

## Risk Factors Comparison 2025-03-03 to 2024-02-28 Form: 10-K

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**Described below are Certain certain risks to** factors may have a materially adverse effect on our business, financial condition, and results of operations, including the risk, factors, and uncertainties described under this Part I, Item 1A, and elsewhere in this Annual Report. This is not an **and** exhaustive list, and there ~~are~~ **the industry in which** are other factors that may be applicable to our business that are not currently known to us or that we currently do not believe are material. Any of these risks could have an adverse effect on our business, financial condition, operating **operate** results, or prospects, which could cause the trading price of our common stock to decline, and you could lose part or all of your investment. You should carefully consider the risks, factors, and uncertainties described below, together with the **financial and** other information contained in this Annual Report, as well as the risk, factors, uncertainties, and **in our** other information **public disclosures**. **If any of the following risks actually occurs, our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected. As a result, our future results could differ materially from historical results and from guidance we may provide** disclose in other filings we make with the SEC before making an investment decision regarding our securities expectations of our future financial performance, and the trading price of our common stock could decline. Risk Factor Factors Summary Below **The following** is a summary of the principal factors that make an investment in our **securities** common stock speculative or risky, **all of which are more fully described below in this section**. This summary does not address all of the risks 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 **read in conjunction** carefully considered, together with **the full description of “Risk Factors”** in this section and should not be relied upon as an exhaustive summary of the material risks facing our business. **In addition to the following summary and the information in this section, you should consider the** other information included **contained** in this Annual Report **before investing in our securities**. Risks Related to Our Business • Bitcoin prices **price** are very volatile **volatility** and this may affect our ability to effectively manage **our** growth plans and our profitability; • **Regulatory** If we fail to grow our hash rate, **commercial** we may be unable to compete, and **technical uncertainties** our results of operations could suffer. • Fluctuations in the price of bitcoin may significantly influence **bitcoin** the market price **prices** of our bitcoin holdings and therefore the price of our common stock; • **Further Failure to increase our hashrate may reduce our competitiveness and negatively impact our financial performance; • Our HODL strategy exposes us to market volatility and liquidity risks; • significant Significant** disruptions in the **cryptocurrency** crypto-asset markets, **like** such as those experienced in **late** the second half of 2022, **could** may cause further material **materially** impairment ~~of the value of our mining rigs, and prolonged low bitcoin prices could force use of our to idle mining rigs;~~ • **The adoption and long** Political or economic crises may motivate large-scale sales **term viability** of digital assets **asset networks**, which could result in a reduction in some or all digital assets' values and adversely affect an investment in our securities; • Bitcoin is **uncertain**, subject to halving and as such **a decline in the their** reward **growth** for **or** **acceptance could negatively impact our business** successfully solving a block will halve several times in the future and **its** the value may not adjust to compensate us for the reduction in the rewards we receive from our mining efforts, which could cause us to cease our mining operations altogether and investors could suffer a complete loss of their investment; • Security threats to our business could result in a loss of our digital assets, or **our stock** damage to our reputation and brand, each of which could adversely affect an investment in our securities; • The limited rights of legal recourse against us, and our lack of insurance protection exposes us and our stockholders to the risk of loss of our digital assets for which no person is liable; • We **face** rely on third-party hosting, and as such, our operations could be adversely affected by the actions or inactions of such third-parties. Additionally, third-party hosting, among other things, often requires us to give the hosting company a first lien on the mining rigs installed on the site and creates business risk **risks related to technological obsolescence, vulnerability of the global supply chain** for **cryptocurrency hardware, potential trade restrictions** us. • We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an **and** effective system of internal controls **difficulty in obtaining new hardware**, which may result in material misstatements of our financial statements or cause us to fail to meet periodic reporting obligations; and • We have unresolved Staff comments which could result in restated financial statements. Risks Related to Governmental Regulation and Enforcement • Regulatory changes or actions may restrict the use of bitcoins or the operation of the Bitcoin network in a manner that adversely affects an investment in our securities; • Due to the unregulated nature and lack of transparency surrounding the operations of many bitcoin trading venues, they may experience fraud, security failures or operational problems, which may adversely affect the value of our bitcoin; • If regulatory changes or interpretations require the regulation of bitcoins under the Securities Act and the Investment Company Act of 1940, as amended (the “Investment Act”) by the SEC, we may be required to register and comply with such regulations. To the extent we decide to continue operations, the required registrations and regulatory compliance steps may result in extraordinary, non-recurring expenses to us. We may also decide to cease certain operations. Any disruption of our operations in response to the changed regulatory circumstances may be at a time that is disadvantageous to investors. This would likely have a material adverse effect on **our business; • We may experience liquidity constraints and need additional capital, which may not be available to us and investors may lose their investment on favorable terms, or at all**; and • **Changing Our bitcoin lending arrangements expose us to risks of borrower default, operational failures and cybersecurity threats; • The U. S. political and economic environmental— environment could materially impact our business operations and financial performance, and uncertainty surrounding the potential legal,**

regulatory and policy changes by the new U. S. presidential administration may directly affect us and the global economy; • We have engaged in, and may continue to engage in, strategic acquisitions and other transactions that could disrupt our business, dilute our stockholders, strain our financial resources and harm our operating results; • Geopolitical and economic crises could lead to increased uncertainty, large-scale selloffs of digital assets and a decline in bitcoin's value, negatively impacting our business and stock price; and • The lack of legal recourse and insurance for our digital assets increases the risk of total loss in the event of theft or destruction.

**Risks Related to Governmental Regulation and Enforcement**

- The rapidly evolving and uncertain regulatory landscape for cryptocurrencies exposes us to legal risks, compliance costs, and potential business disruptions;
- The unregulated nature and lack of transparency of many bitcoin trading venues may expose us to fraud, security failures, and operational risks, potentially harming the value of our bitcoin holdings;
- If bitcoin is classified as a security, we may be subject to extensive regulation, which could result in significant costs or force us to cease certain operations;
- Our bitcoin holdings could subject us to regulatory scrutiny and public potential restrictions on future transactions;
- Operating in foreign jurisdictions exposes us to political, legal, and regulatory risks that could negatively impact our financial condition; and
- Target energy policy may expose regulations and taxes could increase our costs and adversely affect our business to new risks.

**Risks Related to Our Common Stock**

- Our stock price is volatile and subject to significant fluctuations; and
- Because our ongoing at-the-market stock issuances contribute to stockholder dilution and may intensify due to our HODL strategy; • The issuance, conversion, or exercise of convertible notes and there other has been limited precedent set convertible securities, options, and warrants will dilute our stockholders' ownership; and
- Uncertainty in accounting standards for bitcoin and other cryptocurrencies may lead to financial restatements accounting of bitcoin and business disruptions other cryptocurrency assets, the determination that we have made for how to account for cryptocurrency assets transactions may be subject to change.

Bitcoin prices price are highly volatile volatility, which may affect our ability to effectively manage our growth plans and our profitability. The market price of bitcoin is extremely volatile, and in fiscal 2023-2024 the price range of bitcoin was between approximately \$ 46-39, 600-000 and \$ 42-106, 300-000. The cost to mine a bitcoin is independent of the then current price of bitcoin, so when bitcoin prices are low, the cost per coin to mine may consume much of our available cash, which means that limiting our ability to invest in expansion, upgrade mining equipment and infrastructure or fund there other strategic initiatives. Additionally, because our revenue is less capital primarily derived from mining bitcoin, our profitability fluctuates in direct correlation with bitcoin which to invest in future company growth. Similarly, when prices price are low movements. A decrease in bitcoin's price results in a corresponding decrease in the value of the bitcoin we mine, reducing our revenues and profitability is decreased on a dollar-for-dollar basis correlated to the then price of bitcoin.

Given the volatility of bitcoin prices, we are these factors render us unable to accurately predict in advance what our future growth trajectory or reliably plans may be and accurately forecast any our revenue and profitability projections for any given reporting period. Our ability to expand our operations depends on our assumptions regarding bitcoin's future price. If those assumptions are incorrect, and bitcoin prices fail to reach or sustain levels high enough to justify our capital expenditures, we may be unable to generate sufficient revenue to maintain profitability or execute our growth strategy, which could materially and adversely impact our business, financial condition and results of operations. Regulatory, commercial and technical uncertainties may influence bitcoin prices. The market price of bitcoin may be is subject to numerous uncertainties, including evolving regulatory frameworks, commercial adoption trends and technical risks, any of which could negatively impact its value. Regulatory treatment of digital assets remains uncertain in various jurisdictions, and new regulations, enforcement actions, or interpretations by governmental authorities could diminish bitcoin's appeal, restrict its use or otherwise depress its market price. Beyond regulation, bitcoin's price is influenced by regulatory, commercial, and technical factors that are highly uncertain. Bitcoin and other digital assets are relatively novel and are subject to various risks and uncertainties that may adversely impact their price. For example, the application of securities laws and other regulations to such as assets is unclear in certain respects, and it is possible that regulators in the United States or foreign countries may create new regulations or interpret laws in a manner that adversely affects the price of bitcoin. The growth of the digital assets industry in general, and the use and acceptance of bitcoin in particular, may also impact the price of bitcoin and is subject to a high degree of uncertainty. The pace of worldwide growth in the adoption and use of bitcoin could depend on the following:

- public familiarity with perception and media coverage of bitcoin and digital assets;
- accessibility ease of buying and accessing convenience of purchasing, holding and transacting with bitcoin;
- institutional demand for bitcoin as an investment asset class;
- consumer demand adoption of bitcoin for everyday transactions bitcoin as a means of payment; and
- the emergence of competing digital assets with potentially superior functionality, availability, scalability or regulatory compliance and popularity of alternatives to bitcoin.

