respect to curtailment may adversely affect our operations. Our data centers are subject to curtailment, meaning we automatically turn the miners on and off depending on wind conditions, power prices, bitcoin prices and other factors. Additionally, at ~~our~~ **the** Odessa Facility, we must curtail in certain instances when our power provider instructs us to do so. Failing to do so in a timely manner could result in the incurrence of potentially significant increased costs. Thus, if we are unable to accurately monitor power prices and bitcoin economic data, or timely respond to a curtailment demand, it could have a material adverse effect on our business, prospects, financial condition, and operating results. The properties in our mining network may experience damages, including damages that are not covered by insurance. Our bitcoin mining operations in Texas are subject to a variety of risks relating to physical condition and operation, including: • the presence of construction or repair defects or other structural or building damage; • any noncompliance with, or liabilities under, applicable environmental, health or safety regulations or requirements or building permit requirements; • any damage resulting from extreme weather conditions or natural disasters, such as hurricanes, earthquakes, fires, floods and snow or windstorms; and • claims by employees and others for injuries sustained at our properties. For example, our bitcoin data centers could be rendered inoperable, temporarily or permanently, as a result of, among others, a fire or other natural disasters. The security and other measures we anticipate **taking** ~~to take~~ to protect against these risks may not be sufficient. Additionally, our bitcoin coin mining operations could be materially adversely affected by a power outage or loss of access to the electrical grid or loss by the grid of cost-effective sources of electrical power generating capacity. For further details on our reliance on the power generating capacity, see “ — 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. ” Our insurance covers the replacement costs of any lost or damaged miners, but will not cover any interruption of our mining activities. Our insurance therefore may not be adequate to cover the losses we suffer as a result of any of these events. In the event of an uninsured loss, including a loss in excess of insured limits, at any of the mines in our network, such mines may not be adequately repaired in a timely manner or at all and we may lose some or all of the future revenues anticipated to be derived from such mines. Our **success and future growth, to a..... investor confidence in us.** ” 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 source our mining equipment from Asia, particularly Malaysia and Thailand. Our third-party manufacturers, suppliers and contractors, on the other hand, may rely on supplies of raw materials for the production of such components and equipment from various other markets, including Eastern Europe, China and other markets. Accordingly, our business and results of operations are subject to risks associated with instability in a specific country’s or region’s political or economic conditions, including: • economic conditions in Europe and Asia, and political conditions in Eastern Europe, **the Middle East**, Asia, the Trans-Pacific region and other emerging markets; • trade protection measures, such as tariff increases, and import and export licensing and control requirements; • political, financial market or economic instability relating to epidemics or pandemics, including the **wars in Ukraine and Israel, or the** COVID-19 pandemic (for further discussion of the risks presented by the COVID-19 pandemic, see “ — The global COVID-19 pandemic and the disruption caused by various countermeasures to reduce its spread, could adversely affect our business, prospects, financial condition, and operating results. ”); • uncertainties related to any geopolitical, economic and regulatory effects or changes due to recent or upcoming domestic and international elections; • the imposition of governmental economic sanctions on countries; • potentially negative consequences from changes in tax laws or tax examinations; • potential difficulty of enforcing agreements through some foreign legal systems; • differing and, in some cases, more stringent labor regulations; • potentially negative consequences from fluctuations in foreign currency exchange rates; • partial or total expropriation; and • differing protection of intellectual property. Our failure to successfully manage our geographically diverse supply chain could impair our ability to react quickly to changing business and market conditions. Our future success will depend, in large part, on our ability to anticipate and effectively manage these and other risks. Any of these factors could, however, have a material adverse effect on our business, prospects, financial condition, and operating results. **We maintain** Any unfavorable global economic, business or ~~our~~ **political conditions** **cash and cash equivalents at financial institutions**, epidemics, pandemics **often in balances that exceed federally insured limits. The majority of** ~~or our~~ **disease outbreaks or** **cash and cash equivalents is held in accounts at U. S. banking institutions that we believe are of high quality. Cash held in these accounts may exceed** ~~other~~ **the public health conditions, Federal Deposit Insurance Corporation (“ FDIC ”) insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. In 2023, the FDIC took control of three such banking institutions, Silicon Valley Bank (“ SVB ”), on March 10, 2023, Signature Bank on March 12, 2023, and First Republic Bank on May 1, 2023. We had an account with Signature Bank, where the cash balance exceeded insured limits, but we closed the account in April 2023, the amounts we held there were not material and we did not experience any specific risk of loss. Thus, we do not view the risk as material** ~~the global COVID-19 pandemic, and the disruption caused by various countermeasures to reduce their spread, could adversely affect our business, prospects, financial condition, and operating results.~~ Our results **We did not have accounts with SVB or First Republic Bank either, and as such, did not experience any specific risk of operations could loss associated with the FDIC takeover of these banks. However, in the event of the failure of any of the financial institutions where we maintain our cash and cash equivalents, there can** be adversely affected by general conditions in the global economy and in the global financial markets, including conditions that are outside of our control, such as any epidemics,

pandemics or disease outbreaks or other public health conditions. For example, the COVID-19 pandemic (“COVID-19”) that was declared on March 11, 2020 has caused significant economic dislocation in the United States and globally as governments of more than 80 countries across the world, including the United States, introduced measures aimed at preventing the spread of COVID-19, including, amongst others, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, quarantines and the imposition of both local and more widespread “work from home” measures. While most policies and regulations implemented by governments in response to the COVID-19 have been lifted, they have had a significant impact, both directly and indirectly, on global businesses and commerce. We may experience disruptions to our business operations resulting from supply interruptions, quarantines, self-isolations, or other movement and restrictions on the ability of our employees or our counterparties to perform their jobs. We may also experience delays in construction and obtaining necessary equipment in a timely fashion. For example, in early January 2022, we had to temporarily shut down the construction at our Alborz site in response to employees being impacted by COVID-19. The temporary shut down was less than a week, and we resumed the construction at the site immediately after. If we are unable to effectively set up and service our miners, our ability to mine bitcoin will be adversely affected. There is no assurance that **the COVID-19 pandemic or any..... expenses. From time to time, we would** may consider potential acquisitions, joint venture or other investment opportunities. We cannot offer any assurance that acquisitions of businesses, assets and / or entering into strategic alliances or joint ventures will be successful. We may not be able to find suitable partners **access uninsured funds in a timely manner** or acquisition candidates and may not be able to complete such transactions on favorable terms, if at all. If **Any material loss that** we make any acquisitions, we may **experience in** not be able to integrate these **the** acquisitions successfully into the existing business and could assume unknown or contingent liabilities. Any future **acquisitions also could result in the issuance..... shareholder or bitcoin and crypto assets generally** could have an adverse effect on the engagement of our partners and suppliers and may result in our failure to maintain or **our ability** expand our business and successfully execute our business model. Failure to **pay** keep up with evolving trends and shareholder expectations relating to ESG businesses or **our operational expenses** reporting could adversely impact our **or make** reputation, share price and access to and cost of capital. Certain institutional investors, investor advocacy groups, investment funds, creditors and other **payments** influential financial markets participants have become increasingly focused on companies’ ESG practices in evaluating their investments and **business relationships, including the impact of..... we comply with applicable legal requirements, may require** lead to negative investor sentiment toward us **to move our accounts to other banks**, which could **have cause a temporary delay in making payments** negative impact on our stock price and our access to **our vendors and employees** cost of capital. Our compliance and risk management methods might **cause other operational inconveniences. Furthermore, our ability to open accounts at certain financial institutions is also limited by the policies of such financial institutions to not accept clients** be effective and may result in outcomes that could adversely affect our reputation **are in the digital asset industry. See also**, operating results, “ — Banks and financial institutions condition. Our ability to comply with..... trade secrets. However, such measures may not provide **banking services,** adequate protection and the value of our **or may cut** trade secrets could be lost through misappropriation or breach of **off services** our confidentiality agreements. For example, **to businesses that** an employee with authorized access may misappropriate our trade secrets and provide them to a competitor **cryptocurrency- related services or that accept cryptocurrencies as payment.” Cybersecurity threats**, and the recourse we take against such misconduct may not provide an adequate remedy to protect **as cyber- attacks, data breaches, hacking attacks** our **or malware** interests fully, **targeting** because enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time consuming, and the outcome is unpredictable. Thus, if any of our trade secrets were to be disclosed or misappropriated, our competitive position could be harmed. In addition to the risk of misappropriation and unauthorized disclosure, our competitors may develop similar or better methods independently in a manner that could prevent legal recourse by us, which could result in costly process redesign efforts or other competitive harm. Furthermore, any of our **or intellectual property rights could be challenged,..... and harm our investors. We and 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. As a publicly traded company, we experience cyber- attacks, such as phishing, and other attempts to gain unauthorized access to our systems on a regular basis, and we anticipate continuing to be subject to such attempts. There is an ongoing risk that some or all of our bitcoin could be lost or stolen as a result of one or more of these incursions. As we increase in size, we may become a more appealing target of hackers, malware, cyber-attacks or other security threats, and, it is impossible to eliminate all such vulnerability. For example, we provide cybersecurity training for employees, but we cannot guarantee that we will not be affected by further phishing attempts. Additionally, we may not be able to ensure the adequacy of the security measures employed by third parties**, including **our** mining pool service providers, **custodians** may fail to adequately maintain the confidentiality, integrity or availability of the data we hold or detect any related threats, which could disrupt our **or other counterparties** normal business operations and our financial performance and adversely affect our business. Our business operations and reputation depend on our ability to maintain the confidentiality, integrity and availability of data, digital assets and systems related to our business, **customers,** proprietary technologies, processes and intellectual property. We and our business and commercial partners **, such as mining pools and other third parties with which we interact,** rely extensively on third- party service providers’ information technology (“IT”) systems, including renewable energy infrastructure, cloud- based systems and on- premises servers (i. e., data centers), to record and process transactions and manage our operations, among other matters. We and our third- party service providers, partners and collaborators, may **in the future** experience failures of, or disruptions to, IT systems and may be subject to attempted and successful security breaches or data security incidents. **Efforts to limit the ability of malicious actors to disrupt the operations of the internet or undermine our own Security security efforts may be costly to implement and may not be successful. Such** breaches, **whether attributable to a vulnerability in or our systems, the systems of data**

security incidents experienced by us or our third- party service providers **and partners**, **manufacturers or otherwise**, joint collaborators **could result in claims of liability against us**, **damage or our other reputation and materially harm our** business **or commercial partners**, can vary in..... our operations and ability to earn revenue]. The inadvertent disclosure of or unauthorized access to IT systems, networks and data, including personal information, confidential information and proprietary information, may adversely affect our business or our reputation and could have a material adverse effect on our financial condition. In addition, undiscovered vulnerabilities in our equipment or services could expose us to hackers or other unscrupulous third parties who develop and deploy viruses and other malicious software programs that could attack our equipment services and business. In the case of such a security breach, security incident or other IT failure, we may suffer damage to our key systems and experience (i) interruption in our services, (ii) loss of ability to control or operate our equipment; (iii) misappropriation of personal data and (iv) loss of critical data that could interrupt our operations, which may adversely impact our reputation and brand and expose us to increased risks of governmental and regulatory investigation and enforcement actions, private litigation and other liability, any of which could adversely affect our business. A security breach may also trigger mandatory data breach notification obligations under applicable privacy and data protection laws, which, if applicable, could lead to widespread negative publicity and a loss in confidence regarding the effectiveness of our data security measures. Furthermore, mitigating the risk of future attacks or IT systems failures have resulted, and could in the future result, in additional operating and capital costs in systems technology, personnel, monitoring and other investments. In addition, insurers are currently reluctant to provide cybersecurity insurance for digital assets and cryptocurrency assets and we do not currently hold cybersecurity insurance -, **therefore** **Therefore**, in the event of any such actual or potential incidents, our costs and resources devoted and any impacted assets may not be partially or fully recoverable - **Most of our sensitive and valuable data, including digital assets, are stored with third- party custodians and service providers. Therefore, we rely on the digital asset community to optimize and protect sensitive and valuable data and identify vulnerabilities. There can be no guarantee that these measures and the work of the digital asset developer community will identify all vulnerabilities, errors and defects, or will resolve all vulnerabilities, errors and defects, prior to a malicious actor being able to utilize them.** Any actual or perceived data security breach at any of those third- party custodians or service providers could lead to theft or irretrievable loss of our fiat currencies or digital assets, which may or may not be covered by insurance maintained by us or our third- party custodians or service providers. **To date** We maintain our cash at financial institutions -, **often in balances that exceed federally insured limits. The majority of our cash is held in accounts at U. S. banking institutions that we believe are have not experienced a material cybersecurity incident; however, the occurrence of any such event high quality. Cash held in non- interest- bearing and interest- bearing the future could damage our reputation or otherwise materially harm our business,** operating results accounts may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. While the FDIC took control of one such banking institution, Silicon Valley Bank (“SVB”), on March 10, 2023, we did not have any accounts with SVB and therefore did not experience any specific risk of loss. The FDIC also took control of Signature Bank (“Signature Bank”) on March 12, 2023. While we do have an **and** account with Signature Bank, the amounts we hold there are not material. The Federal Reserve also announced that account holders would be made whole. Thus, we do not view the risk as material to our financial condition. However, as **Any actual or perceived data security breach at any of the those** FDIC continues **third- party custodians or service providers could lead** to address the **theft or irretrievable** situation with SVB, Signature Bank and other similarly situated banking institutions, the risk of loss in excess of **our fiat currencies or digital assets, which may or may not be covered by** insurance **maintained by** limitations has generally increased. Any material loss that we may experience in the future could have an adverse effect on our ability to pay our operational expenses or make other payments and may require us to move our - **or our third- party custodians** accounts to other banks, which could cause a temporary delay in making payments to our - **or service providers** vendors and employees and cause other operational inconveniences-. The value of bitcoin has historically been subject to wide swings, **and** -. Because we do not currently hedge our investment in **operating results may be adversely affected by our hedging activity. The market price of one** bitcoin and do not intend to for the foreseeable future **in our principal market ranged from approximately \$ 16, 527** we are directly exposed to bitcoin’s price volatility **\$ 44, 184 during the fiscal year ended December 31, 2023 and surrounding risks ranged from approximately \$ 15, 760 to \$ 47, 763 during the fiscal year ended December 31, 2022**. While bitcoin prices are determined primarily using data from various exchanges, over- the- counter markets and derivative platforms, they have historically been volatile and are impacted by a variety of factors. Such factors include, but are not limited to, the worldwide growth in the adoption and use of bitcoins, the maintenance and development of the software protocol of the Bitcoin network, changes in consumer demographics and public tastes, fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. Furthermore, pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of bitcoin, or our share price, making prices more volatile. **From time to time, we may also hedge some portion of the value of our bitcoin in inventory or some portion of the value of our expected forward production, which may limit our exposure to substantial increases in the price of bitcoin. Given the volatility of bitcoin price, there is also a risk that we execute hedges at suboptimal levels thereby foregoing some amount of price appreciation that we otherwise would have enjoyed without the hedges in place.** Currently, we do not use a formula or specific methodology to determine whether or when we will sell bitcoin that we hold, or the number of bitcoins we will sell. Rather, decisions to hold or sell bitcoins are currently determined by management by analyzing forecasts and monitoring the market in real time. Such decisions, however well- informed, may result in untimely sales and even losses, adversely affecting an investment in us. **At this time, we do not..... own account, and harm investors.** 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. All of the bitcoin we hold is held in either cold or hot storage at **our custodians. We primarily use** Coinbase Prime,

