Risk Factors Comparison 2023-12-01 to 2022-12-15 Form: 10-K

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The risks described below are not the only risks we face. If any of the events described in the following risk factors actually occurs, or if additional risks and uncertainties later materialize ~~,~~ that are not presently known to us or that we currently deem immaterial, then our business, prospects, results of operations and financial condition could be materially adversely affected. In that event, the trading price of our common stock could decline, and you may lose all or part of your investment in our shares. The risks discussed below include forward- looking statements, and our actual results may differ substantially from those discussed in these forward- looking statements. Risk Factors Summary Below is a summary of the principal factors that make an investment in our common stock speculative or risky. This summary does not address all of the risks ~~that~~ we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below and should be carefully considered, together with other information included in this Annual Report **on Form 10- K** . Risks Related to Our Business • our dependence on the price of bitcoin to achieve profitability, which has historically been volatile; • our limited operating history and history of operating losses and negative cash flow ~~; • supply chain and shipping disruptions have resulted in shipping delays, a significant increase in lead times and shipping costs, and could increase expansion costs and result in lower or delayed bitcoin production~~ ; • volatile and unpredictable cycles in the emerging and evolving industries in which we operate; • competition in the markets in which we operate; • our reliance on and ability to manage our construction contractors and suppliers to meet our expansion efforts in keeping with planned timelines and cost estimates; • our reliance on our management team, and any failure by management to properly manage growth; • future strategic acquisitions and other arrangements that we engage in, which could disrupt our business, cause dilution to our stockholders, reduce our financial resources and harm our operating results; • our ability to timely complete our future strategic growth initiatives or within our anticipated cost; • increased compliance costs as a result of our strategic acquisitions; • our need for financing in the future to sustain and expand our operations and any inability to obtain such financing on acceptable terms, or at all; • we maintain our cash at financial institutions, ~~which at times,~~ **often in balances that** exceed federally insured limits; • the uncertain impact of geopolitical and economic events on the demand for bitcoin; • our exposure to pricing risk and volatility associated with the value of bitcoin because we do not hedge our investment in bitcoin; • the development and acceptance of competing blockchain platforms or technologies; • the reward for successfully solving a block will halve in the future **,** and its value may not adjust to compensate us for the reduction in the rewards we receive from our mining efforts; • our reliance on a third- party mining pool service provider for our mining revenue payouts; • forks in the bitcoin network; • the open- source structure of the bitcoin network protocol and any failure to properly monitor and upgrade the protocol; • the possibility that banks and financial institutions may not provide services to businesses that engage in cryptocurrency- related activities; • the lack of limitations of FDIC or SIPC protections for the bitcoin we hold; • bitcoins we mine or hold for our own account may be subject to loss, theft, or restriction on access; • potential actions of malicious actors or botnets; • the loss or destruction of private keys required to access our bitcoins and potential data loss relating to our bitcoins; • potential failures of digital asset exchanges and custodians; • **risks due to disruptions in the digital 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 digital assets; •** inadequate sources of recovery if our ~~digital assets~~ **bitcoin holdings** are lost, stolen or destroyed **; • our ability to adopt technology in response to changing security needs or trends and reliance on a third party, Coinbase, for custody of our bitcoin holdings; • security threats to us; • a loss of confidence in our security systems, or a breach of our security systems** ; • the irreversibility of incorrect or fraudulent bitcoin transactions; • potential Internet disruptions; • the limited rights of legal recourse available to us following any loss of our bitcoins; • the sale of our bitcoins to pay for expenses a time of low bitcoin prices; • the possibility that a cryptocurrency other than bitcoin could be more desirable to the digital asset user base; • the possibility that our mining costs may exceed our mining revenues; • damage ~~of~~ **to** the properties included in our mining operation and potential inability to get adequate insurance coverage for same; • our need for significant electrical power to support our mining operations; • increased scrutiny and changing expectations from stakeholders with respect to ESG practices and the impacts of climate change; • our operations and profitability may be adversely affected by competition from other methods of **investing in** cryptocurrencies; • the possibility that large holders of bitcoin may sell bitcoin into the market in large amounts all at once, thereby impacting the growth of the price of bitcoin; • **the** 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; • risks related to technological obsolescence, the vulnerability of the global supply chain for cryptocurrency hardware disruption ~~,~~ and difficulty in obtaining new hardware; • the limited precedent for financial accounting of digital assets, and the possibility of future accounting requirements for transactions involving digital assets; • **the** possibility of **our** failure to grow our hashrate; • risks arising from pandemics, epidemics or an outbreak of diseases, such as ~~the recent outbreak of~~ the COVID- 19 pandemic; • global economic conditions, including continuing or worsening inflationary issues and associated changes in monetary policy and potential economic recession, and geopolitical events such as the Russia- Ukraine conflict ~~,~~ **and** the subsequent imposition of sanctions as a result of the Russia- Ukraine conflict **, and the Israeli- Palestinian conflict,** could adversely affect our business, financial condition and results of operations; • potential product defect or liability suits, or any recall of our products, particularly those in the discontinued operations; **and • our limited insurance protection exposes us and our stockholders to the risk of loss of our bitcoin for which no person is liable.** Risks Related to Governmental Regulation and Enforcement

Operations • potential changes in laws and regulations applicable to mining bitcoin, bitcoin itself ~~,~~ or interpretations thereof, including, without limitation, banking regulations and securities regulations and regulations governing mining activities, both in the U. S. and in other countries; • we may incur additional compliance costs if deemed subject to the Commodity Exchange Act; • the risk that the SEC or another regulatory body considers bitcoin or any other cryptocurrency to be a security; • changing environmental regulation and public energy policy; • future developments regarding the treatment of digital assets for U. S. federal income and applicable state, local and non- U. S. tax purposes; **and** • potential exposure to specifically designated nationals or blocked persons as a result of our interactions with the bitcoin network ~~;~~ **.** Risks Related to Our Securities • the price of our common stock may be volatile and could fluctuate widely in price; • any future issuance of preferred stock may adversely affect holders of our common stock, as shares of preferred stock may have additional rights, preferences and privileges as compared to ~~the~~ **our** common stock; • we are currently the subject of a shareholder class action, and may be subject to shareholder litigation in the future; our costs of defending such litigation, arbitration and other proceedings and any adverse outcome of such litigation, arbitration or other proceeding may have a material adverse effect on our business and the results of our operations; • we have financed our strategic growth primarily by issuing new shares of our common stock, which dilutes the ownership interests of current stockholders; • we have not, and do not **presently** intend to, pay dividends on shares of our common stock; • if securities or industry analysts do not publish or do not continue to publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline; • our indebtedness could adversely affect our financial health and prevent us from fulfilling our debt obligations; • significant costs and demands upon management as a result of complying with the laws and regulations affecting public companies, and the possible failure to comply with internal control over financial reporting requirements under Section 404 of the Sarbanes- Oxley Act of 2002; • **our management has identified a material weakness in its internal control over financial reporting and may identify additional material weaknesses in the future; •** we ~~qualify~~ **are an accelerated filer and may no longer provide scaled disclosures** as a smaller reporting company **beginning with our Quarterly Report on Form 10- Q for the quarter ending December 31, 2023, which will increase our costs** and **demands on management** ~~are subject to scaled disclosure requirements~~ ; and • provisions in the Nevada Revised Statutes and our ~~Bylaws~~ **bylaws** could make it very difficult for an investor to bring any legal actions against our directors or officers for violations of their fiduciary duties or could require us to pay any amounts incurred by our directors or officers in any such actions. Our ability to achieve profitability is dependent on the price of bitcoin, which has historically been volatile. Our primary focus on our bitcoin mining operations and our associated expansion efforts is largely based on our assumptions regarding the future value of bitcoin, which has been subject to significant historical volatility and may be subject to influence from malicious actors, real or perceived scarcity, political, economic, and regulatory conditions, and speculation making its price more volatile. It is difficult to accurately predict the future market price of bitcoin ~~and~~ **, which** may ~~also~~ inhibit consumer trust in and market acceptance of bitcoin as a means of exchange, ~~which could~~ **thereby potentially** ~~limit~~ **limiting** the future adoption of bitcoin and ~~, as a result~~ **resulting** ~~,~~ **in** our assumptions ~~could prove~~ **proving to be** incorrect. If our assumptions prove incorrect and the future price of bitcoin is not sufficiently high, our income from our bitcoin mining operations may not exceed our costs, and our operations may never achieve profitability. We have a limited operating history and a history of operating losses and negative cash flow, and we may never achieve consistent profitability. Our limited operating history, in particular our recent entry into the bitcoin mining business, makes it difficult to evaluate our business and predict our future results of operations. Although we have achieved profitable quarters in the past, to date, we have not maintained consistent profitability from period to period, and no assurances can be made that we will achieve consistent profitability in the near future, if ever. From the Company' s inception through September 30, ~~2022~~ **2023** , we sustained $ ~~196~~ **332** , **643** ~~053, 911~~ in cumulative net losses, and we had a net loss from our continuing operations for the fiscal year ended September 30, ~~2022~~ **2023** of $ ~~40~~ **132** , **160** ~~089, 393~~ . We have generated these losses as we execute our business plan and expand on our bitcoin mining activities as bitcoin prices ~~are~~ **have at times been** in a bear market. ~~We~~ **The extent to which we** will continue to recognize losses in our continuing operations ~~unless and until~~ **is dependent on** bitcoin prices ~~recover. Supply chain and shipping disruptions have resulted in shipping delays~~ , **among other** ~~a significant increase in lead times and shipping costs, and could increase expansion costs and result in lower or delayed bitcoin production. Supply chain disruptions, resulting from~~ factors ~~such as the COVID- 19 