Even if growth in bitcoin adoption occurs increases in the short near or medium-term, there is no assurance guarantee that bitcoin usage this growth will continue be sustained. Since bitcoin exists solely as digital records on the Bitcoin blockchain, its value is also susceptible to technical risks, including:

- a decrease in miner incentives due to declining block rewards and transaction fees;
- security vulnerabilities, such as potential network attacks or software exploits;
- forks or changes to the Bitcoin protocol that may split the network or cause instability; and
- developments in mathematics or technology, including in digital computing, algebraic geometry and quantum computing, that could result in the cryptography used by the Bitcoin blockchain becoming insecure or ineffective.

Additionally, bitcoin's liquidity could be adversely affected if financial institutions, payment processors or market makers withdraw their support for bitcoin-related services due to regulatory pressure, reputational concerns or operational risks. If any of these risks materialize, they could negatively impact bitcoin's market price, which, in turn, would adversely affect our business and financial condition. Failure to increase our hashrate may reduce our competitiveness and negatively impact our financial performance. Our ability to earn bitcoin rewards is directly proportional to our mining power, or hashrate, relative to the total hashrate of the Bitcoin network. As more miners

enter the network and deploy more powerful mining equipment, the global hashrate increases, making it more difficult to successfully mine bitcoin. To remain competitive, we must continuously invest in expanding our hashrate by acquiring new, more efficient mining hardware. However, as demand for mining equipment grows, the cost of acquiring and deploying new miners increases, which could limit our ability to scale. If we are unable to access capital to acquire additional miners, our hashrate may stagnate and we may fall behind our competitors. If we fail to increase our hashrate at a pace that keeps up with network difficulty growth, our share of total bitcoin mining rewards will decline, reducing our revenue and negatively impacting our financial performance. Our HODL strategy exposes us to market volatility and liquidity risks. In the third quarter of 2024, we adopted a HODL strategy whereby we retain all bitcoin mined in our operations or purchased in the open market, rather than selling bitcoin to generate revenue. In the second half of 2024, we raised approximately \$ 2.2 billion, primarily through the issuance of the 2024 Convertible Notes, to acquire bitcoin as part of our HODL strategy. As a result, our financial condition is highly dependent on the market price of bitcoin, which historically has been volatile and subject to fluctuations due to regulatory developments, macroeconomic conditions, technological advancements, security incidents, market speculation and adoption trends. If the price of bitcoin declines significantly or remains low for an extended period, the value of our holdings could decrease materially, affecting our balance sheet and liquidity. Since we do not generate significant revenue from other business activities, a prolonged downturn in bitcoin's price could make it difficult to cover operational expenses, service debt or fund strategic initiatives. Additionally, if we need to sell bitcoin to meet financial obligations, we could face liquidity constraints, unfavorable market conditions or regulatory restrictions that limit our ability to do so. Any of these factors could adversely affect our financial stability and business prospects. While we believe our HODL strategy will create long-term value, because bitcoin has no physical existence beyond the record of transactions on the Bitcoin blockchain, a variety of technical factors related to the Bitcoin blockchain could also impact the price of bitcoin. For example, malicious attacks by "miners" who validate bitcoin transactions, inadequate mining fees to incentivize validating of bitcoin transactions, "hard forks" of the Bitcoin blockchain, and advances in quantum computing could undercut the integrity of the Bitcoin blockchain and negatively affect the price of bitcoin. The liquidity of bitcoin may also be reduced and damage to the public perception of bitcoin may occur, if financial institutions were to deny banking services to businesses that it will generate hold bitcoin, provide bitcoin-related services or accept bitcoin as payment, which could also decrease the returns price of bitcoin. Fluctuations in the price of bitcoin may significantly influence the market price of our bitcoin holdings and therefore, the price of our common stock. To the extent investors view the value of our common stock as linked to the value or change in the value of our bitcoin, fluctuations in the price of bitcoin may significantly influence the market price of our common stock. 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 hash rate (i.e., the amount of computing power devoted to supporting the Bitcoin blockchain), relative to the global network hash rate. As greater adoption of Bitcoin occurs, we expect the demand for or Bitcoin that we will be increase further, drawing more mining companies into the industry and thereby increasing the global network hash rate. As new and more powerful miners are deployed, the global network hash rate will continue to increase, meaning a miner's chance of earning bitcoin rewards will decline unless it deploys additional hash rate at pace with the industry. Accordingly, to maintain our chances of earning new bitcoin rewards and remaining competitive in our industry, we must seek to continually add new miners to grow our hash rate at pace with the growth in the Bitcoin global network hash rate. However, as demand has increased and scarcity in the supply of new miners has resulted, the price of new miners has increased sharply, and we expect this process to continue in the future as demand for bitcoin increases. Therefore, if the price of bitcoin is not sufficiently high to allow us to fund our hash rate growth through new miner acquisitions and if we are otherwise unable to access additional capital to acquire these miners, our obligations under outstanding convertible notes without negatively impacting hash rate may stagnate and we may fall behind our competitors. If this happens, our chances of earning new bitcoin rewards would decline and, as such, our results of operations and financial condition may suffer. Further significant Significant disruptions in the cryptocurrency crypto asset markets, like those in late 2022, could materially impair the value of our mining rigs, and prolonged low bitcoin prices could force us to idle mining rigs. Major disruptions in the cryptocurrency market, such as those experienced in late the second half of 2022, could significantly impact may cause further material impairment of the value and use of our mining rigs equipment. During In the fourth quarter of 2022, the per coin bitcoin's price of bitcoin reached fell from nearly \$ 21,500 to a low of approximately \$ 15,500 from a high of almost \$ 21,500 earlier in the quarter. This decline decrease in the price of bitcoin, combined with general negative market sentiment following caused in large part by the collapse of FTX Trading Ltd. ("FTX") in November 2022 and the various bitcoin company-related bankruptcies and restructurings of multiple digital asset companies, caused led to a material decline in the fair value of our mining rigs and deposits for future mining rig purchases during that period. As a result, we recorded an a \$ 332.9 million impairment charge for of \$ 332.9 million on these assets during the quarter ended December 31, 2022, although operations were unaffected and continued throughout the period. Any Similar market downturns in the future decrease in the value of bitcoin could cause force us to record additional further impairments on in the value of our current and future assets. In addition, if which could negatively impact our financial condition. Our ability to operate profitably depends heavily on bitcoin prices dropped to levels. If bitcoin's price drops and remains below low that experienced in 2022 and held at those levels for a significant an extended period of time, it could impact our profitability such that we may have would possibly need to consider whether it would be prudent is financially viable to leave continue operating certain of our mining rigs idle until the prices recover. There is a theoretical minimum bitcoin price of bitcoin recovered. Theoretically, there is a minimum bitcoin price that is so low below which bitcoin that we would be incentivized to cease our mining operations becomes uneconomical, particularly when where our operating costs exceed our mining revenues revenue. However, determining this threshold is a complex due to the constantly projection involving multiple ever-changing, dynamic variables involved. We have operate multiple

mining sites and hosting partners, all with different hosting and prices, electricity prices costs, and each governed by separate contract structures. These costs would **If market conditions make mining unprofitable across multiple sites, we may need to be compared to the current shut down or scale back operations, which could reduce our revenue revenues and negatively impact** being produced by our mining rigs. Geopolitical or **our financial performance. The adoption** economic crises may create increased uncertainty and **long price changes**, or motivate large- **term** scale sales of digital assets, which could result in a reduction in some or all digital assets' values and adversely affect an investment in our securities. As an alternative to fiat currencies that are backed by central governments, digital assets such as bitcoin, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services. It is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, geopolitical or economic crises may motivate large-scale acquisitions or sales of digital assets either globally or locally. Large-scale sales of digital assets would result in a reduction in their value and could adversely affect an investment in our securities. In addition, we are subject to price volatility and uncertainty due to geopolitical crises and economic downturns. Such geopolitical crises and global economic downturns may be a result of invasion, or possible invasion, by one nation of another, leading to increased inflation and supply chain volatility. Such crises, as well as inflation, will likely continue to have an effect on our ability **viability** to do business in a cost-effective manner. The sale of our digital assets to pay expenses at a time of low digital asset prices could adversely affect an investment in our securities. We may sell our digital assets to pay expenses on an as-needed basis, irrespective of then-current prices. Consequently, our digital assets may be sold at a time when the prices on the respective digital asset exchange market are low, which could adversely affect an investment in our securities. The development and acceptance of digital asset networks **is uncertain, and a decline in their growth or acceptance could negatively impact our business and the value of our stock. Bitcoin** and other digital assets, which represent a new and rapidly changing industry, are **part** subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of digital asset systems may adversely affect an investment in our securities. Digital assets such as bitcoin, that may be used, among other things, to buy and sell goods and services are a new and rapidly evolving industry. The **long-term growth and viability** of the digital asset **assets depend on multiple** industry in general, and the digital asset networks of bitcoin in particular, are highly uncertain. The factors affecting the further development of the digital asset industry, as well as the digital asset networks, include **including** : • continued **global** worldwide growth in the adoption and use **usage** of bitcoins- **bitcoin** and other digital assets; • government and quasi-government regulation **regulations that impact** of bitcoins and other digital assets and their use, or restrictions on or regulation of access to and operation of the digital asset **transactions and network operations** or similar digital assets systems; • the **development and** maintenance and development of the open-source software protocol of..... investment in our securities. **Due to Bitcoin's open-source project, any individual can download the Bitcoin network software protocol; • shifting consumer demographics, preferences and make any desired modifications payment habits; • the availability and popularity of alternative payment methods, including improved fiat currency solutions; • economic conditions and the regulatory environment for digital assets; and • regulatory scrutiny and associated compliance costs. If bitcoin adoption stagnates or declines, demand for bitcoin could weaken**, which **could negatively affect our business** are proposed to users and miners on the Bitcoin network through software downloads and upgrades, and typically posted to the Bitcoin development forum on GitHub.com. A substantial majority **prolonged lack** of miners and **growth in Bitcoin bitcoin adoption could reduce market confidence** users must consent to those software modifications by downloading the altered software or upgrade that implements the changes. If not, the changes do not become a part of the **leading to lower trading volumes and diminished liquidity. Additionally,** Bitcoin **bitcoin** network. Since the Bitcoin network's inception, **price volatility undermines its role as a medium of exchange**, as retailers are less likely to the Bitcoin network have been accepted -- **accept** by the vast majority **it as a form of payment. Marketplace acceptance of bitcoin as a medium of exchange and payment method may remain low. The relative lack of acceptance of bitcoin in the retail and commercial marketplace, or a reduction of such use, limits the ability of end users to use** and miners, ensuring that the Bitcoin **bitcoin** network remains a coherent economic system. However, a developer or group of developers could potentially propose a modification to the Bitcoin network that is not accepted by a vast majority of miners and users, but that is nonetheless accepted by a substantial population of participants in the Bitcoin network. In such a case, and if the modification is material and /or not backwards compatible with the prior version of Bitcoin network software, a fork in the blockchain could develop and two **to pay** separate Bitcoin networks could result with one running the pre-modification software program and the other running the modified version (i. e., a second "Bitcoin" network). Such a fork in the blockchain is typically addressed by community-led efforts to merge the forked blockchains, and several prior forks have been so merged. This kind of split in the Bitcoin network could materially and adversely impact an investment in our securities and harm the sustainability of the Bitcoin network's economy. As the number of digital assets awarded for solving a **goods and services. Further, as** block **rewards** in the blockchain decreases- **decrease**, the incentive for miners to continue to contribute processing power to the respective digital asset network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the blockchain or a software upgrade that automatically charges fees for all transactions may **be required** decrease demand for digital assets and prevent the expansion of the digital asset networks to **incentivize miners** retail merchants and commercial businesses, **potentially** resulting in a reduction -- **reducing bitcoin adoption** in the price of digital assets that could adversely impact an **and value** investment in our securities. In order to incentivize miners to continue to contribute processing power to any digital asset network, such network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record in the blocks they solve only those transactions that include payment of a transaction fee or by the digital asset network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for digital asset transactions become too high, the marketplace may