which is currently our sole custodian but we also use Anchorage Digital Bank N. A. and Fidelity Digital Assets Services. We intend to periodically re-evaluate this and, in the future, we may also decide to use additional or other custodians. The treatment of bitcoins held by custodians that file for bankruptcy protection is uncharted territory in U. S. Bankruptcy law. We cannot say with certainty whether our bitcoin held in custody at Coinbase one of our custodians, or another custodian in the future, should it declare bankruptcy, would be treated as property of a bankruptcy estate and, accordingly, whether the owner of that bitcoin would be treated as a general unsecured creditor with respect to our bitcoin held in custody at that custodian. If we are treated as a general unsecured creditor, we may not be able to recover our bitcoin in the event of a Coinbase bankruptcy of any of our custodians or a bankruptcy of any other custodian we may use in the future. Our ongoing dispute success and future growth, to a significant degree, depends on the skills and services of our management team. The loss of any of our management team, our inability to execute an effective succession plan, or our inability to attract and retain qualified personnel, could adversely affect our business. Our success and future growth, to a significant degree, depends on the skills and services of our management team. If our management team, including any new hires that we may make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be significantly harmed. Furthermore, if we fail to execute an effective contingency or succession plan with Luminant in Texas state the loss of any member of management, the loss of such management personnel may significantly disrupt our related business. Furthermore, the loss of key members of our management or other employees could inhibit our growth prospects. Our future success depends, in large part, on our ability to attract, retain and motivate key management and operating personnel payments Luminant made to us under the Luminant Power Agreement. As we continue to develop and expand our operations of Dallas County, Texas we may require personnel with different skills and experiences, asserting Texas state law claims who have a sound understanding of our business and the cryptocurrency industry, for example declaratory judgment and "money had and received", specialists seeking recoupment and return of money previously paid by Luminant to CMTI in power contract connection with Luminant's (and its affiliates') construction and energization negotiations of Cipher's bitcoin mining and management, as well as data center specialists in Odessa, Texas. As cryptocurrency These prior payments were (i) the sum of \$ 5,056 and specifically bitcoin mining, is 006.56 paid to CMTI in September 2022 pursuant to a contractual provision requiring new and developing field, the market for highly qualified personnel in this industry is particularly competitive and we may be unable to attract such personnel payment in the parties' written and executed August 25, 2021 Third Amendment to the Luminant Power Agreement, and (ii) the sum of \$ 1,668,029. 91 also paid If we are unable to attract CMTI in September 2022, as agreed by the parties, for electrical power sold by Luminant for CMTI's benefit into the open market prior to the final energization of the Company's facility. Luminant contends that such personnel payments were mistaken because, although voluntarily made by Luminant, they were not actually due under the terms of the Luminant Power Agreement, as amended. The Company filed its answer on January 17, 2023, denying any liability to Luminant. We have not received payment from Luminant for or retain current talent electricity sold in the ERCOT market in September 2022 and October 2022. We wholly dispute the claims made by Luminant and we intend to contest the case vigorously. The parties have exchanged basic discovery disclosures, but discovery and motion practice have not yet otherwise substantively commenced. No trial date has been set. At this time, in light of the early stage of the proceeding, we do not know how or when this matter will be resolved, or whether it will have any additional negative implications under the Luminant Power Agreement going forward. Our management may devote significant time and resources to resolve this case, which may detract from time our management would otherwise devote to managing our operations, and could have a material adverse effect on our business, prospects, financial condition, and operating results including potentially affecting future quarterly valuations of the Luminant Power Agreement. We are required to maintain a certain level of collateral at Luminant that can vary depending on energy prices. To the extent energy prices drop significantly, we may be required to post additional collateral. To the extent any such additional collateral were for a significant amount, and unanticipated, it could have a material adverse effect on our liquidity. Under the Luminant Power Agreement, we have a locked in power price until at least 2027, and we have posted to Luminant collateral to secure our payment obligations under the take or pay provisions of the Luminant Power Agreement. If energy prices were to drop significantly, and become lower than our locked in power price, we may be required to post additional collateral under the Luminant Power Agreement. If the amount of such collateral were significant, and the change triggering the additional collateral requirement had not been anticipated by our management, it could have a material adverse effect on our liquidity. We have an evolving business model. As digital assets and blockchain technologies become more widely available, we expect the services and products associated with them to evolve, including as part of evolution in their regulatory treatment on the international and the U.S. federal, state and local levels. For more detail about the potential regulatory risks, see "Risks Related to Regulatory Framework — Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations." As a result, our business model may need to evolve in order for us to stay current with the industry and to fully comply with the federal, as well as applicable state, securities laws. Furthermore, from time to time, we may modify aspects of our business model or engage in various strategic initiatives, which may be complimentary to our mining operations in the United States. For further information on our strategy, see "Business — Our Strategy — Retain flexibility in considering strategically adjacent opportunities complimentary to our business model." We cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business, damage our reputation and limit our growth. Additionally, any such changes to our business model or strategy could cause us to become subject to additional regulatory scrutiny and a number of additional requirements, including licensing and permit requirements. All of the abovementioned factors may impose additional compliance costs on our business and higher expectations from regulators regarding risk management, planning, governance and other aspects of our operations. Further, we cannot provide any assurance that we will successfully identify all emerging trends and growth opportunities in this business sector and we may fail to

capitalize on certain important business and market opportunities. Such circumstances could have a material adverse effect on our business, prospects, financial condition, and operating results. We may experience difficulties in effectively managing our growth and expanding our operations. Our ability to manage our growth requires us to build upon and to continue to improve our operational, financial and management controls, compliance programs and reporting systems. We may not be able to implement improvements in an efficient or timely manner and may discover deficiencies in existing controls, programs, systems and procedures, which could have a material adverse effect on our business, prospects, financial condition, and operating results. Additionally, rapid growth in our business may place a strain on our managerial, operational and financial resources and systems. We may not grow as we expect, if we fail to manage our growth effectively or to develop and expand our managerial, operational and financial resources and systems, our business, prospects, financial condition and operating results could be adversely affected. See “ — Risks Related to our Common Stock and Warrants — 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.**” We may acquire other businesses, form joint ventures or make other investments that could negatively affect our operating results, dilute our stockholders’ ownership, increase our debt or cause us to incur significant expenses. From time to time, we may consider potential acquisitions, joint venture or other investment opportunities. For example, in 2023, we acquired the site at which we will build the ~~hack~~ Black Pearl Facility. We cannot offer any assurance that acquisitions of ~~At this time unable to expand and remain competitive, or maintain our~~ **we do not anticipate engaging in any hedging activities** ~~relative-- related share to our holding of the Bitcoin-~~ **bitcoin ; this** ~~network total hashrate, our business, prospects, financial condition and operating results could~~ **would** be adversely affected **expose us to substantial decreases in the price of bitcoin**. Our mining costs may be in excess of our mining revenues, which could seriously harm our business and adversely impact an investment in us. Mining operations are costly and our expenses may increase in the future. Increases in mining expenses may not be offset by corresponding increases in revenue, which is primarily driven by the value of bitcoin mined. Our expenses may become greater than we anticipate, and our investments to make our business more cost- efficient may not succeed. Further, even if our expenses remain the same or decline, our revenues may not exceed our expenses to the extent the price of bitcoin continues to decrease without a corresponding decrease in bitcoin network difficulty. Increases in our costs without corresponding increases in our revenue would adversely affect our profitability and could seriously harm our business and an investment in us. Our operations and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies. We compete with other users and companies that are mining cryptocurrencies and other potential financial vehicles, including securities backed by or linked to cryptocurrencies. Market and financial conditions, and other conditions beyond our control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly, which could limit the market for our shares and reduce their liquidity. The emergence of other financial vehicles and exchange- traded funds have increased scrutiny on cryptocurrencies, and such scrutiny could be applicable to us and impact our ability to successfully establish or maintain a public market for our securities. Such circumstances could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin we mine or otherwise acquire or hold for our own account, and harm investors. **Our insurance protection exposes us and our shareholders to the risk of loss of our bitcoin for which no person is liable. Our- We do not currently maintain our own insurance coverage for our bitcoin holdings, which is-are held in custody at-by our custodians, Coinbase, is not insured Anchorage and Fidelity.** Therefore, a loss may be suffered with respect to our bitcoin that is not covered by insurance and for which no person is liable in damages, which could adversely affect our operations and, consequently, an investment in us. **Our custodians maintain a certain insurance coverage of such types and amounts as they assert to be commercially reasonable for their custodial services provided under our custody agreements with them, including certain commercial crime insurance of limited aggregate principal amount which covers losses stemming from fraud, security breach, hack and asset theft. However, such insurance coverage may be insufficient to protect us against all losses of our bitcoin holdings held in custody with our custodians, whether or not stemming from security breaches, cyberattacks or other types of unlawful activity. Therefore, a loss may be suffered with respect to our bitcoin that is not covered by insurance and for which no person is liable in damages, which could adversely affect our operations and, consequently, an investment in us.** We may need to raise additional capital, which may not be available on terms acceptable to us, or at all. From time to time, we may require additional capital to expand our operations or to respond to technological advancements, competitive dynamics or technologies, customer demands, business opportunities, challenges, acquisitions or unforeseen circumstances. Accordingly, we may determine to engage in equity or debt financings or enter into credit facilities for the above- mentioned or other reasons. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Our ability to obtain additional funds may also be affected by economic uncertainty and any disruptions in credit or capital markets as a result of geopolitical instability. See “ — **Any unfavorable global We are currently operating in a period of economic uncertainty and capital markets disruption, which business or political conditions, such has- as been significantly impacted by- geopolitical tensions, instability due to the ongoing- military conflict- conflicts between Russia, acts of terrorism, natural disasters, pandemics (like the COVID- 19 pandemic), and Ukraine. Our- similar events could adversely affect our** business, financial condition and results of operations **may be materially adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions.**” Furthermore, if we raise additional funds through equity financing, our existing stockholders could experience significant dilution. Any debt financing obtained by us in the future could also 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 or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited and it

security of cryptocurrencies and **the COVID- 19 pandemic or any other pandemic, or other unfavorable global economic, business or political conditions, such as a rise in energy prices, a slowdown in the U.S. or international economy, high inflation rates or other factors, will not materially and adversely** affect the demand and the market price of cryptocurrencies. The price of bitcoin can be adversely affected by hacking incidents. The risk of damage to or loss of our bitcoin assets cannot be wholly eliminated. If our security procedures and protocols, or those of Coinbase Prime or other trading or custody platforms we use, are ineffective and our cryptocurrency assets are compromised by cybercriminals, we may not have adequate recourse to recover our losses stemming from such compromise. A security breach could also harm our reputation. A resulting perception that our measures do not adequately protect our bitcoin assets could have a material adverse effect on our business, prospects, financial condition, and operating results. The emergence or growth of other digital assets, including those with significant private or public sector backing, could have a negative impact on the price of bitcoin and adversely affect our business. Our business strategy is substantially dependent on the market price of bitcoin. As of the date of this Annual Report, bitcoin was the largest digital asset by market capitalization and had the largest user base and largest combined mining power. Despite this first to market advantage, there are **approximately more than** 9,000 alternative digital assets tracked by CoinMarketCap.com. Many entities, including consortiums and financial institutions are also researching and investing resources into private or permissioned blockchain platforms or digital currencies that do not use proof-of-work mining like the Bitcoin network. Additionally, central banks in some countries have started to introduce digital forms of legal tender. For example, China's CBDC project was made available to consumers in January 2022, and governments from Russia to the European Union have been discussing potential creation of new digital currencies. Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could have an advantage in competing with, or replacing, bitcoin and other cryptocurrencies as a medium of exchange or store of value. As a result, the value of bitcoin could **decrease, which could have a material adverse effect on our business, prospects, financial condition, and operating results. We may acquire other businesses, form joint ventures or make other investments that could negatively affect our operating results, dilute our stockholders' ownership, increase our debt or cause us to incur significant expenses. From time to time,** could have a material adverse effect on our business, prospects, financial condition, and operating results. Bitcoin and other forms of digital assets have been the source of much regulatory consternation, resulting in differing definitional outcomes without a single unifying statement. Bitcoin and other digital assets are viewed differently by different regulatory and standards setting organizations globally as well as in the United States on the federal and state levels. For example, the Financial Action Task Force (" FATF ") and the U. S. Internal Revenue Service (" IRS ") consider a digital asset as currency or an asset or property. Further, the IRS applies general tax principles that apply to property transactions to transactions involving virtual currency. The U. S. Commodity Futures Trading Commission (" CFTC ") classifies bitcoin as a commodity. The SEC has also publicly stated that it considers bitcoin to be a commodity, but that some digital assets should be categorized as securities. How a digital asset is characterized by a regulator impacts the rules that apply to activities related to that digital asset. As digital assets have grown in both popularity and market size, governments around the world have reacted differently. Certain governments have deemed digital assets illegal or have severely curtailed the use of digital assets by prohibiting the acceptance of payment in bitcoin and other digital assets for consumer transactions and barring banking institutions from accepting deposits of digital assets. Other nations, however, allow digital assets to be used and traded without restriction. In some jurisdictions, such as in the U. S., digital assets are subject to extensive, and in some cases overlapping, unclear and evolving regulatory requirements. There is a risk that relevant authorities in any jurisdiction may impose more onerous regulation on bitcoin, for example banning its use, regulating its operation, or otherwise changing its regulatory treatment. Such changes may introduce a cost of compliance, or have a material impact on our business model, and therefore our financial performance and shareholder returns. If the use of bitcoin is made illegal in jurisdictions where bitcoin is currently traded in heavy volumes, the available market for bitcoin may contract. For example, on September 24, 2021, the People's Bank of China announced that all activities involving digital assets in mainland China are illegal, which corresponded with a significant decrease in the price of bitcoin. If another government with considerable economic power were to ban digital assets or related activities, this could have further impact on the price of bitcoin. As a result, the markets and opportunities discussed **herein in this prospectus** may not reflect the markets and opportunities available to us in the future. Digital asset trading platforms may also be subject to increased regulation and there is a risk that increased compliance costs are passed through to users, including us, as we exchange bitcoin earned through our mining activities. There is a risk that a lack of stability in the bitcoin exchange market and the closure or temporary shutdown of bitcoin exchanges due to fraud, business failure, hackers or malware, or government-mandated restrictions may reduce confidence in the Bitcoin network and result in greater volatility in or suppression of bitcoin's value and consequently have an adverse impact on our operations and financial performance. ~~Note that although~~ **Although** bitcoin is not currently treated as a security by the SEC, the exchanges on which bitcoin is traded typically provide trading services with respect to numerous other cryptocurrencies and digital assets, some of which may be deemed to be securities by the SEC, and some of them are currently under investigation by other regulators as well. If any of these exchanges are shut down due to regulatory action, it could become more difficult to us and for other holders of bitcoin to monetize our holdings. This could also result in a decrease in the overall price of bitcoin. **The In February 2023, the** SEC has recently proposed regulations which would require investment advisers (including fund managers of many funds) to custody all cryptocurrency they hold on behalf of clients with " qualified custodians. " Because the majority of cryptocurrency exchanges are not " qualified custodians, " and because these exchanges require users to prefund their trades (in effect requiring users to place cryptocurrency in custody with them), it may be practically impossible for investment advisers to hold cryptocurrency on behalf of their institutional clients or managed funds. The exit of institutional investors and funds from the market for bitcoin could have an adverse effect on the price of bitcoin and thus on our results of operations. In the U. S., the Federal Reserve Board, U. S. Congress and certain U. S. agencies (e. g., the CFTC, the SEC, the Financial Crimes Enforcement Network of the U. S. Treasury Department (" FinCEN ") and the Federal