pandemic, inflation, labor supply and shipping container shortages, have impacted, and may continue to impact, us and our third- party manufacturers and suppliers. These disruptions have resulted in longer lead times and increased product costs and shipping expenses, including with respect to the delivery of miners that we have purchased. While we have taken steps to minimize the impact of these increased costs by working closely with our suppliers and customers, there can be no assurances that unforeseen events impacting the supply chain will not have a material adverse effect on us in the future. Additionally, the impacts supply chain disruptions have on our third- party manufacturers and suppliers are not within our control. Although we have seen improvements in the last 12 months, it is not currently possible to predict how long it will take for these supply chain disruptions to return to pre- pandemic levels, if at all. Prolonged supply chain disruptions impacting us and our third- party manufacturers and suppliers could increase lead times, delay expansion efforts, increase product costs, result in reduced bitcoin production, result in a delay in the delivery of miners that we have purchased, and continue to increase shipping costs associated with the delivery of our purchased miners, any of which may have a material adverse effect on our business, operating results and financial condition~~ . Our future success is difficult to predict because we operate in emerging and evolving industries that are subject to volatile and unpredictable cycles. The bitcoin mining and related industries are emerging and evolving, which may lead to period- to- period variability in our operating results and may make it difficult to evaluate our future prospects. If we are not able to timely and appropriately adapt to changes in our business environment or to accurately assess where we are positioned within a business cycle, our business, financial condition ~~,~~ or results of operations may be materially and adversely affected. The markets in which we participate are highly competitive, and we may be unable to successfully compete. We compete in the highly competitive market for certain operational aspects of our bitcoin mining business, including, but not limited to, the acquisition of new miners, obtaining the lowest cost of electricity, obtaining clean energy sources, obtaining access to energy sites with reliable sources of power ~~,~~ and evaluating new technology developments in the industry. Evolving industry standards, rapid price changes and product obsolescence impact the market and its various participants, including us. Our competitors include many domestic and foreign companies, many of which have substantially greater financial, marketing, personnel and other resources than we do, which may cause us to be at a competitive disadvantage. The success of our bitcoin mining business will be dependent upon our ability to purchase additional miners, adapt to changes in technology in the industry, and to obtain sufficient energy at reasonable prices, amongst other things. A significant part of our success will depend on our reliance on and ability to manage our construction contractors and suppliers, including mining equipment suppliers, in order to meet our expansion efforts in keeping with planned timelines and cost estimates, and any failure to do so could materially and adversely affect our results of operations and relations with our customers. We rely on a limited number of suppliers for the purchase and delivery of our miners to support our bitcoin mining operations. There can be no assurance that such key suppliers and manufacturers will provide components, products or miners in a timely and cost- efficient manner or otherwise meet our needs and expectations. Any disruption in **the operations of** such key suppliers ~~'~~ or manufacturers could delay our ability to expand our bitcoin mining operations. Our ability to manage such relationships and timely replace suppliers and manufacturers, if necessary, is critical to our success. Our failure to timely replace our manufacturers and suppliers, should that become necessary, could materially and adversely affect our results of operations. For example, we depend on Bitmain, MicroBT ~~and~~ **,** Canaan **Crypt Solutions and Sunnyside Digital** for our mining rigs and any change in their ability to manufacture **or distribute** and deliver these products could have a significant impact on our results of operations. ~~Additionally~~ **Supply chain disruptions resulting from factors such as inflation** , ~~we~~ **labor supply and shipping container shortages and the COVID- 19 pandemic have impacted, and may continue to impact, us and our third- party manufacturers and suppliers. We** are reliant on third parties for our expansion efforts, including construction contractors and suppliers of infrastructure, to provide accurate estimates and timelines. If those parties experience delays, cannot access adequate capital, **or** are exposed to inflation pressures or supply chain disruptions, our expansion efforts will be similarly impacted. We rely heavily on our management team, whose continued service and performance is critical to our future success. Any failure by management to properly manage growth, including hiring and retaining competent and skilled management and other personnel, could have a material adverse effect on our business, operating results ~~,~~ and financial condition. We currently have ~~four~~ **three** executive officers — our Chief Executive Officer and President, Zachary Bradford, our Chief Financial Officer, Gary Vecchiarelli, ~~our Chief Communications Officer, Isaac Holyoak,~~ and S. Matthew ~~Schulz~~ **Schultz** , our Executive Chairman — who are responsible for our management functions and are responsible for strategic development, financing and other critical functions. ~~Some of the members of our management team and our Board of Directors do not have prior experience in the bitcoin mining industry. This lack of experience may impair our management teams' and directors' ability to evaluate and make well- informed decisions involving our current operations and any future projects we may undertake in the industries in which we operate. Such impairment and lack of experience could adversely affect our business, financial condition and future operations.~~ Our future success depends significantly on the continued service and performance of our existing management team. The departure, death, disability or other extended loss of services of any member of our management team, particularly with little or no notice, could cause delays on projects, frustrate our growth prospects and could have an adverse impact on our industry relationships, our project exploration and development programs, other aspects of our business and our financial condition, results of operations, cash flow and prospects. Our success, growth prospects ~~,~~ and ability to capitalize on market opportunities also depend to a significant extent on our ability to identify, hire, motivate and retain qualified managerial personnel, including additional senior members of management. Our growth may be constrained by resource limitations as competitors and customers compete for increasingly scarce human capital resources. The demand for professionals familiar with bitcoin mining and other skilled workers is currently high. Our competitors may be able to offer a work environment with higher compensation or more opportunities than we can. Any new personnel we hire may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. If we are unable to attract and retain a sufficient number of skilled personnel, our ability to successfully implement our business plan, grow our company and maintain or expand our mining operations may be adversely affected, and the costs of doing so may increase, which may adversely impact our business, financial condition and results of operations. Our **planned** expansion could also place significant demands on our management, operations, systems, accounting, internal controls and financial resources. If we experience difficulties in any of these areas, we may not be able to expand our business successfully or effectively manage our growth. Any failure by management to manage growth and to respond to changes in our business could have a material adverse effect on our business, financial condition and results of operations. We have engaged in, and in the future may engage in, strategic acquisitions and other arrangements that could disrupt our business, cause dilution to our stockholders, reduce our financial resources and harm our operating results. We have previously engaged in strategic transactions, including acquisitions of companies, technologies and personnel, such as our recent **asset and business** acquisitions **related to our Dalton** ~~of the Mawson Assets in October 2022~~ , **GA** ~~WAHA and SPRE Assets in August 2022~~ , ~~ATL in December 2020~~ **Sandersville, GA and Washington, GA facilities** , and, as part of our growth strategy, in the future, we may seek additional opportunities to grow our mining operations, including through purchases of miners and facilities from other operating companies, including companies in financial distress. Our ability to grow through future acquisitions will depend on the availability of, and our ability to identify, suitable acquisition and investment opportunities at an acceptable cost, our ability to compete effectively to attract those opportunities and the availability of financing to complete acquisitions. Future acquisitions may require us to issue common stock that would dilute our current stockholders' percentage ownership, assume or otherwise be subject to liabilities of an acquired company, record goodwill and non- amortizable intangible assets that will be subject to impairment testing on a regular basis and potential periodic impairment charges, incur amortization expenses related to certain intangible assets, incur large acquisition and integration costs, immediate write- offs, and restructuring and other related expenses ~~,~~ and become subject to litigation. The benefits of an acquisition may also take considerable time to develop, and we cannot be certain that any particular acquisition will produce the intended benefits in a timely manner or to the extent anticipated or at all. We may experience difficulties integrating the operations, technologies ~~,~~ and personnel of an acquired company or be subjected to liability for the target' s pre- acquisition activities or operations as a successor in interest. Such integration may divert management' s attention from normal daily operations of our business. Future acquisitions may also expose us to potential risks, including risks associated with entering markets in which we have no or limited prior experience, especially when competitors in such markets have stronger market positions, the possibility of insufficient revenues to offset the expenses we incur in connection with an acquisition and **the** potential loss of, or harm to, our relationships with employees and suppliers as a result of integration of new businesses. We may not be able to timely complete our future strategic growth initiatives or within our anticipated cost estimates, if at all. As part of our efforts to grow our hashrate and remain competitive in the market, we have acquired facilities, entered into new and re- negotiated purchased power agreements and invested in additional new and used mining equipment. We are also reliant on third parties for our expansion efforts, including construction contractors and providers of infrastructure equipment, who may be burdened by delays in manufacturing, supply chain problems, less access to capital due to macro **-** economic ~~-~~ conditions, or inflation. This could increase our costs and / or delay our expansion and acquisition efforts. If we are unable to complete our planned expansions or acquisitions on schedule and within our anticipated cost estimates, our deployment of newly purchased miners may be delayed, which could affect our competitiveness and our results of operation, which could have a material adverse effect on our financial condition and the market price for our securities. We may experience increased compliance costs as a result of ~~our~~ **future** strategic acquisitions. ~~The financial statements and internal controls related to the Mawson Assets and the WAHA and SPRE Assets have not, historically, been required to be in compliance with Section 404 of the Sarbanes- Oxley Act of 2002 (" Sarbanes- Oxley Act "). Further, future~~ **Future** strategic acquisitions could carry substantial