be reluctant to accept digital assets as a means of payment and existing users may be motivated to switch from one digital asset to another digital asset or back to fiat currency. ~~Decreased use~~ **A decline in bitcoin transactions and adoption could reduce demand, negatively impacting bitcoin's price and affecting the value of our bitcoin holdings. We face risks related to technological obsolescence, vulnerability of the global supply chain for cryptocurrency hardware, potential trade restrictions and difficulty in obtaining new hardware, which may have a material adverse effect on our business.** ~~bitcoins~~ - Bitcoin mining hardware experiences wear and tear over time, requiring periodic repairs or replacement to maintain efficiency. Additionally, as mining technology evolves, we must invest in newer, more efficient mining equipment to remain competitive, which requires significant capital expenditures. Further, we have faced complications related to the import of mining equipment in the past and may face such complications in the future. The global supply of miners is unpredictable and presently heavily dependent on manufacturers based in China. Geopolitical matters, including the relationship between the United States and other countries and trade restrictions and tariffs (or the threat of trade restrictions or tariffs), may impact our ability to import miners or other equipment necessary for our operations. Restrictions or bans on mining equipment from China, whether due to trade restrictions, national security concerns or geopolitical tensions, could disrupt our supply chain, increase equipment costs and delay our growth plans. In addition, officials of the U. S. Customs and Border Protection agency ("CBP") have broad discretion regarding products imported into the United States, and the CBP has on occasion detained or seized imported miners and other equipment necessary to the operation of our miners, which has resulted in significant costs to us. If our imported mining equipment is detained or seized in the future, we may not be able to obtain adequate replacement parts for our existing miners and other equipment or obtain additional miners and other equipment from manufacturers on a timely basis or at all, which could have a material adverse effect on our results of operations and financial condition. We may experience liquidity constraints and need additional capital, which may not be available to us on favorable terms, or at all. Liquidity risk is the possibility ~~that we have accumulated~~ will be unable to meet our financial obligations as they come due. To manage this risk, we use a planning and budgeting process to estimate the funds needed for ongoing operations and growth initiatives. In 2024, we settled our obligations using cash, cash equivalents and net proceeds from our offerings of the 2024 Convertible Notes and stock sales pursuant to our at-the-market offerings. Additionally, in October 2024, we secured a \$ 200.0 million line of credit through master lending agreements with a consortium of lenders. This line of credit requires digital asset collateral, but since these agreements are uncommitted, we cannot guarantee access to funds on commercially reasonable terms or at all. Further, if bitcoin's price drops significantly, we may face margin calls on our borrowings, requiring us to post additional collateral or risk liquidation of collateralized bitcoin. We expect that we will need to raise additional capital to expand our operations, pursue our growth strategy and respond to competitive pressures or unanticipated working capital requirements. We may seek but fail to obtain additional debt or equity financing on favorable terms, if at all, which could impair our growth and ~~adversely affect~~ our existing operations. Raising capital through equity financing could dilute existing stockholders and reduce the value of their investment. Debt financing, on the other hand, could impose restrictive terms, prioritize creditors over stockholders or require us to maintain liquidity levels or financial ratios that may not align with our business needs or be in the best interest of our stockholders. Our bitcoin lending arrangements expose us to risks of borrower default, operational failures and cybersecurity threats. From time to time, we generate income through bitcoin lending, which carries significant risks. The volatility of bitcoin increases the likelihood that borrowers may default due to market downturns, liquidity crises, fraud or other financial distress. Because our bitcoin lending arrangements are unsecured, they rank below secured debt in a borrower's capital structure. If a borrower becomes insolvent, we may be unable to recover the loaned bitcoin, leading to substantial financial losses. Additionally, digital asset lending platforms are vulnerable to operational and cybersecurity risks. Technical failures, software bugs or system outages could disrupt lending activities, delay transactions or result in inaccurate record-keeping. Cybersecurity threats, including hacking, phishing and other malicious attacks, pose further risks, potentially leading to the loss, theft or misappropriation of our loaned bitcoin. A successful cyberattack or security breach could materially and adversely impact our financial position, reputation and ability to conduct future lending activities. The U. S. political and economic environment could materially impact our business operations and financial performance, and uncertainty surrounding the potential legal, regulatory and policy changes by the new U. S. presidential administration may directly affect us and the global economy. Changes in U. S. political leadership and economic policies may create uncertainty that materially affects our business and financial performance. Shifts in legal, regulatory, and trade policies, particularly under a new presidential administration, could disrupt our operations and long-term strategy. For example, if the U. S. government establishes a strategic bitcoin reserve, large-scale purchases could create price volatility or artificial price suppression, making our mining operations less profitable. Conversely, slow or no action in creating such a reserve could limit institutional adoption and negatively impact bitcoin's value, which could also harm our financial condition. Additionally, increased government influence over the Bitcoin network could affect mining difficulty, transaction processing, and other technical aspects, further impacting our business. We also face risks from trade policy changes, including tariffs and restrictions on imports of mining equipment. The current administration has imposed, and may continue to impose, tariffs on imports from key manufacturing regions, increasing costs and disrupting supply chains. The scope and timing of potential policy changes remain uncertain, making it difficult to plan for or mitigate these risks. Any such changes could materially and adversely affect our business, financial condition, and results of operations. We have engaged in, and may continue to engage in, strategic acquisitions and other transactions that could disrupt our business, dilute our stockholders, strain our financial resources and harm our operating results. As part of our growth strategy, we have pursued strategic transactions, including acquiring companies, miners and data centers. In the future, we may seek additional opportunities to expand