Bureau of Investigation) have begun to examine the operations of the Bitcoin network, bitcoin users and the bitcoin exchange market, in light of the FTX and other bankruptcies. Increasing regulation and regulatory scrutiny may result in new costs for us and our management may have to devote increased time and attention to regulatory matters or change aspects of our business. Increased regulation may also result in limitations on the use cases of bitcoin. In addition, regulatory developments may require us to comply with certain regulatory regimes. For example, to the extent that our activities cause us to be deemed a “ money service business ” under the regulations promulgated by FinCEN under the authority of the U. S. Bank Secrecy Act (“ BSA ”), we may be required to comply with FinCEN regulations, including those that would mandate us to implement certain anti-money laundering programs, make certain reports to FinCEN and maintain certain records. See also “ — If regulatory changes or interpretations of our activities require our registration as a money services business (“ MSB ”) under the regulations promulgated by FinCEN under the authority of the U. S. Bank Secrecy Act, or otherwise under state laws, we may incur significant compliance costs, which could be substantial or cost-prohibitive. If we become subject to these regulations, our costs in complying with them may have a material negative effect on our business and the results of our operations. ” **Any of the foregoing or similar regulatory activity in the future could reduce the availability, or increase the cost, including through taxation, of, electricity in the geographic locations in which our operating facilities are located, or could otherwise adversely impact our business. If we are forced to reduce our operations due to the availability or cost of electrical power, or restrictions on bitcoin mining activities, this will have an adverse effect on our business, prospects, financial condition and operating results.** Furthermore, in the future, foreign governments may decide to subsidize or in some other way support certain large-scale bitcoin mining projects, thus adding hashrate to the overall network. Such circumstances could have a material adverse effect on the amount of bitcoin that we may be able to mine as well as the value of bitcoin and, consequently, our business, prospects, financial condition and operating results. We cannot be certain as to how future regulatory developments will impact the treatment of bitcoin under the law, and ongoing and future regulation and regulatory actions could significantly restrict or eliminate the market for or uses of bitcoin and materially and adversely impact our business. If we fail to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations or be subjected to fines, penalties and other governmental action. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our business model at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any digital assets we hold or expect to acquire for our own account. If we were deemed an “ investment company ” under the Investment Company Act of 1940, as amended (the “ 1940 Act ”), applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business. An issuer will generally be deemed to be an “ investment company ” for purposes of the 1940 Act if: • it is an “ orthodox ” investment company because it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or • it is an inadvertent investment company because, absent an applicable exemption, it owns or proposes to acquire “ investment securities ” having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We believe that we are not and will not be primarily engaged in the business of investing, reinvesting or trading in securities, and we do not hold ourselves out as being engaged in those activities. We intend to hold ourselves out as a cryptocurrency mining business, specializing in bitcoin. Accordingly, we do not believe that we are an “ orthodox ” investment company as described in the first bullet point above. While certain cryptocurrencies may be deemed to be securities, we do not believe that certain other cryptocurrencies, in particular bitcoin, are securities. Our cryptocurrency mining activities focus on bitcoin; therefore, we believe that less than 40 % of our total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis will comprise cryptocurrencies or assets that could be considered investment securities. Accordingly, we do not believe that we are an inadvertent investment company by virtue of the 40 % test as described in the second bullet point above. There is uncertainty as to whether bitcoin and other cryptocurrencies that we may own, acquire or mine are, or will in the future be deemed to be, securities for purposes of the 1940 Act. See “ — Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations ” and “ Bitcoin’s status as a “ security ” in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize bitcoin, we may be subject to regulatory scrutiny, investigations, fines and other penalties, which may adversely affect our business, operating results and financial condition. Furthermore, a determination that bitcoin is a “ security ” may adversely affect the value of bitcoin and our business. ” If certain cryptocurrencies, including bitcoin, were to be deemed securities, and consequently, investment securities by the SEC, we intend to continue to operate our business in a manner such that we would not be deemed an inadvertent investment company. However, it is possible that we would be deemed an inadvertent investment company in such event, despite our intention not to operate as an investment company. If we were to be deemed an inadvertent investment company, we may seek to rely on Rule 3a-2 under the 1940 Act, which allows an inadvertent investment company a grace period of one year from the earlier of (a) the date on which the issuer owns securities and / or cash having a value exceeding 50 % of the issuer’s total assets on either a consolidated or unconsolidated basis or (b) the date on which the issuer owns or proposes to acquire investment securities having a value exceeding 40 % of the value of such issuer’s total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We are putting in place policies that we expect will work to keep the investment securities held by us at less than 40 % of our total assets, which may include acquiring assets with our cash, liquidating our investment securities or seeking no-action relief or exemptive relief from the SEC if we are unable to acquire sufficient assets or liquidate sufficient investment securities in a timely manner. As Rule 3a-2 is available to an issuer no more than once every three years, and assuming no other exclusion were available to us, we would have to keep within the 40 % limit for at least three years after we cease being an inadvertent investment company. This may limit our ability to make certain investments or enter into joint ventures that could otherwise have a positive impact on our earnings. In any event, we do not intend to become an investment company engaged in the business of investing and trading securities. Finally, we believe we are

not an investment company under Section 3 (b) (1) of the 1940 Act because we are primarily engaged in a non- investment company business. The 1940 Act and the rules thereunder contain detailed parameters for the organization and operations of investment companies. Among other things, the 1940 Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. We intend to continue to conduct our operations so that we will not be deemed to be an investment company under the 1940 Act. However, if anything were to happen that would cause us to be deemed to be an investment company under the 1940 Act, requirements imposed by the 1940 Act, including limitations on our capital structure, ability to transact business with affiliates and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among us and our senior management team and materially and adversely affect our business, financial condition and results of operations. If regulatory changes or interpretations of our activities require our registration as a money services business (“ MSB ”) under the regulations promulgated by FinCEN under the authority of the U. S. Bank Secrecy Act, or otherwise under state laws, we may incur significant compliance costs, which could be substantial or cost- prohibitive. If we become subject to these regulations, our costs in complying with them may have a material negative effect on our business and results of operations. FinCEN regulates providers of certain services with respect to “ convertible virtual currency, ” including bitcoin. Businesses engaged in the transfer of convertible virtual currencies are subject to registration and licensure requirements at the U. S. federal level and also under U. S. state laws. While FinCEN has issued guidance that cryptocurrency mining, without engagement in other activities, does not require registration and licensure with FinCEN, this could be subject to change as FinCEN and other regulatory agencies continue their scrutiny of the Bitcoin network and digital assets generally. To the extent that our business activities cause us to be deemed a “ money services business ” under the regulations promulgated by FinCEN under the authority of the BSA, we may be required to comply with FinCEN regulations, including those that would mandate us to implement anti- money laundering programs, make certain reports to FinCEN and maintain certain records. To the extent that our activities would cause us to be deemed a “ money transmitter ” or equivalent designation under state law in any state in which we may operate, we may be required to seek a license or otherwise register with a state regulator and comply with state regulations that may include the implementation of anti- money laundering programs, including implementing a know- your- counterparty program and transaction monitoring, maintenance of certain records and other operational requirements. Such additional federal or state regulatory obligations may cause us to incur extraordinary expenses. Furthermore, we may not be capable of complying with certain federal or state regulatory obligations applicable to “ money services businesses ” and “ money transmitters ”, such as monitoring transactions and blocking transactions, because of the nature of the Bitcoin blockchain. If it is deemed to be subject to and determine not to comply with such additional regulatory and registration requirements, we may act to dissolve and liquidate. The application of the Commodity Exchange Act and the regulations promulgated thereunder by the U. S. Commodity Futures Trading Commission to our business is unclear and is subject to change in a manner that is difficult to predict. To the extent we are deemed to be or subsequently become subject to regulation by the U. S. Commodity Futures Trading Commission in connection with our business activities, we may incur additional regulatory obligations and compliance costs, which may be significant. The CFTC has stated, and judicial decisions involving CFTC enforcement actions have confirmed, that bitcoin and other digital assets fall within the definition of a “ commodity ” under the U. S. Commodities Exchange Act of 1936, as amended (the “ CEA ”), and the regulations promulgated by the CFTC thereunder (“ CFTC Rules ”). As a result, the CFTC has general enforcement authority to police against manipulation and fraud in the spot markets for bitcoin and other digital assets. From time to time, manipulation, fraud and other forms of improper trading by other participants involved in the markets for bitcoin and other digital assets have resulted in, and may in the future result in, CFTC investigations, inquiries, enforcement action, and similar actions by other regulators, government agencies and civil litigation. Such investigations, inquiries, enforcement actions and litigation may cause negative publicity for bitcoin and other digital assets, which could adversely impact mining profitability. In addition to the CFTC’ s general enforcement authority to police against manipulation and fraud in spot markets for bitcoin and other digital assets, the CFTC has regulatory and supervisory authority with respect to commodity futures, options, and / or swaps (“ Commodity Interests ”) and certain transactions in commodities offered to retail purchasers on a leveraged, margined, or financed basis. Although we do not currently engage in such transactions, changes in our activities, the CEA, CFTC Rules, or the interpretations and guidance of the CFTC may subject us to additional regulatory requirements, licenses and approvals which could result in significant increased compliance and operational costs. Furthermore, trusts, syndicates and other collective investment vehicles operated for the purpose of trading in Commodity Interests may be subject to regulation and oversight by the CFTC and the National Futures Association (“ NFA ”) as “ commodity pools. ” If our mining activities or transactions in bitcoin and other digital assets were deemed by the CFTC to involve Commodity Interests and the operation of a commodity pool for the Company’ s shareholders, we could be subject to regulation as a commodity pool operator and required to register as such. Such additional registrations may result in increased expenses, thereby materially and adversely impacting an investment in our ordinary shares. If we determine it is not practicable to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations. Any such action may adversely affect an investment in our business. While we are not aware of any provision of the CEA or CFTC rules currently applicable to the mining of bitcoin and other digital assets, this is subject to change. We cannot be certain how future changes in legislation, regulatory developments, or changes in CFTC interpretations and policy may impact the treatment of digital assets and the mining of digital assets. Any resulting requirements that apply to or relate to our mining activities or our transactions in bitcoin and digital assets may cause us to incur additional extraordinary, non- recurring expenses, thereby materially and adversely impacting an investment in our ordinary shares. The SEC and its staff have taken the position that certain digital assets fall within the definition of a “ security ” under the U. S. federal securities laws. The legal test for determining whether any given digital asset is a security is a highly complex, fact- driven analysis that may evolve over time, and the outcome is difficult to

predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular digital asset as a security. It is also possible that a change in the governing administration or the appointment of new SEC commissioners could substantially impact the views of the SEC and its staff. Public statements made by senior officials at the SEC indicate that the SEC does not intend to take the position that bitcoin and Ether (as currently offered and sold) are securities under the federal securities laws. However, such statements are not official policy statements by the SEC and reflect only the speakers' views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other digital asset. ~~As of the date of this prospectus, with~~ **With** the exception of certain centrally issued digital assets that have received "no-action" letters from the SEC staff, bitcoin and Ether are the only digital assets which senior officials at the SEC have publicly stated are unlikely to be considered securities. With respect to all other digital assets, there is no certainty under the applicable legal test that such assets are not securities, notwithstanding the conclusions we may draw based on our risk-based assessment regarding the likelihood that a particular digital asset could be deemed a security under applicable laws. Any enforcement action by the SEC or any international or state securities regulator asserting that bitcoin is a security, or a court decision to that effect, would be expected to have an immediate material adverse impact on the trading value of bitcoin, as well as our business. This is because the business models behind most digital assets are incompatible with regulations applying to transactions in securities. If a digital asset is determined or asserted to be a security, it is likely to become difficult or impossible for the digital asset to be traded, cleared or custodied in the United States and elsewhere through the same channels used by non-security digital assets, which in addition to materially and adversely affecting the trading value of the digital asset is likely to significantly impact its liquidity and market participants' ability to convert the digital asset into U. S. dollars and other currencies. The regulatory and legislative developments related to climate change may materially adversely affect our brand, reputation, business, results of operations and financial position. A number of governments or governmental bodies have introduced or are contemplating legislative and regulatory changes in response to the increasing focus on climate change and its potential impact, including from governmental bodies, interest groups and stakeholders. For example, the Paris Agreement became effective in November 2016, and signatories are required to submit their most recent emissions goals in the form of nationally determined contributions. ~~Despite our sustainability objectives, including our target of carbon neutrality in mining operations by 2023, given~~ **Given** the very significant amount of electrical power required to operate bitcoin mining machines, as well as the environmental impact of mining for the rare earth metals used in the production of mining servers, the bitcoin mining industry may become a target for future environmental and energy regulations. **See " — Risks Related to Our Business, Industry and Operations — " 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. "** Legislation and increased regulation regarding climate change could impose significant costs on us and our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, costs to purchase renewable energy credits or allowances, and other costs to comply with such regulations. Specifically, imposition of a tax or other regulatory fee in ~~a jurisdiction~~ **jurisdictions** where we operate or on electricity that we purchase could result in substantially higher energy costs, and due to the significant amount of electrical power required to operate bitcoin mining machines, could in turn put our facilities at a competitive disadvantage. Any future climate change regulations could also negatively affect our ability to compete with companies situated in areas not subject to such limitations. Given the political significance and uncertainty around the impact of climate change and how it should be addressed, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increasing awareness of climate change and any negative publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. Any of the foregoing could have a material adverse effect on our financial position, prospects, results of operations and cash flows. Our interactions with a blockchain may expose us to SDN or blocked persons or cause us to violate provisions of law that did not contemplate distributed ledger technology. The Office of Financial Assets Control of the U. S. Department of Treasury ("OFAC") requires us to comply with its sanction program and not conduct business with persons named on its specially designated nationals ("SDN") list. However, because of the pseudonymous nature of blockchain transactions, we may inadvertently and without our knowledge engage in transactions with persons named on OFAC's SDN list. Our internal policies prohibit any transactions with such SDN individuals, but we may not be adequately capable of determining the ultimate identity of the individual with whom we transact with respect to selling digital assets. Moreover, there is a risk of malicious individuals using cryptocurrencies, including bitcoin, as a potential means of avoiding federally-imposed sanctions, such as those imposed in connection with the Russian invasion of Ukraine. For example, on March 2, 2022, a group of United States Senators sent the Secretary of the United States Treasury Department a letter asking Secretary Yellen to investigate its ability to enforce such sanctions with respect to bitcoin, and on March 8, 2022, President Biden announced an executive order on cryptocurrencies which seeks to establish a unified federal regulatory regime for cryptocurrencies. We are unable to predict the nature or extent of new and proposed legislation and regulation affecting the cryptocurrency industry, or the potential impact of the use of cryptocurrencies by SDN or other blocked or sanctioned persons, which could have material adverse effects on our business and our industry more broadly. Further, we may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties as a result of any regulatory enforcement actions, all of which could harm our reputation and affect the value of our common stock. In addition, in the future, OFAC or another regulator, may require us to screen transactions for OFAC addresses or other bad actors before including such transactions in a block, which may increase our compliance costs, decrease our anticipated transaction fees and lead to decreased traffic on our network. Any of these factors, consequently, could have a material adverse effect on our business, prospects, financial condition, and operating results. Moreover, federal law prohibits any U. S. person from knowingly or unknowingly possessing any visual

depiction commonly known as child pornography. Some media reports have suggested that persons have, in the past, imbedded such depictions on one or more blockchains. Because our business requires us to download and retain one or more blockchains to effectuate our ongoing business, it is possible that such digital ledgers contain prohibited depictions without our knowledge or consent. To the extent government enforcement authorities literally enforce these and other laws and regulations that are impacted by decentralized distributed ledger technology, we may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which could harm our reputation and could have a material adverse effect on our business, prospects, financial condition, and operating results. Regulatory actions in one or more countries could severely affect the right to acquire, own, hold, sell or use certain cryptocurrencies or to exchange them for fiat currency. In 2021, the Chinese government declared that all digital currency- related business activities are illegal, effectively banning mining and trading in cryptocurrencies, such as bitcoin. Other countries, such as India or Russia, may take similar regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use cryptocurrencies or to exchange them for fiat currency. In some nations, it is illegal to accept payment in bitcoin and other cryptocurrencies for consumer transactions and banking institutions are barred from accepting deposits of cryptocurrencies. Such restrictions may adversely affect us as the large- scale use of cryptocurrencies as a means of exchange is presently confined to certain regions. Furthermore, in the future, foreign governments may decide to subsidize or in some other way support certain large- scale cryptocurrency mining projects, thus adding hashrate to the overall network. Such circumstances could have a material adverse effect on the amount of bitcoin we may be able to mine, the value of bitcoin and any other cryptocurrencies we may potentially acquire or hold in the future and, consequently, our business, prospects, financial condition and operating results. Competition from central bank digital currencies (“ CBDCs ”) could adversely affect the value of bitcoin and other digital assets. Central banks in some countries have started to introduce digital forms of legal tender. For example, China’ s CBDC project was made available to consumers in January 2022, and governments from Russia to the European Union have been discussing potential creation of new digital currencies. A 2021 survey of central banks by the Bank for International Settlements found that 86 % are actively researching the potential for CBDCs, 60 % were experimenting with the technology and 14 % were deploying pilot projects. Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could have an advantage in competing with, or replace, bitcoin and other cryptocurrencies as a medium of exchange or store of value. As a result, the value of bitcoin could decrease, which could have a material adverse effect on our business, prospects, financial condition, and operating results. Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations. We are subject to income taxes in the United States, and our tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of stock- based compensation; • costs related to intercompany restructurings; • changes in tax laws, regulations or interpretations thereof; or • lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates. In addition, we may be subject to audits of our income, sales and other transaction taxes by taxing authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations. Future developments regarding the treatment of digital assets for U. S. federal income and applicable state, local and non- U. S. tax purposes could adversely impact our business. Due to the new and evolving nature of digital assets and the absence of comprehensive legal guidance with respect to digital assets and related transactions, many significant aspects of the U. S. federal income and applicable state, local and non- U. S. tax treatment of transactions involving digital assets, such as the purchase and sale of bitcoin and the receipt of staking rewards and other digital asset incentives and rewards products, are uncertain, and it is unclear what guidance may be issued in the future with respect to the tax treatment of digital assets and related transactions. Current IRS guidance indicates that for U. S. federal income tax purposes digital assets such as bitcoins should be treated and taxed as property, and that transactions involving the payment of bitcoins for goods and services should be treated in effect as barter transactions. The IRS has also released guidance to the effect that, under certain circumstances, hard forks of digital currencies are taxable events giving rise to taxable income and guidance with respect to the determination of the tax basis of digital currency. However, current IRS guidance does not address other significant aspects of the U. S. federal income tax treatment of digital assets and related transactions. Moreover, although current IRS guidance addresses the treatment of certain forks, there continues to be uncertainty with respect to the timing and amount of income inclusions for various crypto asset transactions, including, but not limited to, staking rewards and other crypto asset incentives and rewards products. While current IRS guidance creates a potential tax reporting requirement for any circumstance where the ownership of a bitcoin passes from one person to another, it preserves the right to apply capital gains treatment to those transactions, which is generally favorable for investors in bitcoin. There can be no assurance that the IRS will not alter its existing position with respect to digital assets in the future or that other state, local and non- U. S. taxing authorities or courts will follow the approach of the IRS with respect to the treatment of digital assets such as bitcoins for income tax and sales tax purposes. Any such alteration of existing guidance or issuance of new or different guidance may have negative consequences including the imposition of a greater tax burden on investors in bitcoin or imposing a greater cost on the acquisition and disposition of bitcoin, generally; in either case potentially having a negative effect on the trading price of bitcoin or otherwise negatively impacting our business. In addition, future technological and operational developments that may arise with respect to digital currencies may increase the uncertainty with respect to the treatment of digital currencies for U. S. federal income and applicable state, local and non- U. S. tax purposes. The loss or destruction of our private keys to our digital wallets, causing a loss of some or all of our **digital-bitcoin** assets. Digital assets, such as cryptocurrencies, are stored in a so- called “ digital wallet ”, which may be accessed to exchange a holder’ s digital assets, and is controllable by the processor of both the public key and the private key relating to this digital wallet in which the digital assets are held, both of which are unique. The blockchain

publishes the public key relating to digital wallets in use when transactions are made on the network, but users need to safeguard the private keys relating to such digital wallets. If one or more of our private keys are lost, destroyed, or otherwise compromised, we may be unable to access our bitcoin held in the related digital wallet which will essentially be lost. If the private key is acquired by a third party, then this third party may be able to gain access to our bitcoin. Any loss of private keys relating to digital wallets used to store our bitcoin, whether by us or digital asset exchanges where we hold our bitcoin, could have a material adverse effect on our ability to continue as a going concern or could have a material adverse effect on our business, prospects, financial condition, and operating results. In connection with our treasury management processes, in preparing to sell bitcoin, we may temporarily store all or a portion of our bitcoin on various digital asset trading platforms which requires us to rely on the security protocols of these trading platforms to safeguard our bitcoin. No security system is perfect and trading platforms have been subject to hacks resulting in the loss of businesses' and customers' digital assets in the past. Such trading platforms may not be well capitalized and may not have adequate insurance necessary to cover any loss or may not compensate for loss where permitted under the laws of the relevant jurisdiction. In addition, malicious actors may be able to intercept our bitcoin when we transact in or otherwise transfer our bitcoin or while we are in the process of selling our bitcoin via such trading platforms. Digital asset trading platforms have been a target for malicious actors in the past, and given the growth in their size and their relatively unregulated nature, we believe these trading platforms may continue to be targets for malicious actors. An actual or perceived security breach or data security incident at the digital asset trading platforms with which we have accounts could harm our ability to operate, result in loss of our assets, damage our reputation and negatively affect the market perception of our effectiveness, all of which could adversely affect the value of our ordinary shares. Furthermore, **recent events related to the collapse of FTX**, one of the largest digital asset trading platforms and exchanges **FTX**, exposed risks of digital asset trading platforms and exchanges being undercapitalized and / or overexposed in liabilities to the extent that they cannot survive a sudden "bank run" or significant amount of withdrawal requests submitted at the same time by multiple customers. **Specifically, FTX, being** one of the largest and considered among safest digital asset trading platforms and exchanges, **recently** had to file for and seek protection of Chapter 11 court proceedings after it was not able to fulfill a larger number of customer withdrawal requests made at the same time. The collapse of FTX also exposed potential industry contagion and systemic risks as its Chapter 11 filings had a fallout effect on a significant number of major market participants, namely one of the largest digital assets lending companies BlockFi. With significant exposure to FTX through unused credit line and various assets held at FTX, and after experiencing a similar "bank run" by multiple customers due to rumors of its exposure to FTX, BlockFi was forced to file for and seek protection of Chapter 11 court proceedings shortly after FTX Chapter 11 filing. A number of other digital assets companies have felt the pressure of FTX's bankruptcy, raising questions of potential systemic risks and contagion of FTX's Chapter 11 filings. See also "— Risks Related to Our Business, Industry and Operations — The further development and acceptance of digital asset networks and other digital assets, which represent a new and 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** **At this time, we** believe that there **are were** no significant exposures of our business to any of the industry participants who filed for Chapter 11 bankruptcy. **For example, our unconsolidated joint venture enterprise, Alborz LLC, maintains a loan with BlockFi but has not experienced adverse effects following BlockFi's Chapter 11 filing.** However, such failure of key institutions in the cryptocurrency asset industry highlights the risk of systemic interconnectedness between major market participants and the effect it could have on the industry as a whole. If any such digital assets trading platform and exchange, on which we store our bitcoin, experiences similar or same issues and is, therefore, forced to file for Chapter 11, we will be exposed to significant loss of value of our bitcoin stored on such digital assets trading platform and exchange. ~~The storage and custody of our bitcoin assets and any other cryptocurrencies that we may potentially acquire or hold in the future are subject to cybersecurity breaches and adverse software events. In addition to the risk of a private key loss to our digital wallets, see "— The loss or destruction of our private keys to our digital wallets, causing a loss of some or all of our digital assets", the storage and custody of our digital assets could also be subject to cybersecurity breaches and adverse software events. In order to minimize risk, we have established processes to manage wallets, or software programs where assets are held, that are associated with our cryptocurrency holdings. A "hot wallet" refers to any cryptocurrency wallet that is connected to the Internet. Generally, hot wallets are easier to set up and access than wallets in "cold" storage, but they are also more susceptible to hackers and other technical vulnerabilities. "Cold storage" refers to any cryptocurrency wallet that is not connected to the Internet. Cold storage is generally more secure than hot storage, but is not ideal for quick or regular transactions and we may experience lag time in our ability to respond to market fluctuations in the price of our digital assets. We generally hold our bitcoin in cold storage at Coinbase Prime to reduce the risk of loss. We may also use a hot wallet or other third-party custodial wallets, and we may rely on other options that may develop in the future. There can be no assurance that the custody services will be more secure than self storage or other alternatives. Human error and the constantly evolving state of cybercrime and hacking techniques may render present security protocols and procedures ineffective in ways which we cannot predict. Regardless of the storage method, the risk of damage to or loss of our digital assets cannot be wholly eliminated. If our security procedures and protocols, or those of Coinbase Prime or other trading or custody platforms we use, are ineffective and our cryptocurrency assets are compromised by cybercriminals, we may not have adequate recourse to recover our losses stemming from such compromise. A security breach could also harm our reputation. A resulting perception that our measures do not adequately protect our digital assets could have a material adverse effect on our business, prospects, financial condition, and operating results. Our bitcoin assets and any other cryptocurrencies we may potentially acquire or hold in the future may be subject to loss, theft, hacking, fraud risks and restriction on access. There is a risk that some or all of our bitcoin assets and any other cryptocurrencies we may potentially acquire or hold in the future could be lost or stolen. Hackers or malicious actors may launch attacks to steal or compromise cryptocurrencies, such as by attacking the cryptocurrency network source code, exchange miners, third-party platforms, cold and hot storage locations or software, or by other means. Cryptocurrency transactions and~~