compliance burdens, which may limit our ability to realize the anticipated benefits of such acquisitions, and which may require our management and personnel to shift their focus to such compliance burdens and away from their other functions. Such increased costs and compliance burdens could affect our ability to realize the anticipated benefits of such strategic acquisitions, and our business, results of operations ~~,~~ and financial condition may suffer as a result. In the future, we may require additional financing to sustain and expand our operations, and we may not be able to obtain financing on acceptable terms, or at all, which would have a material adverse effect on our business, financial condition, results of operations, cash flow and prospects. Our ability to operate profitably and to grow our business is dependent upon, among other things, generating sufficient revenue from our operations and, when and if needed, obtaining financing. If we are unable to generate sufficient revenues to operate and / or expand our business, we will be required to raise additional capital to fund operating deficits (if applicable) and **the** growth of our business, pursue our business plans and to finance our operating activities, including through equity or debt financings, which may not be available to us on favorable terms, or at all. Our ability to obtain capital through sales of bitcoin ~~would~~ **may** also be impacted by ~~declines~~ **the volatility** in the price of bitcoin. We have **previously** raised capital to finance our strategic growth of our business through public offerings of our common stock, including through our at- the- market offering program, and we expect to need to raise additional capital through similar public offerings to finance the completion of current and future expansion initiatives. Utilizing those sources may be more challenging in the current financial market conditions, in particular where trading volume is diminished. We may not be able to obtain additional debt or equity financing on favorable terms, if at all, which could impair our growth and adversely impact our existing operations. To the extent that we raise additional capital through the sale of equity or convertible debt securities, stockholder ownership interest in the Company may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect rights as a stockholder. Debt and equity financings, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as redeeming our shares of common stock, making investments, incurring additional debt, making capital expenditures or declaring dividends. We maintain our cash at financial institutions, ~~which at times,~~ **often in balances that** exceed federally insured limits. ~~The~~ **We maintain our cash at financial institutions, often in balances that exceed federally insured limits. We maintain the** majority of our cash ~~is held~~ **and cash equivalents** in accounts at ~~U. S.~~ banking institutions **in the United States** that we believe are of high quality. Cash held in **these** ~~non- interest- bearing and interest- bearing operating~~ accounts ~~may~~ **often** 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~~ -- **the** amounts held in excess of such insurance limitations **. The FDIC recently took control of three such banking institutions, Silicon Valley Bank on March 10, 2023, Signature Bank on March 12, 2023 and First Republic Bank on May 1, 2023. While we did not have an account at any of these three banks, in the event of the failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position. Our ability to open accounts at certain financial institutions is limited by the policies of such financial institutions to not accept clients that are in the digital asset industry** . The impact of geopolitical and economic events on the demand for bitcoin is uncertain. Geopolitical crises may trigger large- scale purchases of bitcoin, which could rapidly increase ~~their~~ -- **the** ~~prices~~ - **price of bitcoin** . This may, however, also increase the likelihood of a subsequent price swing in the opposite direction as crisis- driven purchasing behavior dissipates, ultimately decreasing the value of ~~bitcoins~~ - **bitcoin** or any other digital asset in our possession. Such risks are similar to the risks of purchasing commodities in generally uncertain times, such as the risk of purchasing, holding or selling gold. Alternatively, global crises and economic downturns may discourage investment in bitcoin and digital assets in general as investors shift their investments towards less volatile asset classes. Such events could have a material adverse effect on our business, prospects or operations and potentially the value of bitcoin we mine or otherwise acquire or hold for our own account. The value of bitcoin has historically been subject to wide swings. Because we do not currently hedge our investment in bitcoin and do not intend to for the foreseeable future, we are directly exposed to bitcoin' s price volatility and surrounding risks. **The market price of one bitcoin in our principal market ranged from approximately $ 15, 460 to $ 31, 862 during the fiscal year ended September 30, 2023 and ranged from approximately $ 17, 567 to $ 69, 000 during the fiscal year ended September 30, 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~~ **bitcoin** , 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. 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 anticipate engaging in any hedging activities related to our holding of bitcoin; this would expose us to substantial decreases in the price of bitcoin. 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 abandon bitcoin. As we exclusively mine **bitcoin** , and expect to exclusively mine bitcoin **in the future** , we could face difficulty adapting to emergent digital ledgers, blockchains ~~,~~ or alternatives thereto. This could prevent us from realizing the anticipated profits from our investments. 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 **therefore** harm investors. Bitcoin is subject to halving; the reward for successfully solving a block will halve several times in the future and its value may not adjust to compensate us for the reduction in the rewards we receive from our mining efforts. Halving is a process designed to control the overall supply and reduce the risk of inflation in cryptocurrencies using a Proof- of- Work consensus algorithm. In an event referred to as bitcoin " halving, " the bitcoin reward for mining any block is cut in half. For example, the mining reward for bitcoin declined from 12. 5 to 6. 25 bitcoin on May 11, 2020. This process is scheduled to occur once every 210, 000 blocks ~~,~~ ~~or roughly~~ **. It is estimated that bitcoin will next halve in April 2024 and then approximately every** four years ~~,~~ **thereafter** until the total amount of bitcoin rewards issued reaches 21 million, which is expected to occur around 2140. Once 21 million bitcoin are generated, the network will stop producing more. Currently, there are more than 19 million bitcoin in circulation. While bitcoin prices have had a history of price fluctuations around halving events, there is no guarantee that ~~the~~ **any such** price change will be favorable or would compensate for the reduction in mining reward. If a corresponding and proportionate increase in the price of bitcoin does not follow these anticipated halving events, the revenue from our mining operations would decrease, and we may not have an adequate incentive to continue mining and may cease mining operations altogether, which may adversely affect an investment in us. Furthermore, such reductions in bitcoin rewards for uncovering blocks 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 collective processing power on the network, which would adversely affect the confirmation process for transactions and make the bitcoin network more vulnerable to malicious actors or botnets obtaining control in excess of 50 % of the processing power active on the blockchain. Such events may adversely affect our activities and an investment in us. Our reliance on a third- party mining pool service provider for our mining revenue payouts may adversely affect an investment in us. We currently rely on Foundry Digital' s ~~(" pool "),~~ open access mining pool **(" pool")** that ~~support~~ **supports** bitcoin ~~,~~ to receive our mining rewards and fees from the network. Our pool has the sole discretion to modify the terms of our agreement at any time, and, therefore, our future rights and relationship with our pool may change. In general, mining pools allow miners to combine their computing and processing power, increasing their chances of solving a block and getting rewarded by the bitcoin network. The rewards, distributed proportionally to our contribution to the pool' s overall mining power, are distributed by the pool operator. Should our ~~pools~~ **pool** ~~'~~ **' s** operator systems suffer downtime due to a cyber- attack, software malfunction or other similar issues, ~~it will negatively impact~~ our ability to mine and receive revenue **will be negatively impacted** . Furthermore, while we receive daily reports from our ~~pools~~ **pool** detailing the total processing power provided to the ~~pools~~ **pool** and the proportion of that total processing power ~~,~~ we provided to determine the distribution of rewards to us, we are dependent on the accuracy of our pool' s record keeping. Therefore, we have little means of recourse against our ~~pools~~ **pool** ~~'~~ **' s** ~~operators~~ **operator** if we determine the proportion of the reward paid out to us by the mining pool operator is incorrect, other than leaving the pools. If we are unable to consistently obtain accurate proportionate rewards from our ~~pools~~ **pool** , we may experience reduced rewards for our efforts, which would have an adverse effect on our business and operations. Forks in the bitcoin network may occur in the future, which may affect the value of bitcoins held by us. A small group of contributors can propose refinements or improvements to the bitcoin network' s source code 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. This is known as a " fork. " In the event a developer or group of developers proposes modifications to the bitcoin network that are not accepted by a majority of miners and users, but that ~~is~~ **are** nonetheless accepted by a substantial plurality of miners and users, two or more competing and incompatible blockchain implementations could result. This is known as a " hard fork. " The value of bitcoin after the creation of a fork is subject to many factors, including, but not limited to, the value of the fork product, market reaction to the creation of the fork product ~~,~~ and the occurrence of forks in the future. As such, existing forks, such as Bitcoin Cash and Bitcoin Gold, and future forks may have a negative effect on bitcoin' s value and may adversely affect an investment in us. 