our mining operations, including purchasing miners, data centers and other facilities, potentially from companies in financial distress. Our ability to grow through acquisitions depends on several factors, including the availability of suitable opportunities at acceptable costs, our ability to compete effectively to attract those opportunities and access to financing. Acquisitions may require us to issue common stock, thereby diluting existing stockholders, or take on liabilities from acquired businesses. They may also result in recording goodwill and intangible assets that require regular impairment testing, which could lead to periodic write-downs. Additionally, acquisitions often involve significant costs, including integration expenses, restructuring charges and potential litigation risks. Even when successful, acquisitions and expansions may take considerable time to deliver anticipated benefits, if at all. Integrating new businesses, technologies, and personnel can be complex and may divert management's attention from daily operations. We may also face liabilities related to a target company's past operations. Entering new markets where we have little experience could pose additional challenges, particularly if competitors have stronger market positions. Furthermore, we may struggle to generate sufficient revenue to justify acquisition costs, and the integration process could disrupt relationships with employees, suppliers and other stakeholders. Further, we may not be able to pursue our current acquisition strategy in the future. Beyond bitcoin mining and related acquisitions, we have explored, and may continue to explore, opportunities in adjacent or complementary businesses as market conditions allow. These ventures may carry similar risks, including operational and financial challenges, and there is no guarantee they will provide the expected benefits in a timely manner, if at all. Geopolitical and economic crises could lead to increased uncertainty, large-scale selloffs of digital assets and a decline in bitcoin's value, negatively impacting our business and stock price. Bitcoin is an alternative to fiat currencies that are backed by central governments, but its value is highly dependent on supply and demand. It is unclear how global geopolitical and economic crises will affect the adoption and valuation of digital assets. However, such crises may adversely lead to large-scale acquisitions or sales of digital assets, causing significant price volatility. A large-scale selloff of bitcoin could decrease its value, directly affecting our business and the price of our common stock. Additionally, broader macroeconomic instability, inflation and regulatory uncertainty could impact our ability to conduct business efficiently and profitably. A significant decline in bitcoin's value due to economic or geopolitical factors could negatively affect our financial condition. Our digital assets are not insured against theft, loss or destruction. If an investment event occurs where we lose our digital assets, whether due to cyberattacks, fraud or other malicious activities, we may not have any viable legal recourse or ability to recover the lost assets. Unlike funds held in the popularity insured banking institutions, or our acceptance of the digital asset assets networks of bitcoin, are not protected by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. If or our similar digital asset assets systems are lost under circumstances that render another party liable, there is no guarantee that the responsible party will have the financial resources to compensate us. As a result, we and our stockholders could face significant financial losses adversely affect an investment in our securities. The open-source structure of the Bitcoin network exposes us protocol means the contributors to risks related to software the protocol are generally not directly compensated for their contributions in maintaining and developing development, security vulnerabilities the protocol. A failure to properly monitor and upgrade the protocol could damage the Bitcoin network and an and potential disruptions investment in our securities. Digital asset networks are open-source projects and, although there is an influential group of leaders in, for example, the Bitcoin network community known as the "Core Developers," there is no official developer or group of developers that formally controls the Bitcoin network. As an open-source project, Bitcoin is not represented by an official organization or authority. The Bitcoin network protocol is not sold, and contributors are generally are not compensated for maintaining and updating the Bitcoin network protocol. Without The lack of guaranteed financial incentive incentives, for contributors to maintain or develop the there may be insufficient Bitcoin network and the lack of guaranteed resources to adequately address emerging issues, upgrade security with the Bitcoin network may reduce incentives to address the issues adequately or implement necessary improvements in a timely manner. If the Bitcoin Changes to a digital asset network in which we are's software is not properly maintained or developed, it could become vulnerable to security threats, operational inefficiencies and reduced trust, all of which could negatively impact bitcoin's long-term viability and our business. Bitcoin network forks, where the blockchain splits into two separate networks, could cause disruptions and negatively impact our business. Since the Bitcoin network is an open-source project, any individual can download the Bitcoin network software and make any desired modifications, which are proposed to users and miners on the Bitcoin network through software downloads and upgrades and typically posted to the Bitcoin development forum on GitHub.com. A substantial majority of miners and Bitcoin users must consent to those software modifications by downloading the altered software or upgrade that implements the changes. Otherwise, the changes do not become a part of the Bitcoin network. Since the Bitcoin network's inception, changes to the network have been accepted by the vast majority of users and miners, ensuring that the network remains a coherent economic system. However, a developer or group of developers could propose a modification to the Bitcoin network that is not accepted by a vast majority of miners and users, but that is nonetheless accepted by a substantial population of participants in the Bitcoin network. In such a case, and if the modification is material or not compatible with the prior version of Bitcoin network software, a fork in the blockchain could develop and two separate Bitcoin networks could result with one running the pre-modification software program and the other running the modified version (i.e., a second "Bitcoin" network). Historically, the Bitcoin community has worked to merge forked blockchains, but a prolonged or unresolved split could create confusion, disrupt the network and affect bitcoin's stability. A fork could decrease confidence in bitcoin, negatively impacting its price and, in turn, our business and stock value. Widespread delays in the recording of transactions could erode confidence in the Bitcoin network and negatively impact our business. To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the

blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any widespread delays in the recording of transactions could result in a loss of confidence in that digital asset network, which could adversely impact an investment in our securities. To the extent that any miners cease to record transaction in solved blocks, such transactions will not be recorded on the Bitcoin blockchain, until a block is solved by a miner who does not require the payment of transaction fees. Currently, there are no known incentives for miners to actively not record transactions in solved blocks. However, to the extent that any such incentives arise (e. g., a collective movement among miners or one or more mining pools forcing bitcoin blockchain users to pay transaction fees as a substitute for or in addition to the award of new bitcoins- bitcoin upon the solving of a block), actions of miners solving a significant number of blocks could delay the recording and confirmation of transactions on the blockchain. Widespread Any systemic delays in the recording and confirmation of transactions on the blockchain could result in greater exposure to increase the risk of “ double- spending ” (i. e., spending the same digital assets in more than one transactions- transaction), reduce trust in the network, and a loss- negatively impact bitcoin’s adoption and price. This could, in turn, affect the value of our bitcoin holdings and our financial performance. Our reliance on third- party mining pools for a portion of our mining revenue exposes us to operational and financial risks. While we rely largely on our internal mining pool, we additionally rely on external open- access mining pools to receive certain mining rewards and fees from the Bitcoin network. External pools have the sole discretion to modify the terms of our agreement at any time, and, therefore, our future rights and relationship with such pools 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 are distributed by the pool operator proportionally to our contribution to the pool’s overall mining power. Should any external pool’s operator systems suffer downtime due to cyber- attacks, software failures or operational issues, our ability to mine and receive revenue would be negatively impacted. Furthermore, while we receive daily reports from the external pools detailing the total processing power provided to the 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 each such pool’s recordkeeping. We have minimal recourse against external pool operators if we determine the proportion of the reward paid out to us by the mining pool operator is incorrect, aside from leaving the pools. If we cannot consistently obtain accurate proportionate rewards, our business and financial performance could suffer. A 51 % attack on the Bitcoin network could undermine security and market confidence in certain or all digital asset. The security of the Bitcoin networks- network relies on its decentralized nature, which could adversely impact makes it difficult for an- any investment in our securities single entity to control a majority of the network’s mining power. If However, if a malicious actor or botnet obtains coordinated group were to gain control in excess of more than 50 % of the processing- total hashrate, a scenario known as a “ 51 % attack, ” they could theoretically manipulate the network by: • reversing previously confirmed transactions, enabling double- spending of bitcoin; • preventing new transactions from being confirmed, effectively halting the network; and • excluding or modifying transactions, undermining the trustworthiness of the blockchain. A 51 % attack could occur through several mechanisms, including large- scale mining operations, through which a single entity invests in expansive mining facilities with enough computing power active on any digital asset to control the majority of the network; mining pool dominance, including in which mining pool becomes so large that it collectively controls more than 50 % of the Bitcoin network’s hashrate; it is possible that such actor or botnet could manipulate the blockchain- based attacks, in which a manner that adversely affects an investment in our securities. If a malicious actor or botnet botnets ( a volunteer volunteers or hacked collection- collections of computers controlled by networked software coordinating the actions of the computers) obtains a majority of are used to hijack computing resources and direct the- them processing toward mining, effectively amassing enough power dedicated to launch an attack. If a 51 % attack were successfully executed, it could lead to a loss of confidence in bitcoin’s security and reliability, causing its price to drop significantly. Such an event could also prompt regulatory restrictions on cryptocurrency mining and trading, further exacerbating the negative impact on our business. Even any digital asset network, it may be able to alter the blockchain by constructing alternate blocks- if a 51 % attack does it is able to solve for such blocks faster than the remainder of the miners on the blockchain can add valid blocks. Within the alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transaction. However, it could not occur generate new digital assets or transactions using such control. Using alternate blocks, the malicious actor or botnet could “ double- spend ” its own digital assets (i. e., spend the same digital assets in more than one transaction) and prevent the confirmation of other- the mere perception users’ transactions for so long as it maintains control. To the extent that such an attack malicious actor or botnet does not yield its- is majority control of the processing power possible could damage bitcoin’s credibility and discourage institutional adoption. Given or our dependence on bitcoin mining the digital asset community does not reject the fraudulent blocks as malicious, reversing any changes made to loss of trust in the security of the Bitcoin network blockchain may not be possible. Such changes could materially and adversely affect our business, financial condition and results of operations investment in our securities. The scheduled reduction approach towards and possible crossing of bitcoin the 50 % threshold indicates a greater risk that a single mining rewards due pool could exert authority over the validation of digital asset transactions. To the extent that the digital assets ecosystems do not act to ensure greater decentralization of digital asset- halving events may decrease our revenue and could force us to cease mining operations. Bitcoin undergoes a processing- process power known as “ halving, ” the feasibility of a malicious actor obtaining in excess of 50 % of the processing power on any digital asset network (e. g., through control of a large mining pool or through hacking such a mining pool) will increase, which reduces may adversely impact an investment in our securities. Bitcoin is subject to halving, and as such the reward miners receive for successfully solving- mining 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, which could cause us to cease our mining operations altogether and investors could suffer a complete loss of their investment. Halving is a process designed to control the