accounts are not insured by any type of government program and cryptocurrency transactions generally are permanent by design of the networks. Certain features of cryptocurrency networks, such as decentralization, the open source protocols, and the reliance on peer-to-peer connectivity, may increase the risk of fraud or cyber-attack by potentially reducing the likelihood of a coordinated response. Cryptocurrencies have suffered from a number of recent hacking incidents and several cryptocurrency exchanges and miners have reported large cryptocurrency losses, which highlight concerns over the security of cryptocurrencies and in turn affect the demand and the market price of cryptocurrencies. Even if we retain our own bitcoin, the price of bitcoin can be adversely affected by hacking incidents. We may be in control and possession of one of the more substantial holdings of cryptocurrency. As we increase in size, we may become a more appealing target of hackers, malware, cyber-attacks or other security threats. Cyber-attacks may also target our miners or third-parties and other services on which we depend. Any potential security breaches, cyber-attacks on our operations and any other loss or theft of our cryptocurrency assets, which could expose us to liability and reputational harm and could seriously curtail the utilization of our services. Incorrect or fraudulent cryptocurrency transactions may be irreversible. Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. As a result, any incorrectly executed or fraudulent cryptocurrency transactions could adversely affect our investments and assets. Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the cryptocurrencies from the transaction. While theoretically cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network, we do not now, nor is it feasible that we could in the future, possess sufficient processing power to effect this reversal. Once a transaction has been verified and recorded in a block that is added to a blockchain, an incorrect transfer of a cryptocurrency or a theft thereof generally will not be reversible and we may not have sufficient recourse to recover our losses from any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, our cryptocurrency rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. **It** Further, according to the SEC, at this time, there is **possible that no specifically enumerated U. S. or foreign governmental, regulatory, investigative or prosecutorial authority or mechanism through which to bring an computer or human error, or through theft or criminal action, or our complaint regarding missing bitcoin could be transferred from us in incorrect amounts** or stolen cryptocurrency. The market participants, therefore, are presently reliant on existing private investigative entities to **unauthorized** investigate any potential loss of digital assets. These third **parties** -party service providers rely on data analysis and compliance of ISPs with traditional court orders to reveal information such as the IP addresses of any attackers. To the extent that we are unable to **seek a corrective transaction with such third party or are incapable of identifying the third party which has received our bitcoin through error or theft, we will be unable to revert or otherwise** recover **incorrectly transferred bitcoin. If we are unable to recover** our losses **from or seek redress for** such action, error or theft, such events could have a material adverse effect on our business, prospects, financial condition and operating results, including our ability to continue as a going concern. Acceptance and widespread use of cryptocurrency, in general, and bitcoin, specifically, is uncertain. Currently, there is a relatively limited use of any cryptocurrency in the retail and commercial marketplace, contributing to price volatility of cryptocurrencies. Price volatility undermines any cryptocurrency's role as a medium of exchange, as retailers are much less likely to accept it as a form of payment. Banks and other established financial institutions may refuse to process funds for cryptocurrency transactions, process wire transfers to or from cryptocurrency exchanges, cryptocurrency-related companies or service providers, or maintain accounts for persons or entities transacting in cryptocurrency. Furthermore, a significant portion of cryptocurrency demand, including demand for bitcoin, is generated by investors seeking a long-term store of value or speculators seeking to profit from the short- or long-term holding of the asset. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace, or a reduction of such use, limits the ability of end users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances could have a material adverse effect on the value of bitcoin or any other cryptocurrencies, and consequently our business, prospects, financial condition and operating results. The digital asset exchanges on which cryptocurrencies, including bitcoin, trade are relatively new and largely unregulated, and thus may be exposed to fraud and failure. Such failures may result in a reduction in the price of bitcoin and other cryptocurrencies and can adversely affect an investment in us. Digital asset exchanges on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated. Many digital exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, cryptocurrency exchanges, including prominent exchanges handling a significant portion of the volume of digital asset trading. **For example, in the second half of 2022 and beginning of 2023, each of Celsius Network, Voyager Digital Ltd., Three Arrows Capital and Genesis declared bankruptcy, resulting in a loss of confidence in participants of the digital asset ecosystem and negative publicity surrounding digital assets more broadly. In November 2022, FTX, the third largest digital asset exchange by volume at the time, halted customer withdrawals and shortly thereafter, FTX and its subsidiaries filed for bankruptcy.** A perceived lack of stability in the digital asset exchange market and the closure or temporary shutdown of digital asset exchanges due to business failure, hackers or malware, government-mandated regulation, or fraud, may reduce confidence in digital asset networks and result in greater volatility in cryptocurrency values. These potential consequences of a digital asset exchange's failure could adversely affect an investment in us. Ownership of bitcoin is pseudonymous, and the market supply of accessible bitcoin is unknown. Individuals or entities with substantial holdings in bitcoin may engage in large-scale sales or distributions, either on non-market terms or in the ordinary course, which could disproportionately and negatively affect the cryptocurrency market, result in a reduction in the price of bitcoin and materially and adversely affect the price of our common stock. There is no registry showing which individuals or entities own bitcoin or the quantity of bitcoin that is owned by any particular person or entity. It is possible, and in fact, reasonably likely, that a small group of early bitcoin adopters hold a significant proportion of the bitcoin that has been created to date. There are no regulations in place that would prevent a large holder of bitcoin from

selling the bitcoin it holds. To the extent such large holders of bitcoin engage in large-scale sales or distributions, either on non-market terms or in the ordinary course, it could negatively affect the cryptocurrency market and result in a reduction in the price of bitcoin. This, in turn, could materially and adversely affect the price of our stock, our business, prospects, financial condition, and operating results. The open-source structure of the Bitcoin network protocol means that the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. The Bitcoin network operates based on an open-source protocol, not represented by an official organization or authority. Instead it is maintained by a small group of core contributors, largely on the Bitcoin Core project on GitHub.com. These individuals can propose refinements or improvements to the Bitcoin network's source code through one or more software upgrades that alter the protocols and software that govern the Bitcoin network and the properties of bitcoin, including the irreversibility of transactions and limitations on the mining of new bitcoin. Proposals for upgrades and discussions relating thereto take place on online forums. As the Bitcoin network protocol is not sold and its use does not generate revenues for contributors, contributors are generally not compensated for maintaining and updating the Bitcoin network protocol. Although the MIT Media Lab's Digital Currency Initiative provides funding for individuals who perform leadership roles in the bitcoin community (known as "lead maintainers"), this type of financial incentive is not typical. The lack of guaranteed financial incentive for contributors to maintain or develop the Bitcoin network and the lack of guaranteed resources to adequately address emerging issues with the Bitcoin network may reduce incentives to address the issues adequately or in a timely manner. There can be no guarantee that developer support will continue or be sufficient in the future. Additionally, some development and developers are funded by companies whose interests may be at odds with other participants in the network or with investors' interests. To the extent that material issues arise with the Bitcoin network protocol and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, the Bitcoin network and consequently our business, prospects, financial condition and operating results could be adversely affected. Significant contributors to a network for any particular digital asset, such as bitcoin, could propose amendments to the respective network's protocols and software that, if accepted and authorized by such network, could adversely affect our business. If a developer or group of developers proposes a modification to the Bitcoin network that is not accepted by a majority of miners and users, but that is nonetheless accepted by a substantial plurality of miners and users, two or more competing and incompatible blockchain implementations could result, with one running the pre-modification software program and the other running the modified version (i.e., a second "Bitcoin network"). This is known as a "hard fork." Such a hard fork in the blockchain typically would be addressed by community-led efforts to reunite the forked blockchains, and several prior forks have been resolved successfully. However, a "hard fork" in the blockchain could materially and adversely affect the perceived value of bitcoin as reflected on one or both incompatible blockchains. Additionally, a "hard fork" will decrease the number of users and miners available to each fork of the blockchain as the users and miners on each fork blockchain will not be accessible to the other blockchain and, consequently, there will be fewer block rewards and transaction fees may decline in value. Any of the above could have a material adverse effect on our business, prospects, financial condition, and operating results. A temporary or permanent blockchain "fork" could have a negative effect on digital assets' value. In August 2017, bitcoin "forked" into bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process. Since then, bitcoin has been forked numerous times to launch new digital assets, such as Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond. These forks effectively result in a new blockchain being created with a shared history, and new path forward, and they have a different "proof of work" algorithm and other technical changes. The value of the newly created Bitcoin Cash and the other similar digital assets may or may not have value in the long run and may affect the price of bitcoin if interest is shifted away from bitcoin to these newly created digital assets. The value of bitcoin after the creation of a fork is subject to many factors including the value of the fork product, market reaction to the creation of the fork product, and the occurrence of forks in the future. Furthermore, a hard fork can introduce new security risks. For example, when Ethereum and Ethereum Classic split in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued trading venues through at least October 2016. An exchange announced in July 2016 that it had lost 40,000 Ether from the Ethereum Classic network, which was worth about \$100,000 at that time, as a result of replay attacks. Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool's hashing power to exceed 50% of the processing power of the Bitcoin network, thereby making the network more susceptible to attack. A fork could also be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software that users run. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of bitcoin while resisting community-led efforts to merge the two chains. This would result in a permanent fork, as in the case of Ethereum and Ethereum Classic, as detailed above. If a fork occurs on a digital asset network which we hold or are mining, such as bitcoin, it may have a negative effect on the value of the digital asset and could have a material adverse effect on our business, prospects, financial condition, and operating results. ~~Because there~~ **There** has been limited precedent set for financial accounting for bitcoin and other cryptocurrency assets, ~~and the impact of new guidance from the Financial Accounting Standards Board is still being determined~~ **and the impact of new guidance from the Financial Accounting Standards Board is still being determined** ~~determinations that we have made for how to account for cryptocurrency assets transactions may be subject to change.~~ ~~Because there~~ **There** has been limited precedent set for the financial accounting for bitcoin and other cryptocurrency assets and related revenue recognition. ~~In December 2023, and no official guidance has yet been provided by the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-08, Intangibles — Goodwill and Other — Crypto Assets (Subtopic 350-60): Accounting or for and Disclosure of Crypto Assets. Under the SEC guidance, it is unclear how companies may in the future be required to account: measure crypto assets at fair value with changes recognized in net income each reporting period, present crypto assets and related fair value changes separately in the balance sheet and income statement, and include various disclosures in interim and annual periods. The ASU is effective for cryptocurrency transactions fiscal years and interim~~ **In December 2023, and no official guidance has yet been provided by the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-08, Intangibles — Goodwill and Other — Crypto Assets (Subtopic 350-60): Accounting or for and Disclosure of Crypto Assets. Under the SEC guidance, it is unclear how companies may in the future be required to account: measure crypto assets at fair value with changes recognized in net income each reporting period, present crypto assets and related fair value changes separately in the balance sheet and income statement, and include various disclosures in interim and annual periods. The ASU is effective for cryptocurrency transactions fiscal years and interim**

periods within those fiscal years beginning after December 15, 2024, with early adoption permitted in any interim or annual period after the issuance of the ASU. The updated guidance is effective January 1, 2025, however we have chosen to early adopt the amendments as of January 1, 2023, resulting in and an assets and related revenue recognition opening adjustment to retained earnings of \$ 0. 2 million. A change in regulatory or for the year ended December 31, 2023. Because the guidance from the FASB is so recent, there is limited interpretive guidance, or examples to reference in applying the new standard. These new

financial accounting standards could result in the necessity to change the accounting methods we currently intend to employ in respect of our anticipated revenues and assets and restate any financial statements produced based on those methods. Such a restatement could adversely affect our business, prospects, financial condition and results of operation. The development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate. Digital assets, such as bitcoin, that may be used, among other things, to buy and sell goods and services are a new and rapidly evolving industry of which the digital asset networks are prominent, but not unique, parts. The growth of the digital asset industry, in general, and the digital asset networks, in particular, are subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as the digital asset networks, include: • worldwide growth in the adoption and use of bitcoin and other digital assets; • government and quasi- government regulation of bitcoin and other digital assets and their use, or restrictions on or regulation of access to and operation of the digital asset network or similar digital assets systems; • the maintenance and development of the open- source software protocol of the Bitcoin network and other digital asset block- chains; • the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; • general economic conditions and the regulatory environment relating to digital assets; and • the impact of regulators focusing on digital assets and digital securities and the costs associated with such regulatory oversight. The outcome of these factors could have negative effects on our ability to pursue our business strategy, which could have a material adverse effect on our business, prospects, financial condition, and operating results as well as potentially negative effect on the value of bitcoin or any other cryptocurrencies we may potentially acquire or hold in the future. ~~Banks and financial institutions may not provide banking services, or may cut off services, to businesses that provide cryptocurrency- related services or that accept cryptocurrencies as payment.~~

A number of companies that provide bitcoin or other cryptocurrency- related services have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. This risk may be further exacerbated in the current environment in light of several high- profile bankruptcies in the digital assets industry, as well as recent bank failures, which have disrupted investor confidence in cryptocurrencies and led to a rapid escalation of oversight of the digital asset industry. For further details, see “ — Risks Related to Our Business, Industry and Operations — The further development and acceptance of digital asset networks and other digital assets, which represent a new and 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. ” Established banks and financial institutions may be reluctant to provide products and services to the digital asset industry participants due to heightened concerns about the ability to comply with the heightened risks and regulatory scrutiny of banking institutions that provide such products or services. A number of companies and individuals or businesses associated with cryptocurrencies may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions. We also may be unable to maintain these services for our business. The difficulty that many businesses that provide bitcoin or other cryptocurrency- related services have and may continue to have in finding banks and financial institutions willing to provide them services may decrease the usefulness of cryptocurrencies as a payment system and harm public perception of cryptocurrencies. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses providing bitcoin or other cryptocurrency- related services. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and commodities exchanges, the over- the- counter market and the Depository Trust Company. Such factors would have a material adverse effect on our business, prospects, financial condition, and operating results.