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. A failure to properly monitor and upgrade the protocol could damage the bitcoin network and an investment in us. As an open- source project, bitcoin does not generate revenues for its contributors, and contributors are generally not compensated for maintaining and updating the bitcoin network protocol. The lack of guaranteed financial incentives 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. To the extent that contributors may fail to adequately update and maintain the bitcoin network protocol, ~~it could have~~ **there may be** a material adverse effect on our business, prospects, or operations and potentially the value of any bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account. Banks and financial institutions may not provide banking services, or may cut off services, to businesses that engage in cryptocurrency- related activities. A number of companies that engage in bitcoin and / or other cryptocurrency- related activities have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, 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. To the extent that such events may happen to us, they could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account. Bitcoins held by us are not subject to FDIC or SIPC protections. We do not hold our bitcoins with a banking institution or a member of the ~~Federal Deposit Insurance Corporation ("~~ FDIC ~~")~~ or the Securities Investor Protection Corporation (" SIPC "), and, therefore, our bitcoins are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. As a result, we may suffer a loss with respect to our bitcoins that ~~is~~ **are** not covered by insurance, and we may not be able to recover any of our carried value in these bitcoins if they are lost or stolen or suffer significant and sustained reduction in conversion spot price. If we are not otherwise able to recover damages ~~from a malicious actor~~ in connection with these losses, our business and results of operations may suffer, which may have a material negative impact on our stock price. Bitcoins we mine or hold for our own account may be subject to loss, theft or restriction on access. There is a risk that some or all of our bitcoins could be lost or stolen. Bitcoins are stored in and accessed by cryptocurrency sites commonly referred to as " wallets. " 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. When we keep our bitcoin in cold storage, we may experience lag time in our ability to respond to market fluctuations in the price of our cryptocurrency assets. We currently mine bitcoin by contributing to and benefiting from our ~~pools~~ - **pool** ' **s** processing power. Our share of bitcoins mined from our ~~pools~~ - **pool** ~~are~~ **is** initially received by us in wallets we control, which are maintained by Coinbase ~~Inc., a U. S. based digital assets exchange~~ . We currently sell the majority of the bitcoin we mine and utilize hot wallets to hold this bitcoin immediately prior to selling for working capital purposes. We hold any remainder of our bitcoin in cold storage. Bitcoins we mine or hold for our own account may be subject to loss, theft or restriction on access. Hackers or malicious actors may launch attacks to steal, compromise or secure bitcoins, such as by attacking the bitcoin network source code, exchange miners, third- party platforms (including Coinbase), cold and hot storage locations or software, or by other means. We may be in control and possession of substantial holdings of bitcoin, and as we increase in size, we may become a more appealing target of hackers, malware, cyber- attacks or other security threats. Any of these events may adversely affect our operations and, consequently, our investments and profitability. If a malicious actor or botnet obtains control of more than 50 % of the processing power on the bitcoin network, such actor or botnet could manipulate the network to adversely affect us, which would adversely affect an investment in us. If a malicious actor or botnet, a collection of computers controlled by networked software coordinating the actions of the computers, obtains over 50 % of the processing power dedicated to mining bitcoin, such actor **or botnet** may be able to construct fraudulent blocks or prevent certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the order of transactions, though it could not generate new units or transactions using such control. The malicious actor **or botnet** could also " double- spend, " or spend the same bitcoin in more than one transaction, or it could prevent transactions from being validated. In certain instances, reversing any fraudulent or malicious changes made to the bitcoin blockchain may not be possible. Although there are no known reports of malicious activity or control of blockchains achieved through controlling over 50 % of the processing power on the bitcoin network, it is believed that certain mining pools may have exceeded, and could exceed, the 50 % threshold on the bitcoin network. This possibility creates a greater risk that a single mining pool could exert authority over the validation of bitcoin transactions. To the extent that the bitcoin ecosystem, and the administrators of mining pools, do not have adequate controls and responses in place, the risk of a malicious actor obtaining control of the processing power may increase. If such an event were to occur, it 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. The loss or destruction of private keys required to access our bitcoins may be irreversible. Our loss of access to our private keys or our experience of a data loss relating to our bitcoins could adversely affect an investment in us. Bitcoins may only be controlled by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held. We publish the public key relating to digital wallets in use when we verify the receipt or transfers of bitcoins to and from our wallets and disseminate such information into the network on an anonymous basis, but we safeguard the private keys relating to such digital wallets. Digital asset exchanges, such as Coinbase, where we hold our bitcoin, engage in similar practices. To the extent such private keys are lost, destroyed or otherwise compromised, we will be unable to access our bitcoins and such private keys may not be capable of being restored by any network. Any loss of private keys relating to digital wallets used to store our bitcoins whether by us or digital asset exchanges where we hold our bitcoin, 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. 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 first...... the digital asset industry as a whole . 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. We may **.For example,in the first half of 2022,each of Celsius Network,Voyager Digital Ltd.,and Three Arrows Capital** 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 ~~asset~~ **assets** markets and in bitcoin.These events have also negatively impacted the liquidity of the digital ~~asset~~ **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 ~~asset~~ **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.These events are continuing to develop and it is not possible to predict at **this time all of the risks that they may pose to us,our service providers or on the digital asset industry as a whole** not have adequate sources of recovery if our ~~digital assets~~ **bitcoin holdings** are lost, stolen or destroyed. We rely on Coinbase to facilitate the custody of our bitcoins. If our ~~bitcoins~~ - **bitcoin holdings** are lost, stolen or destroyed under circumstances rendering a party, including Coinbase, liable to us, the responsible party may not have the financial resources sufficient to satisfy our claim. For example, as to a particular event of loss, the only source of recovery for us might be limited, to the extent identifiable, to other responsible third parties (e. g., a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of ours. ~~Incorrect or fraudulent bitcoin transactions may~~ **While Coinbase maintains insurance coverage of such types and amounts as Coinbase asserts to** be ~~irreversible~~ **commercially reasonable for its custodial services provided under the Company' s custody agreement with Coinbase, including certain commercial crime insurance of limited aggregate principal amount which covers losses stemming from fraud, security breach, hack and asset theft, such insurance coverage may be insufficient to protect the Company against all losses of its bitcoin holdings held in custody with Coinbase, whether or not stemming from security breaches, cyberattacks or other types of unlawful activity. See " – Our limited insurance protection exposes us and our stockholders to the risk of loss of our bitcoin for which no person is liable. " Our ability to adopt technology in response to changing security needs or trends and reliance on a third party, Coinbase, for custody pose a challenge to the safekeeping of our bitcoin holdings. The history of digital asset exchanges has shown that exchanges and large holders of digital assets must adapt to technological change in order to secure and safeguard their digital assets. All of the bitcoin we hold is held in either cold or hot storage by Coinbase. We rely on Coinbase' s security systems, derived from established, industry- best practices, to safeguard our bitcoin holdings from theft, loss, destruction or other issues relating to hackers and technological attack. We believe that we may become a more appealing target of security threats as the size of our bitcoin holdings grow. To the extent that either Coinbase or we are unable to identify and mitigate or stop new security threats, our bitcoin holdings may be subject to theft, loss, destruction or other attack, which could adversely affect an investment in us. To the extent that Coinbase is no longer able to safeguard our assets, we would be at risk of loss if safeguarding protocols fail. Security threats to us could result in a loss of our bitcoin holdings or damage to our reputation and brand, each of which could adversely affect an investment in us. Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the digital asset exchange markets, for example since the launch of the bitcoin network. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm our business operations or result in loss of our bitcoin holdings. Any breach of our infrastructure could result in damage to our reputation, which could adversely affect an investment in us. Furthermore, we believe that, as our assets grow, we may become a more appealing target for security threats such as hackers and malware. We rely on Coinbase' s security systems, derived from established, industry- best practices, to safeguard our bitcoin holdings from theft, loss, destruction or other issues relating to hackers and technological attack. Nevertheless, Coinbase' s security systems may not be impenetrable and may not be free from defect or immune to acts of God, and any loss due to a security breach, software defect or act of God may be borne by us. Our security system and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of ours, or otherwise, and, as a result, an unauthorized party may obtain access to our private keys, data or bitcoin. Additionally, outside parties may attempt to fraudulently induce employees of ours to disclose sensitive information in order to gain access to our infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a**

target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security systems occurs, the market perception of the effectiveness of our security systems could be harmed, which could adversely affect an investment in us. In the event of a security breach, we may be forced to cease operations, or suffer a reduction in assets, the occurrence of each of which could adversely affect an investment in us. A loss of confidence in our security systems, or a breach of our security systems, may adversely affect us and the value of an investment in us. We will take measures to protect us and our bitcoin from unauthorized access, damage or theft; however, it is possible that our security systems may not prevent the improper access to, or damage or theft of, our bitcoin holdings. A security breach could harm our reputation or result in the loss of some or all of our bitcoin. A resulting perception that our measures do not adequately protect our bitcoin holdings could result in a loss of current or potential stockholders, reducing demand for our common stock and causing our shares to decrease in value . Bitcoin transactions are ~~irreversible~~ **irrevocable** and stolen or incorrectly transferred ~~bitcoins~~ - **bitcoin** may ~~thus~~ be irretrievable. **As a result, any incorrectly executed digital asset transactions could adversely affect an investment in us. Bitcoin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the processing power on the bitcoin network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of bitcoin or a theft of bitcoin generally will not be reversible, and we may not be capable of seeking compensation for any such transfer or theft.** While we exchange our ~~bitcoins~~ - **bitcoin** directly for U. S. dollars on Coinbase and do not presently use, or expect to use, our ~~bitcoins~~ - **bitcoin** for any other transactions other than limited payroll **-** related payments, ~~any~~ **it is possible that, through computer or human error, or through theft or criminal action, our bitcoin could be transferred from us in incorrect amounts or to unauthorized third parties. 