overall supply and reduce the risk of inflation in digital assets 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 **designed to control the total supply of bitcoin and occur** once every 210,000 blocks. It is estimated that bitcoin will next halve in April 2024 and then approximately every four years thereafter. **The most recent halving in April 2024 reduced mining rewards from 6.25 to 3.125 bitcoin per block, with the next halving expected in April 2028. Halvings are expected to continue** until the total amount of bitcoin supply rewards issued reaches 21.0 million, and **000,000 bitcoin, projected around the year 2140**, theoretical supply of new Bitcoin is exhausted, which is expected to occur around 2140. Once 21.0 million bitcoin are generated, the network will stop producing more. Currently, there are more than 19.0 million bitcoin in circulation. While bitcoin prices have **fluctuated** had a history of price fluctuations around **past** halving events, **and** there is no guarantee that **any such future halvings will result in price change will increase sufficient to offset reduced mining rewards. If bitcoin prices do not increase proportionately, our mining revenue may decline, potentially making continued operations financially unsustainable. If we reduce or cease mining, our business would** be favorable or materially harmed, and investors **would** could suffer a compensate--- **complete** for loss of the **their** reduction in **investment. Further, reduced bitcoin mining incentives due to** reward. If a corresponding and proportionate increase in the price of bitcoin does not follow these anticipated halving events, **may weaken network security and adversely affect our operations. Lower mining rewards could lead to a decrease in the revenue from hashrate securing the Bitcoin network if miners shut down operations due to reduced profitability. A lower hashrate could slow transaction confirmations and make the network more susceptible to malicious actors gaining control of 50 % our** or more of the total processing power, increasing the risk of fraudulent transactions. **Any weakening of Bitcoin network security could negatively impact our operations and harm investor confidence in our securities. High operating costs and the need for professionalized** mining operations would decrease, and we may **lead** not have an adequate incentive to **downward pressure** continue mining and may cease mining operations altogether, which may adversely affect an investment in our securities and investors could suffer a complete loss of their investment. Furthermore, such reductions in bitcoin rewards for uncovering blocks may result in a reduction in the aggregate hash rate 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 our securities. To the extent that the profit margins of digital asset mining operations are not high, operators of digital asset mining operations are more likely to immediately sell their digital assets earned by mining in the digital asset exchange market, resulting in a reduction in the price **prices** of digital assets that could adversely impact an investment in our securities. Over the past **two-three** years, digital asset mining operations have evolved from individual users mining with computer processors, graphics processing units and first-generation mining rigs. **New** Currently, new processing power brought onto the digital asset networks is predominantly added by “professionalized” mining operations, **which**:- Professionalized mining operations may use proprietary hardware or sophisticated machines. Professionalized mining operations require: • the investment of significant capital **investment in specialized** for the acquisition of such hardware; • the leasing of operating space (often in data centers or warehousing facilities); • **substantial incurring of electricity costs consumption**; and • **employing** the employment of technicians to operate the mining farms **sites**. As a result **Unlike past individual miners who may have held mined bitcoin for extended periods**, professionalized mining operations **typically** are of a greater scale than prior miners and have more defined, regular expenses and liabilities. These regular expenses and liabilities require professionalized mining operations to more immediately sell digital assets earned from mining operations on the digital asset exchange market. To the contrary, it is believed that past individual miners were more likely to hold mined digital assets for more extended periods. The immediate selling of newly mined digital assets greatly increases **bitcoin immediately to cover ongoing expenses. If mining profitability declines, professional miners may sell even more bitcoin into the market, increasing supply and potentially driving down bitcoin prices. If this** of digital assets on the digital asset exchange market, creating downward pressure on the price **decline** of each digital asset. The extent to which the value of digital assets mined by a professionalized mining operation exceeds the allocable capital and operating costs determines the profit margin of such operation. A professionalized mining operation may be more likely to sell a higher percentage of its **is significant**, newly mined digital assets rapidly if it is operating at a low profit margin — and it may partially or completely stop operations if its profit margin is negative. In a low profit margin environment, a higher percentage could be sold into the digital asset exchange market more rapidly, potentially reducing digital asset prices. Lower digital asset prices may result in further tightening of profit margins, particularly for professionalized mining operations with higher costs and more limited capital reserves, creating a network effect that may further reduce the price of digital assets until mining operations with higher operating costs become unprofitable **profitability, leading to additional sell-offs** and remove mining power from the respective digital asset network. The network effect of reduced profit margins resulting in greater sales of newly mined digital assets could result in a **negative feedback loop** reduction in the price of digital assets that could **harm our business and** adversely impact **affect** an investment in our securities. Our **increasing** reliance on immersion-cooling **technology** exposes us to **additional operational and regulatory** risks. **We are expanding our** Our business is also active in Bitcoin-related projects related to the technological development of immersion-cooling, an emerging technology in bitcoin mining, which is not in wide-spread use **of** in the bitcoin mining industry, and has yet to be deployed in large scale. As such, there is a risk we may not succeed in developing or deploying immersion-cooling at such a large scale to achieve sufficient cooling performance. Our bitcoin miners that utilize immersion-cooling technology **for** do not primarily rely on the use of water. All Bitcoin **bitcoin** mining infrastructure, including **particularly at our Granbury, Texas facility. Immersion-cooling is an emerging, relatively untested technology at scale within the bitcoin mining industry, and we may face challenges in achieving the expected cooling performance. If**

we fail to optimize our immersion-cooling systems, our mining efficiency and air profitability may suffer. In addition, regulation of certain perfluoroalkyl and polyfluoroalkyl substances, collectively known as “PFAS,” may affect our operations. Governments in the United States and internationally have increased their focus on and regulation of PFAS which are present in some coolants used in our immersion-cooling systems, is an evolving study. Developments Cooling of bitcoin miners in general is a risk-global chemical regulatory trends (including relating to achieving full-PFAS) could lead to additional compliance costs, potential from litigation, our- or hash rate. The loss operational disruptions, all of which could adversely affect our operations and financial condition destruction of a private key required to access a digital asset may be irreversible. Our loss-Loss of access to our private keys or a data could result in a permanent loss of relating to our digital assets could adversely affect an investment in our securities. Digital assets are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet which hold the digital assets. We are required by the operators of digital asset networks to publish the public key relating to a digital wallet in use once we first verify a spending transaction from that digital wallet and broadcast such information into the respective network. We safeguard the private keys relating to our digital assets by relying on three-four custody providers, including New York Digital Investment Group LLC (“NYDIG”), relying on 100% cold-storage custody solutions held in purpose-built physically-secure environments based on established, industry best practices to safeguard digital assets from theft, loss, destruction or other issues relating to hackers and technological attack. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, we will-would be unable to access the digital assets and the private key will-would not be capable of being restored by the respective digital asset network. Any loss of private keys relating to digital wallets used to store our digital assets could adversely affect an investment in our securities. Security-Cybersecurity threats to our business, including hacking and malware, could result in a loss of our digital assets, or-reputational damage to our reputation and our brand, each of which could adversely affect an-and business disruptions investment in our securities. The Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the digital asset industry exchange markets. A security breach caused by hacking, could include, but is not limited to a frequent target for cyberattacks, including: • efforts to gain unauthorized access to information or systems and data; • efforts to cause intentional malfunctions-corruption, destruction, or loss or corruption of data, software, hardware or other computer equipment; and • the inadvertent transmission of computer viruses. A security breach by hacking could harm our operations or result in loss of our digital assets. Any; and • social engineering attacks targeting employees A successful cybersecurity breach of our and our partners’ infrastructure could result in the theft or loss of our bitcoin holdings, disruptions to our mining operations and significant reputational harm and erode the trust of our partners and stockholders, which could adversely affect an investment in our securities. As Furthermore, as our digital assets- asset holdings grow, we may become a more appealing-attractive target for security threats such as hackers and malware-cybercriminals, further increasing our risk exposure. We rely on third-party custody providers’ 100% cold-storage custody solutions held in a purpose-built physically-secure environments based on established, industry best practices to safeguard digital assets from theft, loss, destruction or other issues relating to cyberattacks hackers and technological attack. Notwithstanding the safeguards implemented to protect our assets, the third-party security systems may not be impenetrable or free from defect, and any loss due to a security breach, software defect or event outside of our control will be borne by us. Our The security system-systems and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee, or otherwise, and, as a result, an unauthorized party may obtain access to our private keys, data or bitcoins-digital assets. Additionally, outside parties may attempt to fraudulently induce our employees to disclose sensitive information in order to gain access to our systems or infrastructure. Despite our efforts, we may be unable to anticipate these techniques-security breaches, including cyberattacks, or implement adequate preventative measures since the hacking techniques used often are often-not recognized until launched against a target. If an actual or perceived breach of our security system-systems occurs, the market perception of the effectiveness of our controls could be harmed, which could adversely affect an investment in our securities. Further, in the event of a security breach, we may be subject-suffer damage to our key systems and experience interruption in our services, loss of ability to control or operate our equipment or loss of critical data that could interrupt our operations. Such potential consequences of a security breach may adversely impact our reputation and brand and expose us to increased risks of governmental and regulatory investigation and enforcement actions, private litigation and foreed to cease operations, or suffer a reduction in assets, the other occurrence of each-liability, any of which could adversely affect an investment in our securities. Our ability to adopt technology in response to changing security needs or our business trends and our reliance on, third-party custody providers, poses a challenge to the safekeeping of our digital assets. The history-irreversibility 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. We rely on third-party custody providers’ 100% cold-storage custody solutions held in a purpose-built physically-secure environment based on established, industry best practices to safeguard digital assets from theft, loss, destruction or other issues relating to hackers and technological attack. We believe we may become a more appealing target of security threats as the size of our bitcoin holdings grow. To the extent that we, or any of our third-party custody providers, are unable to identify, mitigate or stop new security threats, our digital assets may be subject to theft, loss, destruction or other attack, which could adversely affect an investment in our securities. To the extent that our third-party custody providers are no longer able to safeguard our assets due to the current banking crisis, we would be at risk of loss if safeguarding protocols fail. Digital asset transactions are irrevocable and stolen or incorrectly transferred digital assets may be irretrievable. As a result, any incorrectly executed digital asset transactions could adversely affect-exposes us to risks of theft, loss an-and investment in human error, which could negatively impact our securities-business. Digital asset 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 that digital asset network. Once a transaction has been verified and recorded in a block that