Cryptocurrencies, including bitcoin, face significant scaling obstacles that can lead to high fees or slow transaction settlement times and any mechanisms of increasing the scale of cryptocurrency settlement may significantly alter the competitive dynamics in the market. Cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times, and attempts to increase the volume of transactions may not be effective. Scaling cryptocurrencies, and particularly bitcoin, is essential to the widespread acceptance of cryptocurrencies as a means of payment, which is necessary to the growth and development of our business. Many cryptocurrency networks face significant scaling challenges. For example, cryptocurrencies are limited with respect to how many transactions can occur per second. In this respect, bitcoin may be particularly affected as it relies on the “ proof of work ” validation, which due to its inherent characteristics may be particularly hard to scale to allow simultaneous processing of multiple daily transactions by users. Participants in the cryptocurrency ecosystem debate potential approaches to increasing the average number of transactions per second that the network can handle and have implemented mechanisms or are researching ways to increase scale, such as “ sharding ”, which is a term for a horizontal partition of data in a database or search engine, which would not require every single transaction to be included in every single miner’ s or validator’ s block. ~~For example, the Ethereum network is in the process of implementing software upgrades and other changes to its protocol, which are intended to create a new iteration of the Ethereum network that changes its consensus mechanism from “ proof of work ” to “ proof of stake ” and incorporate the use of “ sharding. ” This version aims to address both a clogged network that can only handle limited number of transactions per second and the large consumption of energy that comes with the “ proof of work ” mechanism. This new upgrade is envisioned to be more scalable, secure, and sustainable, although it remains unclear whether and how it may ultimately be implemented.~~ There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of cryptocurrency transactions will be effective, how long they will take to

become effective or whether such mechanisms will be effective for all cryptocurrencies. If the Bitcoin network is unable to ~~introduce similar changes to~~ address scaling issues, the price of bitcoin may decrease as users seek alternative networks. There is also a risk that any mechanisms of increasing the scale of cryptocurrency settlement, ~~such as the ongoing upgrades as part of~~ **Ethereum 2.0**, may significantly alter the competitive dynamics in the cryptocurrency market and may adversely affect the value of bitcoin and the price of our common stock. Alternatively, if bitcoin does make changes to its protocol to address scaling issues, these changes may render our business model obsolete. See “ — Risks Related to Bitcoin Mining — There is a possibility of cryptocurrency mining algorithms transitioning to “ proof of stake ” validation and other mining related risks, which could make us less competitive and ultimately adversely affect our business. ” Any of the foregoing could have a material adverse effect on our business, prospects, financial condition, and operating results. The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or other alternatives. The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or an alternative to distributed ledgers altogether. Our business intends to rely on presently existent digital ledgers and blockchains and we could face difficulty adapting to emergent digital ledgers, blockchains, or alternatives thereto. This may adversely affect us and our exposure to various blockchain technologies and prevent us from realizing the anticipated profits from our investments. Such circumstances could have a material adverse effect on our business, prospects, financial condition, and operating results and potentially the value of any bitcoin or other cryptocurrencies we may potentially acquire or hold in the future. If a malicious actor or botnet obtains control in excess of 50 % of the processing power active on any digital asset network, including the Bitcoin network, it is possible that such actor or botnet could manipulate the blockchain in a manner that may adversely affect our business, prospects, financial condition, and operating results. If a malicious actor, such as a rogue mining pool or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers), obtains a majority of the processing power dedicated to mining on any digital asset network (the so- called “ double- spend ” or “ 51 % ” attacks), including the Bitcoin network, it may be able to alter the blockchain by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the blockchain can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new digital assets or transactions using such control. Using alternate blocks, the malicious actor could “ double- spend ” its own digital assets (i. e., spend the same digital assets in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power or the digital asset community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. ~~For example, in late May and early June 2014, a mining pool known as GHash. io approached and, during a 24- to 48- hour period in early June may have exceeded, the threshold of 50 % of the processing power on the Bitcoin network. To the extent that GHash. io did exceed 50 % of the processing power on the network, reports indicate that such threshold was surpassed for only a short period, and there are no reports of any malicious activity or control of the blockchain performed by GHash. io. Furthermore, the processing power in the mining pool appears to have been redirected to other pools on a voluntary basis by participants in the GHash. io pool, as had been done in prior instances when a mining pool exceeded 40 % of the processing power on the Bitcoin network. In the recent years, there have been also a series of 51 % attacks on a number of other cryptocurrencies, including Verge and Ethereum Classic, which suffered three consecutive attacks in August 2020.~~ The approach towards and possible crossing of the 50 % threshold indicate a greater risk that a single mining pool could exert authority over the validation of digital asset transactions. To the extent that the cryptocurrency ecosystem does not act to ensure greater decentralization of cryptocurrency mining processing power, the feasibility of a malicious actor obtaining in excess of 50 % of the processing power on any digital asset network (e. g., through control of a large mining pool or through hacking such a mining pool) will increase, which could have a material adverse effect on our business, prospects, financial condition, and operating results. The price of cryptocurrencies may be affected by the sale of such cryptocurrencies by other vehicles investing in cryptocurrencies or tracking cryptocurrency markets. The global market for cryptocurrency is characterized by supply constraints that differ from those present in the markets for commodities or other assets such as gold and silver. The mathematical protocols under which certain cryptocurrencies are mined permit the creation of a limited, predetermined amount of currency, while others have no limit established on total supply. To the extent that other vehicles investing in cryptocurrencies or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for cryptocurrencies, large redemptions of the securities of those vehicles and the subsequent sale of cryptocurrencies by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the cryptocurrency inventory we hold. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results. We may face risks of Internet disruptions, which could have a material adverse effect on the price of cryptocurrencies. A disruption of the Internet may affect the use of cryptocurrencies and subsequently the value of our securities. Generally, bitcoin mining is dependent upon the Internet. A significant disruption in Internet connectivity could disrupt the Bitcoin network operations, or our ability to mine bitcoin, until the disruption is resolved, and could have a material adverse effect on the price of cryptocurrencies and, bitcoin specifically, and consequently, our business, prospects, financial condition, and operating results. Geopolitical crises may motivate large- scale purchases or sales of bitcoin and other cryptocurrencies, which could increase the price of bitcoin and other cryptocurrencies rapidly. Any significant sharp rise in demand for cryptocurrencies may increase the likelihood of a subsequent price decrease and fluctuations as crisis- driven purchasing behavior dissipates, adversely affecting the value of our inventory following such downward adjustment. Such risks are similar to the risks of purchasing commodities in general uncertain times, such as the risk of purchasing, holding or selling gold. Alternatively, as an emerging asset class with limited acceptance as a payment system or commodity, global crises and general economic downturn may discourage investment in cryptocurrencies as investors focus their investment on less volatile asset classes as a means of hedging their investment risk. As an alternative to fiat currencies that are backed by central

governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to us and our investors. Furthermore, any potential political, legal and economic instability in the regions with active cryptocurrency trading or mining, may lead to disruptions in cryptocurrency trading or mining activity and have a destabilizing effect on the prices of bitcoin or other cryptocurrencies. For example, in early January 2022, amid political protests in Kazakhstan, the local government ordered a temporary shut down of internet service, which took an estimated 15 % of the world's bitcoin miners offline. This, in turn, may have contributed to a decline in the price of the bitcoin from USD46 \$ 46, 055 on January 3, 2022 to USD41 \$ 41, 908 on January 7, 2022. Any potential political, legal and economic instability could also increase our domestic competition. See “ — We operate in a highly competitive industry and we compete against unregulated or **companies that operate in less regulated companies and environments as well as** companies with greater financial and other resources, and our business, operating results, and financial condition may be adversely affected if we are unable to respond to our competitors effectively. ” Bitcoin is the only cryptocurrency that we currently mine and, thus, our **future success will depend depends** in large part upon the value of bitcoin; the value of bitcoin and other cryptocurrencies may be subject to pricing risk and has historically been subject to wide swings. Our operating results **will** depend in large part upon the value of bitcoin because it is the only cryptocurrency that we **currently plan to** mine. Specifically, our revenues from our **cryptocurrency bitcoin** mining operations are **expected to be** based upon two factors: (1) the number of block rewards that we successfully mine and (2) the value of bitcoin. For further details on how our operating results may be directly impacted by changes in the value of bitcoin, see “ — Our historical financial statements do not reflect the potential variability in earnings that we may experience in the future relating to bitcoin holdings. ” Furthermore, in our operations we **intend to** use ASIC chips and mining rigs, which are principally utilized for mining bitcoin. Such miners cannot mine other cryptocurrencies, such as Ether, that are not mined utilizing the “ SHA- 256 algorithm. ” If other cryptocurrencies were to achieve acceptance at the expense of bitcoin, causing the value of bitcoin to decline, or if bitcoin were to switch its “ proof of work ” algorithm from SHA- 256 to another algorithm for which the miners we use are not specialized (see “ — There is a possibility of cryptocurrency mining algorithms transitioning to “ proof of stake ” validation and other mining related risks, which could make us less competitive and ultimately adversely affect our business ”), or the value of bitcoin were to decline for other reasons, particularly if such decline were significant or over an extended period of time, our business, prospects, financial condition, and operating results would be adversely affected. Bitcoin and other cryptocurrency market prices have historically been volatile. Our business may be adversely affected if the markets for bitcoin deteriorate or if its prices decline, including as a result of the following factors: • the reduction in mining rewards of bitcoin, including block reward halving events, which are events that occur after a specific period of time which reduces the block reward earned by miners; • disruptions, hacks, “ forks ”, 51 % attacks, or other similar incidents affecting the Bitcoin blockchain network; • hard “ forks ” resulting in the creation of and divergence into multiple separate networks; • informal governance led by bitcoin's core developers that lead to revisions to the underlying source code or inactions that prevent network scaling, and which evolve over time largely based on self- determined participation, which may result in new changes or updates that affect their speed, security, usability, or value; • the ability for Bitcoin blockchain network to resolve significant scaling challenges and increase the volume and speed of transactions; • the ability to attract and retain developers and customers to use bitcoin for payment, store of value, unit of accounting, and other intended uses; • transaction congestion and fees associated with processing transactions on the Bitcoin network; • the identification of Satoshi Nakamoto, the pseudonymous person or persons who developed bitcoin, or the transfer of Satoshi's bitcoin assets; • negative public perception of bitcoin or other cryptocurrencies or their reputation within the fintech influencer community or the general publicity around them; • development in mathematics, technology, including in digital computing, algebraic geometry, and quantum computing that could result in the cryptography being used by bitcoin becoming insecure or ineffective; and • laws and regulations affecting the Bitcoin network or access to this network, including a determination that bitcoin constitutes a security or other regulated financial instrument under the laws of any jurisdiction. Furthermore, bitcoin pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile or creating “ bubble ” type risks for bitcoin. Some market observers have asserted that the bitcoin market is experiencing a “ bubble ” and have predicted that, in time, the value of bitcoin will fall to a fraction of its current value, or even to zero. Bitcoin has not been in existence long enough for market participants to assess these predictions with any precision, but if these observers are even partially correct, it could have a material adverse effect on our business, prospects, financial condition, and operating results. Our historical financial statements, including those for the **year years** ended December 31, **2022-2023** and **for the eleven months ended** December 31, **2021-2022**, do not fully reflect the potential variability in earnings that we may experience in the future from holding or selling significant amounts of bitcoin. The price of bitcoin has historically been subject to dramatic price fluctuations and is highly volatile. We determine the fair value of our bitcoin based on quoted (unadjusted) prices on the active exchange that we have determined is our principal market for bitcoin. ~~We perform a daily analysis to identify whether events or changes in circumstances, principally decreases in the quoted (unadjusted) prices on the active exchange, indicate that it is more likely than not that any of our bitcoin assets is impaired. In determining if an impairment has occurred, we consider the lowest daily trading price of one bitcoin quoted on the active exchange at any time since acquiring the specific bitcoin held. The excess, if any, of the carrying amount of bitcoin and the lowest daily trading price of bitcoin represents a recognized impairment loss and subsequent increases in the price of bitcoin will not affect the carrying value of our bitcoin. Gains (if any) are not recorded until realized upon sale. In determining the gain to be recognized upon sale, we intend to calculate the difference between the sale price and carrying value of the specific bitcoin sold immediately prior to sale. As a result, any decrease in the fair value of bitcoin below our carrying value for such assets will require us to incur losses an impairment charge-~~ and such charge could be material to our financial results for the applicable reporting period, which may create significant volatility in our reported earnings and decrease the carrying value of our digital assets, which in turn could have a material adverse effect on our financial

condition and operating results. **Rewards for successful** ~~The supply of bitcoin is limited, and~~ production of bitcoin is negatively impacted by the bitcoin halving protocol expected every four years, **including an upcoming expected halving in April 2024, and the supply of bitcoin is limited.** The supply of bitcoin is limited and, once the 21 million bitcoin have been “unearthed”, the network will stop producing more. Currently, there are approximately 19.6 million, or ~~90~~ **approximately 93** % of the total supply of, bitcoin in circulation. ~~The Halving halving~~ is an event within the Bitcoin protocol where the bitcoin reward provided upon mining a block is reduced by 50 %. Halvings are scheduled to occur once every 210,000 blocks, or roughly every four years, with the latest halving having occurred in May 2020, which revised the block reward to 6.25 bitcoin and the next halving expected in April 2024. Halving reduces the number of new bitcoin being generated by the network. While the effect is to slow the pace of the release of new coins, it has no impact on the quantity of total bitcoin already outstanding. As a result, the price of bitcoin could rise or fall based on overall investor and consumer demand. Given a stable network hashrate, should the price of bitcoin remain unchanged after the next halving, our revenue related to mining new coins would be reduced by 50 %, with a significant impact on profit. Furthermore, as the number of bitcoin remaining to be mined decreases, the processing power required to record new blocks on the blockchain may increase. Eventually the processing power required to add a block to the blockchain may exceed the value of the reward for adding a block. Additionally, at some point, there will be no new bitcoin to mine. Once the processing power required to add a block to the blockchain exceeds the value of the reward for adding a block, we may focus on other strategic initiatives, which may be complimentary to our mining operations. For further details, see “Business — Our Strategy — Retain flexibility in considering strategically adjacent opportunities complimentary to our business model.” Any periodic adjustments to the digital asset networks, such as bitcoin, regarding the difficulty for block solutions, with reductions in the aggregate hashrate or otherwise, could have a material adverse effect on our business, prospects, financial condition, and operating results. If the award of new bitcoin for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power, or hashrate, to solve blocks and confirmations of transactions on the bitcoin blockchain could be slowed. Bitcoin miners record transactions when they solve for and add blocks of information to the blockchain. They generate revenue from both newly created bitcoin, known as the “block reward” and from fees taken upon verification of transactions. See “Business — Revenue Structure.” If the aggregate revenue from transaction fees and the block reward is below a miner’s cost, the miner may cease operations. If the award of new units of bitcoin for solving blocks declines and / or the difficulty of solving blocks increases, and transaction fees voluntarily paid by participants are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. For example, the current fixed reward for solving a new block on the Bitcoin network is 6.25 bitcoins per block; the reward decreased from 12.5 bitcoin in May 2020, which itself was a decrease from 25 bitcoin in July 2016. It is estimated that it will “halve” again in April 2024. This reduction may result in a reduction in the aggregate hashrate of the Bitcoin network as the incentive for miners decreases. Miners ceasing operations would reduce the aggregate hashrate on the Bitcoin network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions). Moreover, a reduction in the hashrate expended by miners on any digital asset network could increase the likelihood of a malicious actor or botnet obtaining control in excess of fifty percent (50 %) of the aggregate hashrate active on such network or the blockchain, potentially permitting such actor to manipulate the blockchain. See “— If a malicious actor or botnet obtains control in excess of 50 % of the processing power active on any digital asset network, including the Bitcoin network, it is possible that such actor or botnet could manipulate the blockchain in a manner that may adversely affect our business, prospects, financial condition, and operating results.” Periodically, the Bitcoin network has adjusted the difficulty for block solutions so that solution speeds remain in the vicinity of the expected ten (10) minute confirmation time targeted by the Bitcoin network protocol. We believe that from time to time there may be further considerations and adjustments to the Bitcoin network regarding the difficulty for block solutions. More significant reductions in the aggregate hashrate on the Bitcoin network could result in material, though temporary, delays in block solution confirmation time. Any reduction in confidence in the confirmation process or aggregate hashrate of any digital asset network may negatively impact the value of digital assets, which could have a material adverse effect on our business, prospects, financial condition, and operating results. Transactional fees may decrease demand for bitcoin and prevent expansion. As the number of bitcoins awarded in the form of block rewards for solving a block in a blockchain decreases, the relative incentive for miners to continue to contribute to the Bitcoin network may transition to place more importance on transaction fees. If transaction fees paid for bitcoin transactions become too high, the marketplace may be reluctant to accept bitcoin as a means of payment and existing users may be motivated to switch from bitcoin to another cryptocurrency or to fiat currency. Either the requirement from miners of higher transaction fees in exchange for recording transactions in a blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the price of bitcoin, which could have a material adverse effect on our business, prospects, financial condition, and operating results. Our reliance on any particular model of miner may subject our operations to increased risk of failure. The performance and reliability of our miners and our technology will be critical to our reputation and our operations. If there are any technological issues with our miners, our entire system could be affected. Any system error or failure may significantly delay response times or even cause our system to fail. Any disruption in our ability to continue mining could result in lower yields and harm our reputation and business. Any exploitable weakness, flaw, or error common to our miners may affect all our miners, and if a defect or other flaw is exploited, our entire mine could go offline simultaneously. Any interruption, delay or system failure could have a material adverse effect on our business, prospects, financial condition, and operating results. “Proof of stake” is an alternative method in validating cryptocurrency transactions. Should the Bitcoin network shift from a “proof of work” validation method to a “proof of stake” validation method, mining would require less energy and may render companies, such as ours, that may be perceived as advantageously positioned in the current climate, for example, due to lower priced electricity,