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 ~~executed~~ **transferred bitcoin. To the extent that we are unable to seek redress** ~~or~~ **for** ~~fraudulent bitcoin transactions may still~~ **such error or theft, such loss could** adversely affect ~~our~~ **an** ~~investments~~ - **investment** ~~and assets~~ **in us** . We may face risks of Internet disruptions, which could have an adverse effect on not only the price of bitcoin but **also** our ability to mine bitcoin. A disruption of the Internet may adversely affect the mining and use of cryptocurrencies, including bitcoin. Generally, cryptocurrencies and our business of mining bitcoin ~~is~~ **are** dependent upon the Internet. A significant disruption in Internet connectivity could disrupt bitcoin' s network operations until the disruption is resolved and have an adverse effect on the price of bitcoin and our ability to mine bitcoin. The limited rights of legal recourse available to us expose us and our investors to the risk of loss of our bitcoins for which no person is liable. At this time, there is no specifically enumerated U. S. or foreign governmental, regulatory, investigative or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrency; though law enforcement agencies like the FBI have recovered stolen bitcoin, that recovery has required significant amounts of time. To the extent that we are unable to recover our losses from such action, error or theft, such events could have a material adverse effect on our business, prospects or operations ~~of~~ and potentially the value of any bitcoin we mine or otherwise acquire or hold for our own account. The sale of our bitcoins to pay for expenses at a time of low bitcoin prices could adversely affect an investment in us. We sell our bitcoins to pay for operating expenses and growth on an as- needed basis. Consequently, we may sell our bitcoins at a time when bitcoin prices are low, which could adversely affect an investment in us. At this time, we do not engage in contractual or financial hedging activities related to our bitcoin holdings to mitigate potential decreases in the price of bitcoin. See the above risk factor entitled, " The value of bitcoin has historically been subject to wide swings. Because we do not currently hedge our investment in bitcoin and do not intend to for the foreseeable future, we are directly exposed to bitcoin' s price volatility and surrounding risks." Demand for bitcoin is driven, in part, by its status as a prominent and secure cryptocurrency. It is possible that a cryptocurrency other than bitcoin could have features that make it more desirable to a material portion of the digital asset user base, resulting in a reduction in demand for ~~bitcoins~~ - **bitcoin** . Bitcoin holds a " first- to- market " advantage over other cryptocurrencies. This first- to- market advantage is driven in large part by having the largest user base and, more importantly, the largest combined mining power in use. Nonetheless, another form of cryptocurrency could become materially popular due to either a perceived or exposed shortcoming of the bitcoin network or a perceived advantage of another form of digital currency. If another form of digital currency obtains significant market share, this could reduce the interest in, and value of, bitcoin and the profitability of our bitcoin operations. 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 (i. e. **,** 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~~ **decreases** 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. The properties included in our mining ~~operation~~ **operations** may experience damages, including damages that may not be covered by insurance. Our current mining locations and any future sites we establish will be subject to a variety of risks relating to physical condition and operation, including but not limited to: • 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 natural disasters and climate change, such as hurricanes, earthquakes, fires, floods and windstorms; and • claims by employees and others for injuries sustained at our properties. Although our mining sites are equipped with standard security measures normally associated with a traditional data center, and insured by tier one insurance providers, our mining sites could still be rendered inoperable, temporarily or permanently, as a result of a fire or other natural disaster or by a terrorist or other events outside of our control. **For a summary**

of our insurance coverage, see " Business — Insurance. " The measures we **have taken, and may** take **in the future,** to prevent and insure against these risks may **prove to** not be sufficient or effective. We are subject to risks associated with our need for significant electrical power. The operation of a bitcoin mining facility requires significant amounts of electrical power. Any mining site we currently operate or establish in the future can only be successful if we can continue to obtain sufficient electrical power for that site on a cost- effective basis. We currently have ~~four~~ **five** fully- owned campuses and operate additional miners under ~~two~~ **one** active hosting ~~agreements~~ - **agreement** , each of which have unique power agreements. Geopolitical events including the war in Ukraine and inflationary impacts have caused power prices to increase worldwide; if power prices continue to increase while bitcoin prices decrease, ~~it would impact~~ our ability to profitability mine bitcoin **would be negatively impacted** . We may curtail the energy used by our mining operations in times of heightened energy prices or in the case of a grid- wide electricity shortage either voluntarily or by agreement with utility providers. We may also encounter other situations where utilities or government entities restrict or prohibit the provision of electricity to mining operations. In these cases, our ability to produce bitcoin may be negatively affected. Because we also expect to expand to additional sites, there may be significant competition for suitable locations with access to affordable power. Additionally, our facilities could be adversely affected by a power outage. Although we maintain limited backup power at certain sites, it would not be feasible to run miners on back- up power generators in the event of a government restriction on electricity or a power outage. To the extent we are unable to receive adequate power supply and are forced to reduce or cease our operations due to the availability or cost of electrical power, our business would be adversely affected. Further, one of our key strategies is to use sustainable and environmentally friendly sources of energy, including nuclear energy sources. To the extent we are unable to obtain sustainable sources of energy on a cost- effective basis and execute on this strategy, our business could be adversely affected. Increased scrutiny and changing expectations from stakeholders with respect to our ESG practices and the impacts of climate change may result in additional costs or risks. Companies across many industries are facing increasing scrutiny related to their environmental, social ~~,~~ and governance (" ESG ") practices. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the non- financial impacts of their investments. In May 2021, the SEC proposed rule changes that would require public companies to include certain climate- related disclosures in their periodic reports, including information about climate- related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition, and certain climate- related financial statement metrics in a note to their audited financial statements. The SEC noted that such rule changes were proposed in response to investor demands for consistent and comparable data on climate change. Furthermore, increased public awareness and concern regarding environmental risks, including global climate change, may result in increased public scrutiny of our business and our industry, and our management team may divert significant time and energy away from our operations and towards responding to such scrutiny and reassuring our employees. In addition, the physical risks of climate change may impact the availability and cost of materials and natural resources, sources and ~~supply~~ **supplies** of energy, **and** demand for bitcoin and other cryptocurrencies, and could increase our insurance and other operating costs, including, potentially, to repair damage incurred as a result of extreme weather events or to renovate or retrofit facilities to better withstand extreme weather events. If environmental laws or regulations or industry standards are either changed or adopted and impose significant operational restrictions and compliance requirements on our operations, or if our operations are disrupted due to physical impacts of climate change, our business, capital expenditures, results of operations, financial condition and competitive position could be negatively impacted. Our operations and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies. We compete with other users and / or companies that are mining ~~cryptocurrencies~~ **bitcoin** and other potential financial vehicles, including securities backed by or linked to ~~cryptocurrencies~~ **bitcoin** . 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. From time to time, as market conditions change, large holders of bitcoin may sell large amounts all at once into the market, thereby constraining the growth of the price of bitcoin. There are very large holders of bitcoin, including other miners, that may choose or be forced to sell large quantities of bitcoin all at once or over a short period of time. Such an increase in selling volume could create downward pressure on the market price of bitcoin. 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 by Coinbase** . 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 by ~~a~~ **Coinbase, should it declare** ~~bankrupt~~ **bankruptcy** ~~custodian~~ **,** would be treated as property of ~~a~~ **the** bankruptcy estate and, accordingly, whether **we** ~~the owner of that bitcoin~~ would be treated as a general unsecured creditor **with respect of our bitcoin held in custody by Coinbase. 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 or a bankruptcy of any other custodian we may use in the future** . There are risks related to technological obsolescence, the vulnerability of the global supply chain for cryptocurrency hardware disruption ~~,~~ and difficulty in obtaining new hardware which may have a negative effect on our business. As our mining ~~facility~~ **facilities** ~~operates~~ - **operate** , our miners experience ordinary wear and tear ~~,~~ and may ~~also~~ face more significant malfunctions caused by a number of extraneous factors beyond our control. The degradation of our miners will **also** require us ~~to~~ , over time, to repair or replace miners which are no longer functional. Additionally, as technology evolves, we may be required to acquire newer models of miners to remain competitive in the market. This upgrading process requires substantial capital investment, and we may face challenges in doing so on a timely and cost- effective basis. Further, the global supply of miners is unpredictable and presently heavily dependent on manufacturers headquartered in China, with manufacturing in Asia, which was severely affected by the emergence of the COVID- 19 ~~coronavirus global~~ pandemic. We currently utilize several types of ASIC miners as part of our mining operation, including Bitmain Antminers, Canaan Avalon miners and MicroBT WhatsMiners, all of which are produced in China, Malaysia, Indonesia ~~and~~ **or** Thailand. Geopolitical matters, including the **relationship of the** U. S. ~~relationship~~ with China, may impact our ability to import ASIC miners. As a result, we may not be able to obtain adequate replacement parts for our existing miners or obtain additional miners from manufacturers on a timely basis. Such events 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. Since there has been limited precedent set for financial accounting of digital assets, including bitcoin, it is unclear how we will be required to account for transactions involving digital assets. ~~Because there has been limited precedent set for the financial accounting of cryptocurrencies and related revenue recognition and no official guidance has yet been provided by the Financial Accounting Standards Board or the SEC, it is unclear how companies may in the future be required to account for cryptocurrency transactions and assets and related revenue recognition. A change in regulatory or financial accounting standards or interpretation by the SEC could result in changes in our accounting treatment and the necessity to restate our financial statements. Such a restatement could adversely impact the accounting for the bitcoins we hold and bitcoin transactions and, more generally, negatively impact our business, prospects, financial condition and results of operations. If we fail to grow our hashrate, we may be unable to compete, and our results of operations could suffer. 