is added to the blockchain, an incorrect transfer of digital assets or a theft of digital assets generally will not be reversible, and we may not be capable of seeking compensation for any such transfer or theft. Although we regularly transfer digital assets to or from vendors, consultants, and services providers, it is possible that, through computer or human error, or through theft or criminal action, such assets could be transferred in incorrect amounts or to unauthorized third parties. To the extent we are unable to seek a corrective transaction to identify the third party which has received our digital assets through error or theft, we will be unable to revert or otherwise recover the impacted digital assets, and any such loss could adversely affect **our business, results of operations and financial condition** investment in our securities. The limited rights of legal recourse against us, and our lack of insurance protection expose us and our stockholders to the risk of loss of our digital assets for which no person is liable. Our **reliance on** digital assets are not insured. If our digital assets are lost, stolen or destroyed under circumstances rendering a party 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, 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. Furthermore, bitcoin is not subject to Federal Deposit Insurance Corporation (“FDIC”) or Securities Investor Protection Corporation protection, which is the protection afforded to depositors at banking institutions. Therefore, a loss may be suffered with respect to our digital assets for which no recourse is available, which could adversely affect our operations and, consequently, an investment in our securities. If we or our third- party service **hosting providers** experience a security breach or **for** cyberattack and unauthorized parties obtain access to our bitcoin **mining operations** exposes us to, we may lose some or all of our bitcoin and our financial condition and results of operations **operational risks** could be materially adversely affected. Security breaches and cyberattacks are of particular concern with respect to our bitcoin. Bitcoin and other blockchain-based digital assets have been, and may in the future be, subject to security breaches, cyberattacks, or other malicious activities. A successful security breach or cyberattack could result in a partial or total loss of our bitcoin in a manner that may not be covered by insurance or indemnity provisions of the custody agreement with a custodian who holds our bitcoin. Such a loss could have a material adverse effect on our financial condition and results of operations. We rely on third- party hosting **providers to power a portion of**, and as such, our operations could be adversely affected by the actions or **our** inactions of such third- parties. Additionally, third- party hosting, among other things, often requires us to give the hosting company, a first lien on the mining rigs installed on **. If these providers** site and creates business risk for us. We do not self- host our mining rigs and rely upon third- party hosting facilities to power our mining rigs. Our third- party hosting operators host approximately 193, 000 of our bitcoin miners or 23- 91 of our operational hash rate capacity. Our operations and ability to mine bitcoin could be adversely affected if operators we rely on to operate our bitcoin miners experience general incompetence in performing their duties, experience financial difficulties or, **including** bankruptcy, or **fail to meet** otherwise cannot operate our bitcoin miners in accordance with their contractual obligations, **our**. We are dependent upon the financial viability **ability to mine bitcoin could be significantly impacted. In** of our third- party hosting operators, and in 2022, several large publicly traded hosting companies met severe financial issues, including bankruptcies. For example, our largest hosting partner **provider**, Compute North, filed for bankruptcy in 2022, and as a result **resulting**, we recorded an **in a \$ 55. 7 million** impairment charge **for** in the amount of \$ 55. 7 million. Currently, about 90 % of our third- party **company. Hosting contracts often include provisions that allow** hosting **providers to place liens** is operated by APLD and Hut 8. As a result, our operations are highly dependent on these third- parties and could be adversely affected by the actions or **our** inactions of our third- party hosting operators. Furthermore, in most hosting contracts, there is a requirement that the miner agrees to permit the hosting company to place a lien on the actual mining **equipment, which could delay** machines being hosted. If the hosting company files for **or prevent us from reclaiming our assets in the event of a provider’s** bankruptcy, it may take months for the liens to be lifted, while the bankruptcy court and parties litigate these contracts and resolves issues as to ownership of assets and related areas. **Additionally** In these contracts, we are often required to make significant deposits **made to** against future mining fees. If the hosting **providers may be at** party utilizes the deposits, we could **risk if** loss of the **those funds are used for** deposits and be left with an unsecured claim in the **provider’s operations or are otherwise inaccessible due to** bankruptcy **proceedings**. **These factors introduce uncertainty** Lastly, as the bankruptcy process includes an **and financial risk that could materially impact** automatic stay in favor of the debtor company, until the stay is lifted or **our business** a bankruptcy plan approved, we may not be able to move our mining rigs to a different location, even if the debtor rejects our hosting contract. Intellectual property **disputes related to** rights claims may adversely affect the operation of some or all digital asset networks **technology could threaten our ability to operate**. **The legal landscape for digital assets remains uncertain, and** Third- third parties may assert intellectual property claims **relating related to blockchain technology,** the holding and transfer of digital assets **asset and their transactions or** source code. **Any litigation,** Regardless **regardless** of the **its** merit of any intellectual property or, **could create uncertainty about** other **the** legal action, any threatened action that reduces confidence in some or all digital asset networks’ long- term viability or the ability of end- users to hold and transfer digital assets may adversely affect an investment in our securities. Additionally, a meritorious intellectual property claim could prevent us and other end- users from accessing some or all digital asset networks **and reduce investor confidence in** or **our** holding or transferring **business. If a** our **court upholds** digital assets. As a result, an intellectual property claim against us or, **we and** other large- market participants could be restricted from accessing certain **digital asset network networks** participants could adversely affect an investment in our **or** securities **conducting transactions, which could materially impact our business, results of operations and financial condition**. Variability in intellectual property laws may adversely affect our intellectual property position. Intellectual property laws, and patent laws and regulations in particular, have been subject to significant variability either through administrative or legislative changes to such laws or regulations or changes or differences in judicial interpretation, and **we it is expected** **expect** that such variability will continue to occur. Additionally, intellectual property laws and regulations differ among states, and countries. Variations in patent laws and regulations ( or in

interpretations of patent laws and regulations ) in the United States and other countries may diminish the value of our intellectual property and may change the impact of third-party intellectual property on our business. Accordingly, we cannot predict the scope of patents that may be granted to us, the extent to which we will be able to enforce our patents against third parties, or the extent to which third parties may be able to enforce their patents against us. **Developing and protecting** We may seek to internally develop additional new inventions and intellectual property **is costly**, which would take time **- consuming** and **uncertain** be costly. **Our pursuit** Moreover, the failure to obtain or maintain intellectual property rights for such inventions would lead to the loss of our investments in such activities. We may in the future seek to engage in commercial business ventures or seek internal development of new inventions or intellectual property. These activities would require significant amounts of financial, managerial and other resources and would take time to achieve. Such activities could also distract our management team from our present business initiatives, which could have a material and adverse effect on our business. There is also the risk that such initiatives may not yield any viable new business or revenue, inventions or technology, which would lead to a loss of investment in such activities. In addition, even if we are able to internally develop new inventions, in order for **or intellectual property requires significant financial, managerial and other resources. There is no guarantee that those these** inventions to be viable and to compete effectively, **efforts will result in valuable intellectual property or generate revenue. Even if** we would need to develop **new technologies, securing** and **maintain maintaining** a proprietary position **presents additional** with respect to such inventions and intellectual property. However, there are significant risks, associated with any such intellectual property we may develop principally including the following: • **delays** patent applications we may file may not result in issued patents or **failures** may take longer than we expect to result in issued **obtaining** patents; • **patent challenges, including** we may be subject to interference **and opposition** proceedings; • **competitors developing similar** we may be subject to opposition proceedings in the United States or foreign countries **alternative technologies**; and • **any complexity, cost, and uncertainty of patent enforcement. Even issued** patents that are issued to us may not provide meaningful protection, **as**; • we may not be able to develop additional proprietary technologies that are patentable; • other companies may challenge patents issued to us; • other companies may have independently developed and / or patented (or may in the **they can** future independently develop and patent) similar or alternative technologies, or duplicate our technologies; • other companies may design around technologies we have developed; and • enforcement of our patents would be complex, uncertain and very expensive. We cannot be certain that patents, once issued, will provide us with adequate protection from competing products. For example, issued patents may be circumvented or, **challenged, declared invalid invalidated** or unenforceable or narrowed in scope. **Additionally** In addition, **if others have already** since publication of discoveries in scientific or patent **patented similar technologies** literature often lags behind actual discoveries, we cannot **may need to obtain costly licenses or** be **restricted** certain that we will be the first to make our additional new inventions or to file patent applications covering those inventions. It is also possible that others may have or may obtain issued patents that could prevent us from commercializing our **certain** products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. As to those patents that we may acquire, our continued rights will depend on meeting any obligations to the seller and we may be unable to do so. Our failure to obtain or maintain intellectual property rights for our inventions would lead to the loss of our investments in such activities, which would have a material adverse effect on our securities. Moreover, patent **Patent** application delays could cause delays in recognizing **also impact our ability to generate** revenue from our internally generated **developed** patents and could **may** cause us to miss **market** opportunities to license patents before other competing technologies are developed or introduced into the market. We are not actively pursuing any commercialization opportunities or internally generated patents. Our future success depends on our ability to expand our organization to match the growth of our activities. As our operations grow, the administrative demands and scaling demands upon us will grow, and our success will depend upon our ability to meet those demands. **MARA Both** **Marathon** and each of our subsidiaries require certain financial, managerial and other resources, which could create challenges to our ability to successfully manage our subsidiaries and operations and impact our ability to assure compliance with our policies, practices and procedures. These demands include, but are not limited to, increased executive, **technical, operations,** accounting, **management, legal services,** staff support and general office services. We may need to hire additional qualified personnel, **including contractors,** to meet these demands, the cost and quality of which is dependent in part upon market factors outside of our control. Further, we will need to effectively manage the training and growth of our staff to maintain an efficient and effective workforce, and our failure to do so could adversely affect our business and operating results. **Currently, we have limited** personnel in our organization to meet our organizational and administrative demands. We are highly dependent on the continued **service** of our small team of executives. We are dependent upon the efforts and services of our small executive team. While we **We depend upon the efforts, experience, diligence, skill and network of business contacts of our senior management team, and our success will depend on their continued service. The departure of any of our executive officers or key personnel could** have a **material** preliminary plan for succession of certain key executive, the loss of any one of our key executives could have an adverse effect on our **business and results of** operations. **Prolonged power and internet outages, shortages or capacity constraints could harm our business. Our mining operations rely on a significant amount of electricity and high- speed internet access. The success of any current or future mining site depends on securing sufficient, cost- effective power. We operate across a mix of fully owned campuses, leased properties, and active hosting agreements, each with unique power arrangements. If we are unable to obtain adequate electricity or experience prolonged internet outages, we may be forced to scale back or shut down operations. Geopolitical events, including the war in Ukraine and high inflation, have engaged in- driven up global energy prices. If power costs continue to rise, our ability to mine bitcoin profitably could be severely impacted. At times of high energy prices or shortages, we may voluntarily reduce power consumption or be required to do so under agreements with utility providers. In some cases, utilities or government entities may restrict or prohibit electricity use for mining operations, further limiting our ability**