processing, real estate, or hosting, less competitive. Our business model and our strategic efforts are fundamentally based upon the “proof of work” validation method and the assumption that use of lower priced electricity in our cryptocurrency mining operations will make our business model more resilient to fluctuations in bitcoin price and will generally provide us with certain competitive advantage. See “Business — Our Strengths — Cost leadership with reliable electricity supply and resilient business model with downside protection against drops in bitcoin prices” and “— 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.” Consequently, if the cryptocurrency mining algorithms transition to “proof of stake” validation, we may be exposed to the risk of losing the benefit of our perceived competitive advantage that we hope to gain and our business model may need to be reevaluated. Furthermore, ASIC chips that we intend to use in our operations are also designed for “proof of work” mechanism. Many people within the bitcoin community believe that “proof of work” is a foundation within bitcoin’s code that would not be changed. However, there have been debates on mechanism change to avoid the “de facto control” by a great majority of the network computing power. With the possibility of a change in rule or protocol of the Bitcoin network, if our bitcoin mining chips and machines cannot be modified to accommodate any such changes, our results of operations will be significantly affected. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results, including our ability to continue as a going concern. We may not adequately respond to price fluctuations and rapidly changing technology, which may negatively affect our business. Competitive conditions within the cryptocurrency industry require that we use sophisticated technology in the operation of our business. The industry for blockchain technology is characterized by rapid technological changes, new product introductions, enhancements and evolving industry standards. New technologies, techniques or products could emerge that might offer better performance than the software and other technologies we currently utilize, and we may have to manage transitions to these new technologies to remain competitive. We may not be successful, generally or relative to our competitors in the cryptocurrency industry, in timely implementing new technology into our systems, or doing so in a cost-effective manner. During the course of implementing any such new technology into our operations, we may experience system interruptions and failures during such implementation. Furthermore, there can be no assurances that we will recognize, in a timely manner or at all, the benefits that we may expect as a result of our implementing new technology into our operations. As a result, our business, prospects, financial condition and operating results could be adversely affected. To the extent that the profit margins of bitcoin mining operations are not high, operators of bitcoin mining operations are more likely to immediately sell bitcoin rewards earned by mining in the market, thereby constraining growth of the price of bitcoin that could adversely impact us, and similar actions could affect other cryptocurrencies. Over the past several years, bitcoin mining operations have evolved from individual users mining with computer processors, graphics processing units and first-generation ASIC servers. Currently, new processing power is predominantly added by incorporated and unincorporated “professionalized” mining operations. Professionalized mining operations may use proprietary hardware or sophisticated ASIC machines acquired from ASIC manufacturers. They require the investment of significant capital for the acquisition of this hardware, the leasing of operating space (often in data centers or warehousing facilities), incurring of electricity costs and the employment of technicians to operate the mining farms. As a result, professionalized mining operations are of a greater scale than prior miners and have more defined and regular expenses and liabilities. These regular expenses and liabilities require professionalized mining operations to maintain profit margins on the sale of bitcoin. To the extent the price of bitcoin declines and such profit margin is constrained, professionalized miners are incentivized to more immediately sell bitcoin earned from mining operations, whereas it is believed that individual miners in past years were more likely to hold newly mined bitcoin for more extended periods. The immediate selling of newly mined bitcoin greatly increases the trading volume of bitcoin, creating downward pressure on the market price of bitcoin rewards. The extent to which the value of bitcoin mined by a professionalized mining operation exceeds the allocable capital and operating costs determines the profit margin of such operation. A professionalized mining operation may be more likely to sell a higher percentage of its newly mined bitcoin rapidly if it is operating at a low profit margin and it may partially or completely cease operations if its profit margin is negative. In a low profit margin environment, a higher percentage could be sold more rapidly, thereby potentially depressing bitcoin prices. Lower bitcoin prices could result in further tightening of profit margins for professionalized mining operations creating a network effect that may further reduce the price of bitcoin until mining operations with higher operating costs become unprofitable forcing them to reduce mining power or cease mining operations temporarily. The foregoing risks associated with bitcoin could be equally applicable to other cryptocurrencies, whether existing now or introduced in the future. Such circumstances could have a material adverse effect on our business, prospects, financial condition, and operating results. To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any widespread delays in the recording of transactions could result in a loss of confidence in that digital asset network, which could adversely impact an investment in us. To the extent that any miners cease to record transactions in solved blocks, such transactions will not be recorded on the blockchain. Currently, there are no known incentives for miners to elect to exclude the recording of transactions in solved blocks; however, to the extent that any such incentives arise (e. g., a collective movement among miners or one or more mining pools forcing bitcoin users to pay transaction fees as a substitute for or in addition to the award of new bitcoins upon the solving of a block), actions of miners solving a significant number of blocks could delay the recording and confirmation of transactions on the blockchain. Any systemic delays in the recording and confirmation of transactions on the blockchain could result in greater exposure to double-spending transactions and a loss of confidence in certain or all digital asset networks, which could have a material adverse effect on our business, prospects, financial condition, and operating results. Demand for bitcoin is driven, in part, by its status as one of the most prominent and secure digital assets. It is possible that digital assets, other than bitcoin, could have features that make them more desirable to a material portion of the digital asset user base, resulting in a

reduction in demand for bitcoin, which could have a negative impact on the price of bitcoin and have a material adverse effect on our business, prospects, financial condition, and operating results. Bitcoin, as an asset, holds a “ first- to- market ” advantage over other digital assets. This first- to- market advantage is driven in large part by having the largest user base and, more importantly, the largest mining power in use to secure its blockchain and transaction verification system. Having a large mining network results in greater user confidence regarding the security and long- term stability of a digital asset’ s network and its blockchain; as a result, the advantage of more users and miners makes a digital asset more secure, which makes it more attractive to new users and miners, resulting in a network effect that strengthens the first- to- market advantage. Despite the marked first- mover advantage of the Bitcoin network over other digital asset networks, it is possible that another digital asset could become materially popular due to either a perceived or exposed shortcoming of the Bitcoin network protocol that is not immediately addressed by the bitcoin contributor community or a perceived advantage of an altcoin that includes features not incorporated into bitcoin. If a digital asset obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce bitcoin’ s market share as well as other digital assets we may become involved in and have a negative impact on the demand for, and price of, such digital assets and could have a material adverse effect on our business, prospects, financial condition, and operating results. The Bitcoin we hold is not insured and not subject to FDIC or SIPC protections. The bitcoin we hold is not insured. Therefore, any loss that we may suffer with respect to our bitcoin is not covered by insurance and no person may be liable in damages for such loss, which could adversely affect our operations. We do not hold our bitcoin with a banking institution or a member of the Federal Deposit Insurance Corporation (“ FDIC ”) or the Securities Investor Protection Corporation (“ SIPC ”) and, therefore, our bitcoin is ~~also not be~~ subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. **We are an emerging growth company and..... to achieve long- term profitability.** As described under Item 9A. “ Controls and Procedures ” below, as we prepared the consolidated financial statements for the year ended December 31, ~~2022~~ **2023**, management has concluded that a material weakness in our internal control over financial reporting existed as of December 31, ~~2022~~ **2023**. This material weakness is more fully described in Item 9A. Accordingly, internal control over financial reporting and our disclosure controls and procedures were not effective as of such date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, the deficiencies we identified relate to user access controls to ensure appropriate segregation of duties or program change management controls for certain financially relevant systems impacting the Company’ s processes around revenue recognition and digital assets to ensure that IT program and data changes affecting the Company’ s (i) financial IT applications, (ii) digital currency mining equipment, and (iii) underlying accounting records, are identified, tested, authorized and implemented appropriately to validate that data produced by its relevant IT system (s) were complete and accurate. Automated process- level controls and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency. In addition, the Company has not effectively designed a manual key control to detect material misstatements in revenue. **Since the material weakness was identified, our 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.** We are taking the following actions to remediate this material weakness: • Enhance our remediation efforts by continuing to devote resources in 2023 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 over 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 is complete and accurate. We cannot assure you the measures we are taking to remediate the material weakness will be sufficient or that they will prevent future material weaknesses. Additional material weaknesses or failure to maintain effective internal control over financial reporting could cause us to fail to meet our reporting obligations as a public company and may result in a restatement of our financial statements for prior periods. The occurrence of, or failure to remediate, this material weakness and any future material weaknesses in our internal control over financial reporting may adversely affect the accuracy and reliability of our financial statements and have other consequences that could materially and adversely affect our business, including an adverse impact on the market price of our common stock, potential actions or investigations by the SEC or other regulatory authorities, shareholder lawsuits, a loss of investor confidence and damage to our reputation. We are an emerging growth company and are able take advantage of reduced disclosure requirements applicable to “ emerging growth companies,” which could make our common stock less attractive to investors. We are an “ emerging growth company ” as defined in the JOBS Act. We will remain an emerging growth company until the earlier of (i) December 31, 2025, the last day of the fiscal year following the fifth anniversary of the date of the first sale of the initial public offering of Good Works Acquisition Corp. (“ GWAC ”), our predecessor company; (ii) the last day of the fiscal year in which we have total annual gross revenues of \$ 1. **235** billion or more; (iii) the date on which we have issued more than \$ 1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under applicable SEC rules. We expect that we will remain an emerging growth company for the foreseeable future but cannot retain our emerging growth company status indefinitely and will no longer qualify as an emerging growth company on or before December 31, 2025. References herein to “ emerging growth company ” have the meaning associated with it in the JOBS Act. For so long as