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. We plan to grow our hashrate, in part, by acquiring newer, more effective, and energy- efficient miners. These new miners are highly specialized servers that are very difficult to produce at scale. As a result, there are limited producers capable of producing large numbers of sufficiently effective miners. The cost of these miners is directly correlated to bitcoin prices and the profitability of bitcoin mining. Demand for new miners increased in response to increased bitcoin prices in 2021 followed by a decreased in demand due to falling bitcoin prices in 2022. We observed the price of these new miners followed changes in demand, resulting in elevated machine prices when bitcoin mining economies are high and significantly lower prices when these economies are strained. As a result, positive bitcoin economies may negatively impact our future equipment costs and the increase the competition to secure mining equipment. If we can' t acquire sufficient numbers of new miners or access sufficient capital to fund our acquisitions, our results of operations and financial condition may be adversely affected, which could adversely affect investments in our securities. Our business has been, and in the future may be, subject to risks arising from pandemic, epidemic, or an outbreak of diseases, such as the outbreak of the COVID- 19 pandemic. On March 11, 2020, the World Health Organization declared the COVID- 19 outbreak to be a pandemic. Since then, COVID- 19 spread across the globe and impacted worldwide economic activity, including through quarantines, travel bans and restrictions, shelter- in- place orders, shutdowns of businesses, reductions in business activity, supply chain interruptions and overall economic and financial market instability. These measures impacted, and may further impact, our workforce and operations, as well as the operations of our customers, our partners and our vendors and suppliers. Our critical business operations, including our headquarters, and many of our key suppliers, are located in regions which have been and continue to be impacted by COVID- 19. Our suppliers worldwide have also been affected by COVID- 19 and may continue to experience material impacts well beyond the end of the pandemic. Specifically, the manufacture of components of our products, the final assembly of our products, and other critical operations are concentrated in China and other geographic locations that have been impacted by COVID- 19 and in which local governments continue to take measures to try to contain the pandemic. There is considerable uncertainty regarding the impact of such measures and potential future measures, including restrictions on manufacturing facilities, on our support operations or workforce, or on our customers, partners, vendors and suppliers. Such measures, as well as restrictions on or disruptions of transportation, such as reduced availability or increased cost of air transport, port closures, and increased border controls or closures, could limit our capacity to meet customer demand and have a material adverse effect on our financial condition and results of operations. The COVID- 19 pandemic and other factors have adversely affected our supply chain, consistent with its effect across many industries, including creating shipping and logistics challenges and placing significant limits on component supplies. They have also significantly increased the costs of shipping miners, related components and infrastructure. We expect these impacts, including potentially delayed product availability, to continue for as long as the global supply chain is experiencing these challenges. In addition, while the extent and duration of the COVID- 19 pandemic on the global economy and our business in particular are difficult to assess or predict, the pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, which may reduce our ability to access capital or our customers' ability to pay us for past or future purchases, which could negatively affect our working capital and liquidity. A recession or financial market correction resulting from the lack of containment and spread of COVID- 19 could impact overall spending, adversely affecting demand for bitcoin, our business, and the value of our common stock. The ultimate impact of the COVID- 19 pandemic or a similar health epidemic is highly uncertain and subject to change. The extent of the impact of the COVID- 19 pandemic on our operational and financial performance, including our ability to~~

~~execute our business strategies and initiatives in the expected time frame, will depend on future developments, including, but not limited to, the duration and continued spread of the pandemic, its severity, further related restrictions on travel, any reopening plans worldwide, the effectiveness of actions taken in the United States and other countries to contain and treat the disease, including, without limitation, the effectiveness and timing of vaccination initiatives in the United States and worldwide and the duration, timing, and severity of the impact on customer spending, including any recession resulting from the pandemic, all of which are uncertain and cannot be predicted. An extended period of global supply chain and economic disruption as a result of the COVID- 19 pandemic, even after the pandemic subsides worldwide, could have a materially adverse impact on our business, results of operations, access to sources of capital and financial condition, though the full extent and duration of any such impact is also uncertain. Global economic conditions, including continuing or worsening inflationary issues and associated changes in monetary policy and potential economic recession, and geopolitical events such as the Russia- Ukraine conflict, the subsequent imposition of sanctions as a result of the Russia- Ukraine conflict could adversely affect our business, financial condition and results of operations. General economic and political conditions such as economic recessions, interest rates, rising inflation, commodity prices, foreign currency fluctuations, international tariffs, social, political and economic risks, hostilities or the perception that hostilities may be imminent, military conflict and acts of war, including further escalation of the Russia- Ukraine conflict and the related response, including sanctions or other restrictive actions, by the United States and / or other countries could adversely impact our business, supply chain or partners. While the price of bitcoin miners has dropped as the price of bitcoin has dropped, the U. S. inflation rate has steadily increased since 2021 and into 2022. These inflationary pressures, as well as disruptions in our supply chain, have increased the costs of most 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. In addition, the extent and duration of the situation in Ukraine, resulting sanctions and resulting future market disruptions are impossible to predict, but could be significant. The effects of such global economic conditions, including continuing or worsening inflationary issues and associated changes in monetary policy or potential economic recession, and geopolitical events could adversely affect our ability to access the capital and other financial markets, and if so, we may need to consider alternative sources of funding for some of our growth and operations and for working capital, which may increase our cost of, as well as adversely impact our access to, capital. Divestitures and discontinued operations could negatively impact our business, and retained liabilities from businesses that we have sold could adversely affect our financial results. In connection with the execution of our strategy to focus entirely on bitcoin mining, we have completed several divestitures, including the divestiture of a part of our former energy business. We intend to make further dispositions in connection with our non- bitcoin mining related businesses, which we may not be able to complete on favorable terms or at all. If we do not realize the expected benefits of these divestitures or our post- completion liabilities and continuing obligations are substantial and exceed our expectations, our financial position, results of operations and cash flows could be negatively impacted. As a result of such dispositions, bitcoin mining is now the sole driver of our business and revenues and is expected to continue to be the source of substantially all of our revenues for the foreseeable future, which has the effect of increasing our exposure to the risks described in this Annual Report. Further, in the course of our discontinued operations, we may become subject to legal actions based on a claim that our legacy energy products are or were defective in workmanship or have caused personal or other injuries. We may also be subject to lawsuits and other claims in the future if our legacy products or installed systems malfunction, including, for example, if any of our energy system offerings (such as installed racking systems, photovoltaic modules, batteries, inverters, or other products) causes injuries. Because energy systems and many of our other current and anticipated products are electricity- producing devices, it is possible that customers or their property could be injured or damaged by our products, whether due to product malfunctions, defects, improper installation or other causes. Further, since our products are used in systems that are made up of components sourced from third party manufacturers, we may be subject to product liability claims even if our products do not malfunction. Additionally, any of our products could be subject to recalls due to product malfunctions or defects. The successful assertion of product liability claims against us could result in potentially significant monetary damages that could require us to make significant payments, as well as subject us to adverse publicity, damage our reputation and competitive position. We rely on third- party manufacturing warranties, warranties provided by our manufacturing partners and our general liability insurance to cover product liability claims and have not obtained separate product liability insurance. Such warranties and insurance coverage may not be adequate to cover all potential claims. Moreover, even if such warranties and insurance coverage are sufficient, any successful claim could significantly harm our business, reputation, financial condition and results of operations. If regulatory changes or interpretations of our activities require our registration as a money services business (an " MSB ") under the regulations promulgated by the Financial Crimes Enforcement Network (" FinCEN ") under the authority of the U. S. Bank Secrecy Act (the " BSA "), 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 adverse effect on our business and the results of our operations. To the extent our bitcoin mining activities cause us to be deemed an MSB 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 cryptocurrency activities cause us to be deemed a " money transmitter " (an " MT ") or be given an equivalent designation, under state law in any state in which we 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, maintenance of certain records and other operational requirements. Currently, the New York State Department of Financial Services maintains a comprehensive " BitLicense " framework for businesses that conduct " virtual currency business activity. " In July 2020, Louisiana enacted the Virtual Currency Businesses~~