to generate bitcoin. As we expand to new sites, competition for locations with affordable power could intensify. Any limitations on power access could materially and in the adversely affect our business, financial performance and future may engage in growth. Noise generated by our mining operations poses regulatory, strategic acquisitions legal, operational and reputational risks. Our mining operations involve the use of a large number of high- powered miners and cooling systems that generate substantial noise. This noise poses risks to our business, including community complaints, reputational damage, litigation risk, regulatory risk, operational constraints, increased costs and opposition to expansion. These risks could lead to fines or penalties imposed by local governments, requirements to implement costly noise mitigation measures, restrictions on our operating hours, reduction of scale of our operations, stricter noise controls regulations on our operations, potential shutdown of data centers that cannot meet local noise regulations, damages resulting from lawsuits and difficulty obtaining necessary permits and approvals for expanding existing data centers or establishing new site operations. These risks may negatively affect our financial condition and results of operations. The rapidly evolving and uncertain regulatory landscape for cryptocurrencies exposes us to legal risks, compliance costs, and potential business disruptions. Our business operates within a complex and evolving regulatory framework that includes a wide range of federal, state, and international laws, rules, and policies. These include regulations governing financial services, securities, commodities, money transmission, consumer lending, privacy, cybersecurity, taxation, anti- bribery, sanctions, anti- money laundering, and other arrangements areas. Many of these laws were enacted before the rise of cryptocurrencies and blockchain technology, creating uncertainty in their interpretation and application. Regulatory bodies, including the SEC, CFTC, federal energy regulators, and other financial oversight agencies, frequently modify and reinterpret existing rules, leading to inconsistencies across jurisdictions. As a result, we must exercise judgment in determining how certain laws apply to our operations, and regulators may not always agree with our interpretations. If we are found to be in violation of any applicable laws, we could face significant fines, license revocations, product or service restrictions, reputational damage, and other regulatory consequences that could disrupt materially impact our business, cause dilution to our stockholders, reduce our financial resources and harm our operating results. Additionally We have previously engaged in strategic transactions, failures including acquisitions of companies, miners, major cryptocurrency trading platforms and lenders bitcoin mining sites, such as FTX, Celsius, Voyager, and Three Arrows Capital, have intensified calls for stricter oversight of the crypto economy. In response, legislative and regulatory bodies in the U. S. and abroad are actively considering new regulations that could affect our recent operations. Increased scrutiny and regulatory actions may subject us to audits, examinations, investigations, and enforcement proceedings that could disrupt our business acquisitions and increase compliance costs. Given the unpredictable nature of cryptocurrency regulation and enforcement, any adverse regulatory developments, whether through new laws, changing interpretations, or enforcement actions, could negatively impact our reputation, business operations, financial condition, and ability two- to offer competitive products and services. The unregulated nature and lack of transparency of many bitcoin trading venues may expose us to fraud, security failures, and operational risks, potentially harming the value of our bitcoin holdings. Bitcoin trading venues are relatively new and, in some cases, operate with minimal regulation. Many exchanges do not provide the public with significant information about their ownership, management, corporate practices, or regulatory compliance. As a result, confidence in bitcoin trading venues could decline, especially if prominent exchanges suffer fraud, business failures, cyberattacks, or government- imposed restrictions. A lack of stability in the broader bitcoin market or the closure of key trading venues could lead to increased price volatility. If investors view our common stock as linked to our bitcoin holdings, these market disruptions could negatively impact the market value of our stock. If bitcoin is classified as a security, we may be subject to extensive regulation, which could result in significant costs or force us to cease certain operations. Regulatory changes or interpretations that classify bitcoin as a security under the Securities Act of 1933, as amended (the “ Securities Act ”) or Investment Company Act of 1940, as amended (the “ Investment Company Act ”), could require us to register and comply with additional regulations. Compliance with these requirements could impose extraordinary, non- recurring expenses on our business. If the costs and regulatory burdens become too great, we may be forced to modify or cease certain operations, which could be detrimental to our investors. The SEC has previously indicated that certain digital assets may be considered securities depending on their structure and use. While no formal regulations have been proposed to classify bitcoin as a security, future developments could change its legal status, requiring us to comply with securities laws. If we fail to do so, we may be forced to discontinue some or all of our business activities, negatively impacting investments in our securities. If the SEC or other regulators determine that bitcoin or other digital assets we hold qualify as securities, we may be required to register as an investment company under the Investment Company Act. This classification would subject us to additional periodic reporting, disclosure requirements, and regulatory compliance obligations, significantly increasing our operational costs. Although we do not currently engage in investing, reinvesting, or trading securities, and we do not hold ourselves out as an investment company, we could inadvertently be deemed one under the Investment Company Act. If we are unable to rely on an exclusion, we would be required to register with the SEC, which could impose additional financial and regulatory burdens. Furthermore, state regulators may conclude that the digital assets we hold are securities under state laws, requiring us to comply with state- specific securities regulations. States like California have stricter definitions of “ investment contracts ” than the SEC, increasing the risk of additional regulatory scrutiny. Any additional registration requirements, whether due to regulatory developments or an inadvertent classification as an investment company, could result in extraordinary compliance costs and adversely impact an investment in our securities. If we determine that compliance is too costly, we may seek to cease certain or all operational operations, which could lead to significant investment losses for our shareholders. Our bitcoin holdings could subject us to regulatory scrutiny and potential restrictions on future

transactions. Regulators are increasingly focused on the use of digital assets in illicit activities, such as money laundering and sanctions violations. We maintain policies designed to comply with anti-money laundering and sanctions laws and acquire bitcoin only from regulated entities. However, if we are found to have unknowingly purchased bitcoin from bad actors or sanctioned individuals, we could face regulatory proceedings, and our ability to engage in future bitcoin transactions may be restricted or prohibited. Operating in foreign jurisdictions exposes us to political, legal, and regulatory risks that could negatively impact our financial condition. Expanding our business internationally subjects us to the political, legal, and fiscal instability of different countries. Governments may enact policies that disrupt our operations, such as forced divestment, expropriation of assets, contract cancellations, additional taxes, or regulatory changes that increase our compliance burden. These actions could have a material adverse effect on our earnings, cash flow, and financial stability. Additionally, political and social factors may lead to unpredictable judicial rulings that adversely affect our business. Some governments have unilaterally amended or canceled existing agreements, failed to honor contractual commitments, or intervened in disputes between private parties. In some cases, conflicting legal obligations in different jurisdictions could expose us to potential civil or criminal sanctions. These risks, whether occurring individually or in combination, could negatively impact our financial performance and increase our exposure to regulatory investigations, litigation, and financial penalties. Bitcoin mining sites requires significant energy consumption, totaling 390 megawatts of capacity, located in Granbury, Texas and Kearney, Nebraska, and, as part of our operations could be negatively impacted by government regulations or growth taxes specifically targeting energy usage in digital asset mining. Federal, state, in the future, we may seek additional opportunities to grow our or local authorities may impose restrictions on energy consumption, mandate the use of renewable energy sources or implement higher electricity rates for mining operations, including through purchases of increasing our operating costs. Additionally, governments may introduce taxes on energy usage or carbon emissions that disproportionately affect bitcoin miners, data centers and other facilities from other further reducing our profitability. If regulatory or tax burdens make mining economically unviable in certain jurisdictions, we may be forced to relocate operating operations companies, including companies in secure alternative power sources at higher costs or scale back our mining activities, all of which could materially and adversely affect our business, financial condition 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 operations financing to complete acquisitions. Future acquisitions may register as a money services business or money transmitter, leading to increased compliance costs or operational shutdowns. If regulatory changes or interpretations require us to register as a money services business with FinCEN under the U. S. Bank Secrecy Act, or as a money transmitter under state laws, we may be subject to extensive regulatory requirements, resulting in significant compliance costs and operational burdens. In such a case, we may incur extraordinary expenses to meet these requirements or, alternatively, may determine that continued operations are not viable. If we decide to cease certain operations in response to new regulatory obligations, such actions could occur at a time that is unfavorable to investors. Multiple states have implemented or proposed regulatory frameworks for digital asset businesses. Compliance with such state-specific regulations may increase costs or impact our business operations. Furthermore, if we or our service providers are unable to comply with evolving federal or state regulations, we may be forced to dissolve or liquidate certain operations, which could materially impact our investors. The classification of bitcoin as a commodity could subject us to additional CFTC regulation, resulting in significant compliance costs or the cessation of certain operations. Under current interpretations, bitcoin is classified as a commodity under the Commodity Exchange Act and is subject to regulation by the CFTC. If our activities require CFTC registration, we may be required to comply with extensive regulatory obligations, which could result in significant costs and operational disruptions. Additionally, current and future legislative or regulatory developments, including new CFTC interpretations, could further impact how bitcoin and bitcoin derivatives are classified and traded. If bitcoin is further regulated as a commodity, we may be required to register as a commodity pool operator and register the Company as a commodity pool with the CFTC through the National Futures Association. Compliance with these additional regulatory requirements could result in substantial, non-recurring expenses, adversely affecting an investment in our securities. If we determine not to comply with such regulations, we may be forced to cease certain operations, which could negatively impact our investors. Changes in tax laws or IRS guidance regarding bitcoin's classification could negatively impact our business and stockholders. If federal or state tax authorities change bitcoin's classification from property to another category, such as currency or financial asset, the resulting tax implications could negatively affect us and our stockholders. Currently, the IRS treats bitcoin as property, which allows for capital gains treatment but also imposes certain tax reporting requirements, particularly for transactions classified as barter exchanges. Any changes in tax treatment could materially impact the financial and operational aspects of our business and adversely affect an investment in our securities. Our interactions with the Bitcoin network may expose us to transactions with sanctioned individuals, leading to regulatory penalties and reputational harm. The Office of Financial Assets Control ("OFAC") of the U. S. Department of Treasury requires us to comply with its sanction program and not conduct business with persons named on its SDN list. However, because of the pseudonymous nature of blockchain transactions we may inadvertently and without our knowledge engage in transactions with persons named on OFAC's SDN list. Our policy prohibits any transactions with such SDN individuals, and we take all commercially reasonable steps to avoid such transactions, but we may not be adequately capable of determining the ultimate identity of the individual with whom we transact with respect to selling cryptocurrency assets. Moreover, there is a risk that some bad actors will continue to attempt to use cryptocurrencies, including bitcoin, as a potential means of avoiding federally imposed sanctions, such as those imposed