we remain an emerging growth company, we are permitted and intend to rely on exemptions from specified disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include: • being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced “ Management ’ s Discussion and Analysis of Financial Condition and Results of Operations ” disclosure; • not being required to comply with the requirement of auditor attestation of our internal controls over financial reporting; • not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor ’ s report providing additional information about the audit and the financial statements; • reduced disclosure obligations regarding executive compensation; and • not being required to hold a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. For as long as we continue to be an emerging growth company, we expect that we will take advantage of the reduced disclosure obligations available to us as a result of that classification. We have taken advantage of certain of those reduced reporting burdens in this Annual Report. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock. An emerging growth company can take advantage of the extended transition period provided in Section 7 (a) (2) (B) of the Securities Act for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected to avail ourselves of this extended transition period and, as a result, we will not be required to adopt new or revised accounting standards on the dates on which adoption of such standards is required for other public reporting companies. We are also a “ smaller reporting company ” as defined in Rule 12b- 2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and have elected to take advantage of certain of the scaled disclosure available for smaller reporting companies. Bitfury Group Top HoldCo is our controlling a significant shareholder and, as such, may be able to control exert influence over our strategic direction and exert substantial influence over all matters submitted to our stockholders for approval, including the election of directors and amendments of our organizational documents, and an approval right over any acquisition or liquidation. As of March 7 4, 2023 2024, Bitfury Group Top HoldCo (together with Bitfury Holding) holds approximately 40 81.2% of our common stock. Accordingly, Bitfury is Group may be able to control or exert substantial influence over all matters submitted to our stockholders for approval, including such as the election of directors and amendments of our organizational documents, and an approval right over any acquisition or liquidation. Bitfury Group Top HoldCo may have interests that differ from those of the other stockholders and may vote in a way with which the other stockholders disagree and which may be adverse to their interests. This concentrated control ownership may have the effect of delaying, preventing or deterring a change in control of Cipher, could deprive Cipher ’ s stockholders of an opportunity to receive a premium for their capital stock as part of a sale of Cipher, and might ultimately affect the market price of shares of our common stock. Furthermore Thus, the decisions of Bitfury Group Top HoldCo is our counterparty under the Master Services and Supply Agreement. For further details, see “ Business — Business Agreements — Master Services and Supply Agreement ” and “ Risk Factors — Risks Related to our Common Stock and Warrants — Bitfury Top HoldCo is our counterparty under the Master Services and Supply Agreement and is a holding company with limited assets. ” The Master Services and Supply Agreement and any potential agreements thereunder constitute related party transactions. Bitfury Top HoldCo is entitled to appoint a majority of the members of the Board, and it has the power to determine the decisions to be taken at our shareholder meetings on matters of our management that require the prior authorization of our shareholders, including in respect of related party transactions, such as a significant the Master Services and Supply Agreement, corporate restructurings and the date of payment of dividends and other capital distributions. Thus, the decisions of Bitfury Top HoldCo as our controlling shareholder on these certain matters, including its decisions with respect to its or our performance under the Master Services and Supply Agreement, may be contrary to the expectations or preferences of our other common stockholders and could have a material adverse effect on our business, prospects, financial condition, and operating results. Bitfury Top HoldCo is our counterparty under the Master Services and Supply Agreement. For further details on the Master Services and Supply Agreement, see “ Business — Business Agreements — Master Services and Supply Agreement. ” To extent that we decide to order any equipment and / or services from Bitfury Top HoldCo under this agreement, we may be exposed to risk as Bitfury Top HoldCo ’ s decisions on various matters, including its decisions with respect to its or our performance under the Master Services and Supply Agreement, may be contrary to the expectations or preferences of our shareholders. For example, because the Bitfury Group also has its own mining operations outside of the United States, there is a risk that Bitfury Top HoldCo may refuse to deliver the equipment or services that we may seek to order under the Master Services and Supply Agreement if it perceives that it may deliver that equipment or those services on more economically advantageous terms to other third parties or to other companies of the Bitfury Group. If we decide to use the Master Services and Supply Agreement to obtain any equipment or services for our operations and Bitfury Top HoldCo is unable, refuses or fails to perform its obligations under the Master Services and Supply Agreement, whether due to certain economic or market conditions, bankruptcy, insolvency, lack of liquidity, operational failure, fraud, or for any other reason, we may have limited recourse to collect damages in the event of its default, given that Bitfury Top HoldCo is a holding company with limited assets. Non performance or default risk by any of our suppliers could have a material adverse effect on our future results of operations, financial condition and cash flows. Any offer or sale by Bitfury Group Top HoldCo, of our common stock or securities in the Bitfury Top HoldCo itself or another entity that may have a direct or indirect control over us, could have a negative effect on the price and trading volume of our common stock. As of March 7 4, 2023 2024, Bitfury Group Top HoldCo (together with Bitfury Holding) holds approximately 40 81.2% of our common stock. The market price and trading volume of our common stock could be adversely affected by, among other factors, sales of substantial amounts of common stock in the public market, investor perception that substantial amounts of common stock could be sold or by the fact or perception of other events that could have a negative effect on the market for our common stock. In the future, upon expiration of its lock-

up, including on February 27, 2023 and August 27, 2023, Bitfury Top HoldCo may offer or sell our common stock on the market. Furthermore, on April 8, 2022, we entered into the Waiver Agreement with Bitfury Top HoldCo, pursuant to which we waived certain restrictions on transfer of our common stock held by Bitfury Top HoldCo and certain other stockholders, which were subject to lock-ups. For further details, see “Certain Relationships and Related Person Transactions — Waiver Agreement.” At any time, Bitfury Top HoldCo may also engage in capital markets transactions with respect to securities in Bitfury Top HoldCo itself or another entity that may have direct or indirect control over us. Any future transactions by Bitfury Group Top HoldCo with other investors, such as the ones listed above, could decrease the price and trading volume of our common stock. Furthermore, as the cryptocurrency industry is developing and investments in cryptocurrency and cryptocurrency-related securities may still be highly speculative, it can contribute to any potential price volatility of our common stock and exacerbate any effects of the risks discussed above. Bitfury Group Top HoldCo beneficially own-owns a significant equity interest in Cipher and may take actions that conflict with your interests. The interests of Bitfury Group Top HoldCo may not align with the interests of Cipher and our other stockholders. Bitfury Group Top HoldCo is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. Bitfury Group Top HoldCo and its affiliates may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Our Certificate of Incorporation provides that certain parties or any of their managers, officers, directors, equity holders, members, principals, affiliates and subsidiaries (other than Cipher and its subsidiaries) do not have any fiduciary duty to refrain from engaging, directly or indirectly, in the same or similar business activities or lines of business as Cipher or any of its subsidiaries. Exercise of our outstanding warrants for our common stock would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. As of March 7-4, 2023-2024, we had 8,613,980 outstanding warrants to purchase our common stock, which became exercisable beginning October 19, 2021. The exercise price of these warrants will be \$ 11.50 per share. To the extent such warrants are exercised, additional shares of our common stock will be issued, which will result in dilution to the holders of our common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the prevailing market price of our common stock. However, there is no guarantee that the public warrants will be in the money at a given time prior to their expiration, and as such, the warrants may expire worthless. See “ — The public warrants may not be in the money at a given time, and they may expire worthless and the terms of the warrants may be amended in a manner adverse to a holder if holders of at least 50 % of the then outstanding public warrants approve of such amendment.” There is no guarantee that our public warrants will ever be in the money, and they may expire worthless. The exercise price for our public warrants is \$ 11.50 per share of our common stock. There is no guarantee that our public warrants will ever be in the money prior to their expiration, and as such, the warrants may expire worthless. A market for our securities may not continue, which would adversely affect the liquidity and price of our securities. An active trading market for our securities may never develop or, if developed, it may not be sustained. In addition, the price of our securities can vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. In the absence of a liquid public trading market:

- you may not be able to liquidate your investment in shares of our common stock;
- the market price of shares of our common stock or public warrants may experience significant price volatility; and
- there may be less efficiency in carrying out your purchase and sale orders.

Additionally, if our securities become delisted from the Nasdaq for any reason, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on the Nasdaq or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained. On December 15, 2022, we received a letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC (“Nasdaq”) indicating that, since our Common Stock had closed below Nasdaq’s \$ 1.00 per share minimum bid price requirement for 30 consecutive days, we were no longer in compliance with Nasdaq Listing Rule 5450 (a) (1) (the “Minimum Bid Price Requirement”) for continued listing. In accordance with Nasdaq Listing Rule 5810 (c) (3) (A), we had a period of 180 calendar days, or until June 13, 2023 (the “Compliance Date”), to regain compliance with the Minimum Bid Price Requirement. If at any time before the Compliance Date the bid price for the Common Stock closed at \$ 1.00 per share or more for a minimum of 10 consecutive business days (unless Nasdaq exercised its discretion to extend this ten-day period pursuant to Nasdaq Listing Rule 5810 (c) (3) (H)), Nasdaq would provide written notification to us that we had regained compliance with the Minimum Bid Price Requirement. We received written notification from Nasdaq on February 3, 2023 that we had regained compliance. The price of our common stock and warrants has been and may continue to be volatile. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of our common stock and warrants in spite of our operating performance, which may limit or prevent investors from readily selling their common stock or warrants and may otherwise negatively affect the liquidity of our common stock or warrants. There can be no assurance that the market price of common stock and warrants will not fluctuate widely or decline significantly in the future in response to a number of factors, including, among others, the following:

- changes in financial estimates by us or by any securities analysts who might cover our stock;
- proposed changes to laws in the U.S. or foreign jurisdictions relating to our business, or speculation regarding such changes;
- delays, disruptions or other failures in the supply of cryptocurrency hardware, including chips;
- conditions or trends in the digital assets industries and, specifically the bitcoin mining space;
- stock market price and volume fluctuations of comparable companies;
- fluctuations in prices of bitcoin and other cryptocurrencies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures;
- significant lawsuits or announcements of investigations or regulatory scrutiny of its operations or lawsuits filed against us;
- recruitment or departure of key personnel;
- investors’ general perception of our business or management;
- trading volume of our common stock;
- overall performance of the equity markets;
- publication of research reports about us or our industry or positive or negative

recommendations or withdrawal of research coverage by securities analysts; • general global, political and economic conditions; and • other events or factors, many of which are beyond our control. In addition, in the past, stockholders have initiated class action lawsuits against public companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause it to incur substantial costs and divert management's attention and resources from our business. The requirements of being a public company require significant resources and management attention and affect our ability to attract and retain executive management and qualified board members. We are subject to the reporting requirements of the Exchange Act, and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations of the SEC and Nasdaq, including the impacts establishment and maintenance of effective disclosure and financial controls, changes in corporate governance practices and required filing of annual, quarterly and current reports with respect to our business and results of operations. Any failure to develop or maintain effective controls or any difficulties encountered in the their COVID implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations. Compliance with public company requirements will increase costs and make certain activities more time-consuming and costly, and increase demand on our systems and resources, particularly after we are no longer and an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Furthermore, if any issues in complying with those requirements are identified (for example, if the auditors identify a material weakness or significant deficiency in the internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect our reputation or investor perceptions of it. It may also be more expensive to obtain director and officer liability insurance. See " — 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." In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve or otherwise change over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations, and standards (or changing interpretations of them), and this investment may result in increased selling, general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected. We also expect that being a public company and the associated rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of the Board, particularly to serve on our audit committee, compensation committee, and nominating and governance committee, and qualified executive officers. As a result of disclosure of information in this Annual Report and in filings required of a public company, our business and financial condition is more visible, which may result in threatened or actual litigation, including by competitors. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results. In addition, as a result of our disclosure obligations as a public company, we will have reduced flexibility and will be under pressure to focus on short-term results, which may adversely affect our ability to achieve long-term profitability. If securities or industry analysts do not publish or cease publishing research or reports about us, our business or market, or if they change their recommendations regarding our securities adversely, the price and trading volume of our securities could decline. The trading market for our securities will be influenced by the research and reports that industry or securities analysts may publish about us, our business, market or competitors. Securities and industry analysts do not currently, and may never, publish research on us. If no securities or industry analysts commence coverage of us, our share price and trading volume would likely be negatively impacted. If any of the analysts, who may cover us, change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about its competitors, the price of our common stock would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause its share price or trading volume to decline. Future sales, or the perception of future sales, by our stockholders in the public market could cause the market price for our common stock to decline. The sale of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and

at a price that it deems appropriate. The shares of our common stock reserved for future issuance under the Incentive Award Plan will become eligible for sale in the public market once those shares are issued. A total of approximately 7.0% of the fully diluted shares of our common stock was initially reserved for future issuance under the Incentive Award Plan, which amount was increased by 7,478,382 shares on January 1, 2022, **and again by another 7,426,559 shares on January 1, 2023 and again by another 8,728,736 shares on January 1, 2024**, and is subject to increase annually or from time to time in the discretion of our compensation committee. Our compensation committee may determine the exact number of shares to be reserved for future issuance under the Incentive Award Plan at its discretion. On November 17, 2021, we filed a registration statement with the SEC on Form S-8, to register 42,104,588 shares of our common stock that we may issue pursuant to the Incentive Award Plan. This, and any similar registration statements filed on Form S-8 in the future, is automatically effective upon filing. Accordingly, shares registered under such registration statements are available for sale in the open market. In the future, we may also issue its securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders. Because there are no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell our common stock for a price greater than that which you paid for it. We may retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends as a public company in the future will be made at the discretion of the Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that the Board may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness it or its subsidiaries incur. As a result, you may not receive any return on an investment in our common stock unless you sell your shares of common stock for a price greater than that which you paid for it. We may issue additional shares of our common stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of our common stock. Pursuant to the Incentive Award Plan, we may issue an aggregate of approximately 7.0% of the fully diluted shares of our common stock, which amount was increased by 7,478,382 shares on January 1, 2022, **and again by another 7,426,559 shares on January 1, 2023, and again by another 8,728,736 shares on January 1, 2024**, and will be subject to increase annually or from time to time in the discretion of our compensation committee. For additional information about this plan, please read the discussion under the heading “Executive Compensation — Incentive Award Plan.” In addition, pursuant to an at-the-market offering agreement with **Cantor Fitzgerald H.C. Wainwright & Co., Canaccord Genuity LLC, Needham & Company, LLC and Compass Point Research & Trading**, LLC, 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, which is included in the \$500.0 million of securities that may be offered pursuant to our shelf registration statement on Form S-3 that was declared effective on October 6, 2022. For further details, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.” We may also issue additional shares of our common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances. The issuance of additional shares or other equity securities of equal or senior rank would have the following effects: • existing stockholders’ proportionate ownership interest in us will decrease; • the amount of cash available per share, including for payment of dividends in the future, may decrease; • the relative voting strength of each previously outstanding our common stock may be diminished; and • the market price of our common stock or public warrants may decline. Anti-takeover provisions in our Certificate of Incorporation and under Delaware law could make an acquisition of Cipher, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management. Our Certificate of Incorporation contains provisions that may delay or prevent an acquisition of Cipher or a change in its management in addition to the significant rights of Bitfury **Group Top HoldCo** as direct and indirect holder of approximately **40.81.2%** of our common stock, as of March **7.4, 2023-2024**. These provisions may make it more difficult for stockholders to replace or remove members of the Board. Because the Board is responsible for appointing the members of the management team, these provisions could in turn frustrate or prevent any attempt by stockholders to replace or remove the current management. In addition, these provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. Among other things, these provisions include: • the limitation of the liability of, and the indemnification of, its directors and officers; • a prohibition on actions by its stockholders except at an annual or special meeting of stockholders; • a prohibition on actions by its stockholders by written consent; and • the ability of the Board to issue preferred stock without stockholder approval, which could be used to institute a “poison pill” that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by the Board. Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the DGCL, which prohibits a person who owns 15% or more of its outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired 15% or more of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. This could discourage, delay or prevent a third party from acquiring or merging with us, whether or not it is desired by, or beneficial to, its stockholders. This could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in our stockholders’ best interests. Finally, these provisions establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings. These provisions would apply even if the offer may be considered beneficial by some stockholders. For more information, see “Description of Securities.” Our Certificate of Incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which

could limit its stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our Certificate of Incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: • any derivative action or proceeding brought on our behalf; • any action asserting a breach of fiduciary duty; • any action asserting a claim against us arising under the DGCL or the Governing Documents; and • any action asserting a claim against us that is governed by the internal-affairs doctrine or otherwise related to our internal affairs. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, the Certificate of Incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of the Certificate of Incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for potential disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in the Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could harm our business. We may be subject to securities litigation, which is expensive and could divert management attention. The market price of our securities may be volatile and, in the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm its business.