~~Act, becoming the second state after New York to enact a stand- alone virtual currency law. We will continue to monitor for developments in state- level legislation, guidance or regulations applicable to us. Such additional federal or state regulatory obligations in the United States or obligations that could arise under the regulatory frameworks of other countries may cause us to incur significant expenses, possibly affecting its business and financial condition in a material and adverse manner. Furthermore, we and our service providers may not be capable of complying with certain federal or state regulatory obligations applicable to MSBs and MTs or similar obligations in other countries. If we are deemed to be subject to such additional regulatory and registration or licensing requirements, we may be required to substantially alter our bitcoin mining activities and possibly cease engaging in such activities. Any such action may adversely affect our business operations and financial condition and an investment in our company. Current regulation regarding the exchange of bitcoins under the CEA by the CFTC is unclear; to the extent we become subject to regulation by the CFTC in connection with our exchange of bitcoin, we may incur additional compliance costs, which may be significant. The Commodity Exchange Act, as amended (the " CEA "), does not currently impose any direct obligations on us related to the mining or exchange of bitcoins. Generally, the Commodity Futures Trading Commission (" CFTC "), the federal agency that administers the CEA, regards bitcoin and other cryptocurrencies as commodities. This position has been supported by decisions of federal courts. However, the CEA imposes requirements relative to certain transactions involving bitcoin and other digital assets that constitute a contract of sale of a commodity for future delivery (or an option on such a contract), a swap, or a transaction involving margin, financing or leverage that does not result in actual delivery of the commodity within 28 days to persons not defined as " eligible contract participants " or " eligible commercial entities " under the CEA (e. g., retail persons). Changes in the CEA or the regulations promulgated by the CFTC thereunder, as well as interpretations thereof and official promulgations by the CFTC, may impact the classification of bitcoins and, therefore, may subject them to additional regulatory oversight by the agency. Although to date the CFTC has not enacted regulations governing non- derivative or non- financed, margined or leveraged transactions in bitcoin, it has authority to commence enforcement actions against persons who violate certain prohibitions under the CEA related to transactions in any contract of sale of any commodity, including bitcoin, in interstate commerce (e. g., manipulation and engaging in certain deceptive practices). We cannot be certain as to how future regulatory developments will impact the treatment of bitcoins under the law. Any requirements imposed by the CFTC related to our mining activities or our transactions in bitcoin could cause us to incur additional extraordinary, non- recurring expenses, thereby materially and adversely impacting an investment in the Company. In addition, changes in the classification of bitcoins could subject us, as a result of our bitcoin mining operations, to additional regulatory oversight by the agency. Although to date the CFTC has not enacted regulations governing non- derivative or non- financed, margined or leveraged transactions in bitcoin, it has authority to commence enforcement actions against persons who violate certain prohibitions under the CEA related to transactions in any contract of sale of any commodity, including bitcoin, in interstate commerce (e. g., manipulation and engaging in certain deceptive practices). Moreover, if our mining activities or transactions in bitcoin were deemed by the CFTC to constitute a collective investment in derivatives for our shareholders, we may be required to register as a commodity pool operator with the CFTC through the National Futures Association. Such additional registrations may result in extraordinary, non- recurring expenses, thereby materially and adversely impacting an investment in the Company. If we determine not 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 the Company. While no provision of the CEA, or CFTC rules, orders or rulings (except as noted herein) appears to be currently applicable to our business, this is subject to change. If the SEC or another regulatory body considers bitcoin to be a security under U. S. securities laws, we may be required to comply with significant SEC registration and / or other requirements. In general, novel or unique assets such as bitcoin and other digital assets may be classified as securities if they meet the definition of investment contracts under U. S. law. In recent years, the offer and sale of digital assets other than bitcoin, most notably Kik Interactive Inc.' s Kin tokens and Telegram Group Inc.' s TON tokens, have been deemed to be investment contracts by the SEC. While we believe that bitcoin is unlikely to be considered an investment contract, and thus a security under the investment contract definition, we cannot provide any assurances that digital assets that we mine or otherwise acquire or hold for our own account, including bitcoin, will never be classified as securities under U. S. law. This would obligate us to comply with registration and other requirements by the SEC and, therefore, cause us to incur significant, non- recurring expenses, thereby materially and adversely impacting an investment in the Company. It may be illegal now, or in the future, to mine, acquire, own, hold, sell or use bitcoin or other cryptocurrencies, participate in blockchains or utilize similar cryptocurrency assets in one or more countries, the ruling of which could adversely affect us. Although currently cryptocurrencies generally are not regulated or are lightly regulated in most countries, several countries, such as China, India and Russia, may continue taking regulatory actions in the future that could severely restrict the right to mine, acquire, own, hold, sell or use these cryptocurrency assets or to exchange for local currency. For example, in China and Russia (India is currently proposing new legislation), it is illegal to accept payment in bitcoin and other cryptocurrencies for consumer transactions and banking institutions are barred from accepting deposits of cryptocurrencies. In addition, in March 2021, the governmental authorities for the Chinese province of Inner Mongolia banned bitcoin mining in the province due to the industry' s intense electrical power demands and its negative environmental impacts. If other countries, including the U. S., implement similar restrictions, such restrictions may adversely affect us. For example, in New York State, a moratorium on certain bitcoin mining operations that run on carbon- based power sources was signed into law on November 22, 2022. Such circumstances could have a material adverse effect on us, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account, and thus harm investors. Changing environmental regulation and public energy policy may expose our business to new risks. Our bitcoin mining operations require a substantial amount of power and can only be successful, and ultimately profitable, if the costs we incur, including for electricity, are lower than the revenue we generate from our operations. As a result, any mine we establish can only be successful if we can obtain~~

~~sufficient electrical power for that mine on a cost- effective basis, and our establishment of new mines requires us to find locations where that is the case. For instance, our plans and strategic initiatives for expansion are based, in part, on our understanding of current environmental and energy regulations, policies, and initiatives enacted by federal, New York State and Georgia State regulators. If new regulations are imposed, or if existing regulations are modified, the assumptions we made underlying our plans and strategic initiatives may be inaccurate, and we may incur additional costs to adapt our planned business, if we are able to adapt at all, to such regulations. In addition, there continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty for our business because the bitcoin mining industry, with its high energy demand, may become a target for future environmental and energy regulation. New 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, and other costs to comply with such regulations. Further, any future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. For example, the recently passed legislation in the state of New York imposing a moratorium on certain bitcoin mining operations that run carbon- based power. 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 and results of operations. Further, even without such regulation, increased awareness and any adverse 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 result in a material adverse effect on our business and financial condition. 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. As an open- source project, bitcoin does not generate revenues for its contributors, and contributors are generally not compensated for maintaining and updating the bitcoin network protocol. The lack of guaranteed financial incentives 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. To the extent that contributors may fail to adequately update and maintain the bitcoin network protocol, it 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. Our interactions with the bitcoin network 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 (" OFAC ") of the US Department of Treasury 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. We also may not be adequately capable of determining the ultimate identity of the persons with whom we transact. The price of our common stock may be volatile and could fluctuate widely, which could result in substantial losses for investors. The market price of our common stock is likely to be highly volatile and could fluctuate widely in response to various factors, many of which are beyond our control, including, without limitation: • technological innovations or new products and services by us or our competitors; • government regulation of our products and services; • the establishment of partnerships with other technology companies; • intellectual property disputes; • additions or departures of key personnel; • sales of our common stock; • our ability to integrate operations, technology, products and services; • our ability to execute our business plan; • operating results below expectations; • loss of any strategic relationship; • industry developments; • economic and other external factors; and • period- to- period fluctuations in our financial results. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock. Specifically, the trading price of our common~~

~~stock has already been correlated, and, in the future, as we continue to expand our bitcoin mining business, may be increasingly correlated, to the trading prices of bitcoin. Bitcoin companies' stock have shown volatility relative to bitcoin, with many such stocks outperforming bitcoin in 2020 and 2021, but underperforming relative to bitcoin in 2022. Bitcoin and other cryptocurrency market prices, which have historically been volatile and are impacted by a variety of factors (including those discussed herein), are determined primarily using data from various exchanges, over- the- counter markets and derivative platforms. As noted elsewhere herein, while we had no direct exposure to FTX, the failure or insolvency of large exchanges like FTX may cause the price of bitcoin to fall and decrease confidence in the ecosystem, which could negatively impact our stock price. Furthermore, such prices may be subject to factors such as those that impact commodities, more so than business activities, which could be subjected to additional influence from fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. 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, inflating and making their market prices more. For example, the closing sales price of our common stock on January 3, 2022 was $ 9. 59 and the closing price of bitcoin was $ 46, 458 and, as of September 30, 2022, our closing sales price of our common stock was $ 3. 18, and the closing price of Bitcoin was $ 19, 431. In addition, the stock markets in general have often experienced volatility, including, most recently, in the wake of COVID- 19, that has sometimes been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations have caused, and may continue to cause, the trading price of our common stock to decline. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on our ability to access capital, on our business, financial condition, results of operations, cash flow and prospects, and on the market price of our common stock. In the past, following periods of volatility in the market price of a company' s securities, securities class- action litigation has often been brought against that company. We may become involved in this type of litigation in the future. Litigation of this type may be expensive to defend and may divert our management' s attention and resources from the operation of our business. We have the right to designate and issue additional shares of preferred stock. If we were to designate and / or issue additional preferred stock, it is likely to have rights, preferences and privileges that may adversely affect the common stock. We are authorized to issue 10, 000, 000 shares of blank- check Preferred Stock, with such rights, preferences and privileges as may be determined from time to time by our Board of Directors. Our Board of Directors is empowered, without stockholder approval, to issue Preferred Stock in one or more series, and to fix for any series the dividend rights, dissolution or liquidation preferences, redemption prices, conversion rights, voting rights, and other rights, preferences and privileges for the Preferred Stock. Currently, 2, 000, 000 shares are designated as Series A Preferred Stock, of which 1, 750, 000 shares are outstanding. The holders of our Series A Preferred Stock entitled to have the Company redeem each share of Series A Preferred Stock for three shares of our common stock only if a change of control event (as defined in the certificate of designation) occurs, and they are entitled to vote together with the holders of the Company' s common stock on all matters submitted to stockholders at a rate of forty- five (45) votes for each share of Series A Preferred Stock held. The issuance of shares of Preferred Stock, depending on the rights, preferences and privileges attributable to the Preferred Stock, could reduce the voting rights and powers of the common stock and the portion of our assets allocated for distribution to common stockholders in a liquidation event, and could also result in dilution in the book value per share of the common stock. The preferred stock could also be utilized, under certain circumstances, as a method for raising additional capital or discouraging, delaying or preventing a change in control of the Company, to the detriment of the investors in the common stock offered hereby. We cannot assure that we will not, under certain circumstances, issue shares of our Preferred Stock. We are currently the subject of a shareholder class action, and may be subject to shareholder litigation in the future; our costs of defending such litigation, arbitration and other proceedings and any adverse outcome of such litigation, arbitration or other proceeding may have a material adverse effect on our business and the results of our operations. We are currently, and may from time to time in the future be, involved in and subject to material litigation and other legal proceedings. In particular, on January 20, 2021, a purported shareholder of our company, individually and on behalf of all others similarly situated (together, the " Class "), filed a putative class action complaint (the " Class Complaint ") in the United States District Court for the Southern District of New York against us and certain members of our executive management team. The Class Complaint alleges that, between December 31, 2020 and January 14, 2021, we and certain members of our executive management team failed to disclose certain material information to investors and that, as a result of the foregoing, our positive statements about our business, operations, and prospects were materially misleading and / or lacked a reasonable basis. The claims made in the Class Complaint appear to be derived from a short seller report that was published about us. We have financed our strategic growth primarily by issuing new shares of our common stock in public offerings, which dilutes the ownership interests of our current stockholders, and which may adversely affect the market price of our securities. We have raised capital to finance our strategic growth of our business through public offerings of our common stock, including through our at- the- market offering program, and we expect to need to raise additional capital through similar public offerings to finance the completion of current and future expansion initiatives. Utilizing those sources may be more challenging in the current financial market conditions, in particular where trading volume is diminished. We may not be able to obtain additional debt or equity financing on favorable terms, if at all, which could impair our growth and adversely impact our existing operations. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests, and the per share value of our common stock could decline. Furthermore, if we engage in debt financing, the holders of any debt we issue would likely have priority over the holders of shares of our common stock in terms of order of payment preference. We may be required to accept terms that restrict our ability to incur additional indebtedness or take other actions including terms that require us to maintain specified liquidity or other ratios that could otherwise not be in the interests of our stockholders. We have not paid dividends on shares of our common stock in the past and have no immediate plans to pay do so in the future. We have not paid, and do not plan to pay, any cash dividends with respect to our common stock in the immediate future. We plan to reinvest all of our earnings, to the extent we~~

~~have earnings, in order to market our products and to cover operating costs and to otherwise become and remain competitive. We cannot assure stockholders that we would, at any time, generate sufficient surplus cash that would be available for distribution to the holders of our common stock as a dividend. Therefore, stockholders should not expect to receive cash dividends on our common stock. If securities or industry analysts do not publish or do not continue to publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline. The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us now or in the future issue an adverse opinion regarding our stock, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Our indebtedness could adversely affect our financial health and prevent us from fulfilling our debt obligations. In April 2022, we entered into a Master Equipment Financing Agreement with Trinity Capital Inc., as the lender (the " Financing Agreement "). The Financing Agreement provides for up to $ 35 million of borrowings to finance our acquisition of blockchain computing equipment. We received a loan of $ 20 million at close, with the remaining $ 15 million fundable upon our request no later than December 31, 2022, As of the date of this filing $ 16, 058, 383 in principal is outstanding and due to Trinity Capital Inc. Our indebtedness could: • increase our vulnerability to general adverse economic and industry conditions; • require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, research and development efforts and other general corporate purposes; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • place us at a competitive disadvantage compared to our competitors that have less debt; • result in greater interest rate risk and volatility; • limit our ability to borrow additional funds; and • make it more difficult for us to satisfy our obligations with respect to our debt, including our obligation to repay our Financing Agreement under certain circumstances, or refinance our indebtedness on favorable terms or at all. We incur significant costs and demands upon management and accounting and finance resources as a result of complying with the laws and regulations affecting public companies; any failure to establish and maintain adequate internal controls and / or disclosure controls or to recruit, train and retain necessary accounting and finance personnel could have an adverse effect on our ability to accurately and timely prepare our financial statements and otherwise make timely and accurate public disclosure. As a public company, we incur significant administrative, legal, accounting and other burdens and expenses beyond those of a private company, including public company reporting obligations and Nasdaq listing requirements. In particular, we have needed, and continue to need, to enhance and supplement our internal accounting resources with additional accounting and finance personnel with the requisite technical and public company experience and expertise to enable us to satisfy such reporting obligations. Any failure to maintain an effective system of internal controls (including internal control over financial reporting) could limit our ability to report our financial results accurately and on a timely basis, or to detect and prevent fraud and could expose us to regulatory enforcement action and shareholder claims. Furthermore, as a non- accelerated filer under the Exchange Act, we are not required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act of 2002, but we are required to document and test our internal control procedures and prepare annual management assessments of the effectiveness of our internal control over financial reporting. Therefore, our internal controls over financial reporting will not receive the level of review provided by the process relating to the auditor attestation included in annual reports of issuers that are subject to the auditor attestation requirements, which may adversely impact market perception of our business and our common shares. Our assessments must include disclosure of identified material weaknesses in our internal control over financial reporting. The existence of one or more material weaknesses could affect the accuracy and timing of our financial reporting. Testing and maintaining internal control over financial reporting involves significant costs and could divert management' s attention from other matters that are important to our business. Additionally, we may not be successful in remediating any deficiencies that may be identified. If we are unable to remediate any such deficiencies or otherwise fail to establish and maintain adequate accounting systems and internal control over financial reporting, or we are unable to continue to recruit, train and retain necessary accounting and finance personnel, we may not be able to accurately and timely prepare our financial statements and otherwise satisfy our public reporting obligations. During our fiscal year ended September 30, 2022, our management conducted an assessment of the effectiveness of our internal control over financial reporting as of September 30, 2022 and concluded that, as of September 30, 2022, our internal controls were effective. Any inaccuracies in our financial statements or other public disclosures (in particular, if resulting in the need to restate previously filed financial statements), or delays in our making required SEC filings, whether as a result of our internal controls over financial reporting or disclosure controls and procedures or otherwise, could have a material adverse effect on the confidence in our financial reporting, our credibility in the marketplace and the trading price of our common shares. We qualify as a smaller reporting company, and, under the smaller reporting company rules, we are subject to scaled disclosure requirements that may make it more challenging for investors to analyze our results of operations and financial prospects. Currently, we qualify as a " smaller reporting company " as defined by Rule 12b- 2 of the Exchange Act. We have elected to provide disclosure under the smaller reporting company rules and, therefore, are subject to decreased disclosure obligations in our filings with the SEC, including being required to provide only two years of audited financial statements in our annual reports. Consequently, it may be more challenging for investors to analyze our results of operations and financial prospects. Provisions in the Nevada Revised Statutes and our Bylaws could make it very difficult for an investor to bring any legal actions against our directors or officers for violations of their fiduciary duties or could require us to pay any amounts incurred by our directors or officers in any such actions. Members of our Board of Directors and our officers will have no liability for breaches of their fiduciary duty of care as a director or officer, except in limited circumstances, pursuant to provisions in the Nevada Revised Statutes and our Bylaws as authorized by the Nevada Revised Statutes. Specifically, Section 78. 138 of the Nevada Revised Statutes provides that a director or officer is not~~

~~individually liable to the company or its shareholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that (1) the directors or officers act or failure to act constituted a breach of his or her fiduciary duties as a director or officer and (2) his or her breach of those duties involved intentional misconduct, fraud or a knowing violation of law. This provision is intended to afford directors and officers protection against and to limit their potential liability for monetary damages resulting from suits alleging a breach of the duty of care by a director or officer. Accordingly, stockholders may be unable to prevail in a legal action against our directors or officers even if they have breached their fiduciary duty of care. In addition, our Bylaws allow us to indemnify our directors and officers from and against any and all costs, charges and expenses resulting from their acting in such capacities with us. This means that if one were able to enforce an action against our directors or officers, in all likelihood, we would be required to pay any expenses they incurred in defending the lawsuit and any judgment or settlement they otherwise would be required to pay. Accordingly, our indemnification obligations could divert needed financial resources and may adversely affect our business, financial condition, results of operations and cash flows, and adversely affect prevailing market prices for our common stock.~~