in connection with the Russian invasion of Ukraine. We are unable to predict the nature or extent of new and proposed legislation and regulation affecting the cryptocurrency industry, or the potential impact of the use of cryptocurrencies by SDN or other blocked or sanctioned persons, which could have material adverse effects on our business and our industry more broadly. Further, we may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties as a result of any regulatory enforcement actions, all of which could harm our reputation and affect the value of our common stock. Changing environmental regulations and public energy policies could increase our costs and threaten our bitcoin mining operations. Bitcoin mining requires substantial energy consumption, and our ability to operate profitably depends on securing electricity at competitive rates. Our strategic expansion plans rely on assumptions about current energy regulations and policies. If new environmental or energy regulations are enacted, or if existing ones change, we may face increased costs or operational limitations 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 consistent climate legislation creates an acquisition or our expansion into 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 our industry, and bitcoin mining's pre-acquisition activities high energy usage makes it a potential target or for future regulations operations as a successor in interest. Such integration may divert management. New laws could impose higher energy costs, require additional capital investments, mandate environmental monitoring, or impose other compliance burdens. Additionally, bitcoin miners in Texas have recently been required to disclose extensive information about their energy usage to the U. S. Energy Information Administration, which could lead to negative public perception and further regulatory scrutiny. The ongoing debate over climate change policies adds further uncertainty to our financial outlook. Even without regulatory changes, negative publicity regarding bitcoin mining's environmental impact could damage 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 our reputation 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 and affect acquisition and the potential loss of, or our financial harm to, our relationships with employees and suppliers as a result of integration of new businesses. Additionally, we may be unable to pursue our current acquisition strategy in the future. In addition to mining and holding bitcoin, and such related acquisitions, we have explored, and we may in the future explore, opportunities to become more involved in businesses that expand or supplement those directly related to the self-mining of bitcoin as favorable market conditions condition and opportunities arise. We cannot be certain that such opportunities will produce the intended benefits in a timely manner or to the extent anticipated or at all. These opportunities could also expose us to similar risks associated with our strategic acquisitions, as discussed above. Increased scrutiny and changing expectations from stockholders with respect to our environmental, social and governance ("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 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. Conversely in May 2021, so-called "anti-ESG" and "anti-DEI" sentiment has also gained momentum across the United States, with several state and federal authorities having enacted or proposed "anti-ESG" policies or legislation, issued executive orders and legal opinions and engaged in related investigations and litigation. If our policies or practices are viewed as being in contradiction of such "anti-ESG" or "anti-DEI" policies, legislation executive orders or legal opinions, our reputation may be harmed and our business or financial condition may be adversely affected. The SEC proposed adopted a rule changes that would require requires public companies to include certain climate disclosures in periodic and other filings with the SEC covering fiscal years beginning in 2025, which rule has been stayed pending the completion of a judicial review. To comply with this SEC rule, if the rule goes into effect in its current form, we will be required to establish additional internal controls, engage additional consultants and incur additional costs related disclosures in their periodic to evaluating, managing and reports reporting, including information about on our environmental impact and climate-related risks that are reasonably likely and opportunities. If we fail to have a material impact implement sufficient oversight or accurately capture and disclose on their environmental matters, our reputation, business, operating results and of operations, or financial condition may be materially adversely affected, 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 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. **Risks Relating to Our Common Stock** Our stock price is volatile and subject to significant fluctuations. The market price of our common stock is highly volatile and may fluctuate widely due to factors beyond our control, including: • changes in our industry, particularly those affecting bitcoin and other digital assets; • variability in bitcoin pricing; • competitive pricing pressures; • our ability to obtain working capital financing; • additions or departures of key personnel; • sales of our common stock; • our ability to execute our business plan effectively; • operating results that fall below expectations; • loss of strategic relationships; • regulatory developments; and internet outages • broader economic and external factors. Additionally, securities markets have historically experienced substantial price and volume fluctuations unrelated to specific companies' performance. Such market fluctuations could materially and adversely affect the market price of our common stock. Our ongoing operations require a significant amount of electrical power and access to high-speed internet. The market stock issuances contribute to stockholder dilution and may intensify due to our HODL strategy. Our at-the-market ("ATM") offerings have contributed to dilution, and if we lose internet access, we may be unable to continue selling shares through future ATM offerings, stockholders will experience further dilution. Additionally, our strategy of holding bitcoin on our balance sheet may necessitate increased stock issuances through ATM offerings to fund operations, exacerbating dilution concerns. Investors should be aware that continued stock issuances may negatively impact the value of their holdings. The issuance, conversion, or exercise of convertible notes and other convertible securities, options, and warrants will dilute our stockholders' ownership. We have issued, and may continue to issue, convertible securities, options, and warrants to officers, directors, consultants, and certain stockholders. Additionally, we have issued convertible notes to certain institutional investors in private offerings. The exercise, conversion, or exchange of these instruments, including for other securities a prolonged period, will dilute existing stockholders' ownership percentages. This dilution may negatively impact our ability to obtain additional capital. Holders of these securities may choose to exercise or convert them at times when we may be able to secure additional capital on more favorable terms or when our common stock is trading above the exercise or conversion price. Limited precedent exists for the financial accounting of bitcoin and other cryptocurrency assets. Future changes in regulatory or accounting standards could require us to alter our accounting practices and restate financial statements, potentially affecting how we account for newly mined cryptocurrency rewards. Such changes could materially and adversely impact our business, financial condition, and operating results of operations may be materially and adversely affected. We A restatement may have further restrictions on also raise concerns about our ability liquidity due to continue unique risks which we could face in 2024. The risks to our liquidity outlook would include the following: • deteriorating macroeconomic conditions such as a going concern, negatively the impact of inflation and increased interest rates and the corresponding impact on our ability to borrow funds or refinance existing indebtedness; • additional challenges arising from catastrophic events (such as the FTX collapse and multiple bankruptcies of bitcoin mining companies in 2022 and 2023) that would adversely affect the credibility of, and therefore investor confidence in, companies engaged in the digital assets space; • additional declines in bitcoin prices and / or production, and increases in electricity costs which could adversely impact both the value of cryptocurrencies our bitcoin holdings and our ongoing profitability; and • further instability in the banking system and the possible collapse of more banking institutions which could put the liquidity and cash assets of third parties with which we hold or acquire do business such as miner hosting entities and suppliers and us, if we bank in the future with an institution which subsequently collapses. The sale termination of the \$ 200.0 million in loan facilities with Silvergate Bank did not have a material impact on our or operations or forecasts with regard to liquidity. The loans were fully collateralized by our holdings of bitcoin and as such, we were only permitted to borrow up to 65 % of the value of the bitcoin held as collateral. Specific percentages and conditions are set forth in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption, "Bitcoin held as collateral for loans ("Digital assets, restricted"). In response to the disruptions in the crypto markets and rising interest rates during the fourth quarter of 2022, we decided to move away from leverage and instead chose to rely on increased levels of cash and higher balances of unrestricted bitcoin holdings, which as of January 2023, we are now selling periodically as a means of generating cash for our operations. By selling bitcoin outright, we can realize 100 % of the then value of our bitcoin when addressing liquidity needs. Refer to the disclosure under the caption "Liquidity and Capital Resources Outlook" in the section entitled ("Management's Discussion and Analysis of Financial Condition and Results of Operations") for further disclosure regarding our liquidity analysis. In measuring our prospective liquidity forecasts, we did not include loan availability given the loans were collateralized. In addition, we believe that with the consistently higher bitcoin mining levels which we have achieved, selling bitcoin is a more conservative and sustainable methodology for providing liquidity given current market conditions and interest rates. We believe that with the increased cash, access to our 2023 ATM and our intended 2024 ATM, as needed, our bitcoin holdings, and with periodic access to capital markets, we will have sufficient liquidity to fund operations and growth initiatives, including our investment in the ADGM Entity. In response to the closure of Signature Bank, we moved all of our cash to other FDIC insured institutions and did not suffer any loss of funds from this event. In order to help mitigate and avoid concentration risk with a substantial number single bank, we have diversified our cash holdings and now maintain cash management relationships at four commercial banking institutions. In addition, as a result of shares the current elevated risk of possible insolvency of banks, we have implemented a policy of purchasing short-term U. S. treasury bills as an additional means of risk mitigation for periods when our cash balances are higher than our near-term anticipated and planned operating cash flow needs. We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause us to fail to meet periodic reporting obligations. We are required to comply with certain provisions of Section 404 of the Sarbanes-Oxley Act. Section 404 requires that we document

and test our internal control over financial reporting and issue management's assessment of our internal control over financial reporting. We assessed the effectiveness of our internal controls over financial reporting as of December 31, 2023. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Based on our assessment, as of December 31, 2023, we concluded that our internal control over financial reporting contained material weaknesses. To remediate these material weaknesses, our management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. We believe that these actions will remediate such material weaknesses. However, the remediation cannot be deemed successful until the applicable controls operate for a sufficient period of time and our management has concluded, through testing, that these controls are operating effectively. If we fail to comply with the requirements of Section 404 of the Sarbanes-Oxley Act, there may be materially adverse effects as to the accuracy and timeliness of the filing of our annual and quarterly reports, and it could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock **may negatively impact our stock price**. **If** In addition, a **significant number** material weakness in the effectiveness of **our stockholders sell shares in the public market following the expiration of statutory holding periods** **our** or internal control over financial reporting **lock- up agreements, under Rule 144, or after the exercise of outstanding warrants or convertible securities, it could create** result in an increased chance **“overhang”** effect. **This anticipated sell- of off fraud could depress our stock price, regardless of actual sales activity. The presence of and- an overhang may also hinder** the loss of customers, reduce our ability to **raise** obtain financing and require additional **capital through equity or equity- related securities** expenditures to comply with these requirements, each of which could have a material adverse effect on **favorable terms** our business, results of operations and financial condition. We have unresolved Staff comments.