Risk Factors Comparison 2024-02-23 to 2023-03-02 Form: 10-K

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Certain 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 exhaustive list, and there 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 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 other information contained in this Annual Report, as well as the risk, factors, uncertainties, and other information we disclose in other filings we make with the SEC before making an investment decision regarding our securities. Risks Related to Our Ability to Grow Our Business If we fail to grow our hash rate, we may be unable to compete, and our results of operations could suffer. Generally, a Bitcoin miner' s chance of solving a block on the Bitcoin blockchain and earning a Bitcoin reward is a function of the miner' s hash rate (i. e., the amount of computing power devoted to supporting the Bitcoin blockchain), relative to the global network hash rate. As ~~demand for Bitcoin increases, the global network hash rate increase, and as~~ greater adoption of Bitcoin occurs, we expect the demand for Bitcoin will increase further, drawing more mining companies into the industry and ~~further~~ **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 compete in this highly competitive industry, we believe we will need to continue to acquire new miners, both to replace those lost to ordinary wear- and- tear and other damage, and to increase our hash rate to keep up with a growing global network hash rate. We plan to grow our hash rate by acquiring newer, more effective and energy- efficient miners. These new miners are highly specialized servers that are very difficult to produce at scale. As a result, there are limited producers capable of producing large numbers of sufficiently effective miners, and, as demand for new miners has increased in response to increased Bitcoin prices, we have observed the price of these new miners has increased. If we are unable to acquire enough new miners or access sufficient capital to fund our acquisitions, ~~the~~ **our** results of operations and financial condition could **be** adversely ~~affect~~ **affected , as could** investments in our securities. We may be impacted by macroeconomic conditions due to global pandemics, epidemics or outbreaks of disease and the resulting global supply chain crisis. Global trade conditions and consumer trends that originated during the COVID- 19 pandemic continue to persist and may also have long- lasting adverse impact on us and our industry. There are continued risks arising from new pandemics, epidemics or outbreaks of disease, and ongoing COVID- 19 related issues which have exacerbated port congestion and intermittent supplier shutdowns and delays, resulting in additional expenses to expedite delivery of new miners, as well as critical materials needed for our expansion plans. Further, miner manufacturers have been impacted by the constrained supply of the semiconductors used in the production of the highly specialized ASIC chips miners **we** rely on, and **by** increased labor costs to manufacture new miners as workforces and global supply chains continue to be affected by COVID- 19 and may further be ~~affected~~ **impacted** by global outbreaks of various epidemics or disease, ultimately leading to continually higher prices for new miners. Thus, until the global supply chain crisis is resolved, and these extraordinary pressures are alleviated, we expect to continue to incur higher than usual costs to obtain and deploy new miners **,** and we may face difficulties obtaining the new miners we need at prices or in quantities we find acceptable, if at all, and our business and results of operations may suffer as a result. In addition, labor shortages ~~resulting~~ **that have persisted since the COVID- 19 pandemic and those arising** from ~~the~~ **any new** ~~pandemic~~ **pandemics , epidemics or outbreaks of disease** may lead to increased ~~difficulty and~~ labor costs **and difficulty** in hiring and retaining the highly qualified and motivated people we need to conduct our business and execute on our strategic growth initiatives. Sustaining our growth plans will require the ongoing readiness and solvency of our suppliers and vendors, a stable and motivated production workforce, and government cooperation, each of which may be affected by macroeconomic factors outside of our immediate control. We cannot predict the duration or direction of current **or new** global trends or their sustained impact. Ultimately, we continue to monitor macroeconomic conditions to remain flexible and to optimize and evolve our business as appropriate, and we will have to accurately project demand and infrastructure requirements globally and deploy our workforce and capital resources accordingly. If we experience unfavorable global market conditions, or if we cannot or do not maintain operations at a scope that is commensurate with such conditions or are later required to or choose to suspend such operations again, our business, prospects, financial condition **,** and operating results may be harmed. We expect the cost of acquiring new miners to continue to be affected by the **ongoing** global supply chain crisis. Similarly, the **ongoing** global supply chain crisis, coupled with increased demand for computer chips, has created a shortfall of semiconductors, resulting in challenges for the supply chain and production of the miners we employ in our Bitcoin ~~mining~~ **Mining** operations. The miners are highly specialized servers built around ASIC chips, which very few manufacturers are able to produce in sufficient scale and quality to suit our operations. As a result, the cost to produce these miners has increased, and their manufacturers have passed on increased costs of production to purchasers like us. Therefore, until the global supply chain crisis is resolved, and these extraordinary pressures are alleviated, we expect to continue to incur higher than usual costs to obtain and deploy new miners, which could adversely affect our financial condition and results of operations. We may not be able to timely complete our future strategic growth initiatives or within our anticipated cost estimates, if at all. As part of our efforts to grow our hash rate and remain competitive in the market, we acquired thousands of new state- of- the- art miners from their manufacturer in 2022, which we started to deploy at our Rockdale Facility. To accommodate these new miners, we expanded the Rockdale Facility' s capacity to 700 MW of electrical power through the construction of four new 100 MW structures and the associated power and facilities infrastructure needed to operate them for industrial- scale Bitcoin ~~mining~~ **Mining** . Additionally, we are developing our Corsicana Facility, ~~which~~ **and** we expect to complete **Phase I** in ~~2023~~ **2024** . We will require additional new state- of- the- art miners to deploy at the Corsicana Facility as well as associated ~~and~~ infrastructure development. Moreover, we have carried out these expansions amid the ongoing global supply chain crisis and **residual ongoing issues related to** COVID- 19, and our costs of supplies, labor, and material have increased as a result. While our present expansion projects are proceeding on track with expectations, we cannot guarantee we will complete these expansions (or any future strategic growth initiatives) on time or within our cost estimates, if at all, due in part to the ongoing effects of the global supply chain crisis related to **macroeconomic effects of** COVID- 19, increased inflation and changing conditions within the United States labor market. If we are unable to complete our planned expansions on schedule and within our anticipated cost estimates, our deployment of newly purchased miners may be delayed, which could affect our competitiveness and our results of operation, which could have a material adverse effect on our financial condition and the market price for our securities. We may be unable to access sufficient additional capital for future strategic growth initiatives. The expansion of our miner fleet and **construction** of our ~~Rockdale Facility and~~ Corsicana Facility are capital- intensive projects, and we anticipate that future strategic growth initiatives will likewise continue to be capital- intensive. We expect to raise additional capital to fund these and other future strategic growth initiatives; however, we may be unable to do **so** in a timely manner, in sufficient quantities, or on terms acceptable to us, if at all. If we are unable to raise the additional capital needed to execute our future strategic growth initiatives, we may be less competitive in our industry and the results of our operations and financial condition may suffer, and the market price for our securities may be materially and adversely affected. Expansion of our Rockdale Facility and **construction of our** Corsicana Facility potentially exposes us to additional risks. We ~~are~~ **were** expanding and **may** ~~expect to~~ continue to expand our Rockdale Facility, and we are currently constructing our Corsicana Facility, which potentially exposes us to significant risks we may otherwise not be exposed to, including risks related to, among other sources: construction delays; lack of availability of parts and / or labor, increased prices as a result, in part ~~to~~ **, of** inflation, and delays for data center equipment; labor disputes and work stoppages, including interruptions in work due to pandemics, epidemics, and other health risks; unanticipated environmental issues and geological problems; delays related to permitting and approvals to ~~open~~ **commence operations** from public agencies and utility companies; and delays in site readiness leading to our failure to meet commitments made in connection with such expansion. All construction **-** related projects depend on the skill, experience, and attentiveness of our personnel throughout the design and construction process. Should a designer, general contractor, significant subcontractor or key supplier experience financial ~~problems~~ **difficulties** or other problems during the design or construction process, we could experience significant delays, increased costs to complete the project and / or other negative impacts to our expected returns. If we are unable to overcome these risks and additional pressures to complete our expansion **and construction** projects in a timely manner, if at all, we may not realize their anticipated benefits, and our business and financial condition may suffer as a result. Economic and geopolitical events may create increased uncertainty and price changes. 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~~ **16and** supply chain volatility. Such crises will likely continue to have an effect on our ability to do business in a cost- effective manner. ~~16Inflation~~ -- **Inflation** has caused the price of materials to increase leading to increased expenses to our business. Global crises and economic downturns may also have the effect of discouraging investment in Bitcoin as investors shift their investments to less volatile assets. Such ~~shift~~ **shifts** could have a materially adverse effect on our business, operations and the value of the Bitcoin we mine or the institutional data center clients we host. Failure to successfully integrate acquired businesses could negatively impact our balance sheet and results of operations. Strategic acquisitions such as the Whinstone Acquisition and the ESS Metron Acquisition **, both in 2021** (see Note ~~5~~ **3** . Acquisitions **to our Consolidated Financial Statements** for further information) are an important element of our growth strategy and the success of any acquisition we make depends in part on our ability to integrate the acquired business and realize anticipated synergies. Integrating acquired businesses may involve unforeseen difficulties ~~and~~ **,** may require a disproportionate amount of our management' s attention **,** and may require us to ~~shift~~ **reallocate** our **resources,** financial **or otherwise** ~~and other resources~~ . For example, we may encounter challenges in the integration process such as: difficulties associated with managing the resulting larger and more complex company; conforming administrative and corporate structures and standards, controls, procedures and policies, business cultures, hiring and retention of key employees, and compensation and benefits structures, coordinating geographically dispersed operations; and our ability to deliver on our strategy going forward. Further, our acquisitions may subject us to new liabilities and risks, some of which may be unknown. Although we and our advisors conduct due diligence on the operations of businesses we acquire, there can be no guarantee that we are aware of all liabilities of an acquired company. These liabilities, and any additional risks and uncertainties related to an acquired company not known to us or that we may deem immaterial or unlikely to occur at the time of the acquisition, could negatively impact our future business, financial condition **,** and results of operations. We can give no assurance that we will ultimately be able to effectively integrate and manage the operations of any acquired business or realize anticipated synergies. The failure to successfully integrate the cultures, operating systems, procedures and information technologies of an acquired business could have a material adverse effect on our financial condition and results of operations. We may experience increased compliance costs as a result of our strategic acquisitions. ~~The financial statements and internal controls of both Whinstone and ESS Metron have not, historically, been required to be in compliance with Section 404 of the Sarbanes- Oxley Act of 2002. The accounting costs of bringing our subsidiaries' financial records and internal controls in alignment with the Sarbanes- Oxley Act following these strategic acquisitions have been within our expectations; however, we may encounter unanticipated costs. Further, future~~ **Future** strategic acquisitions could carry substantial compliance burdens, which may limit our ability to realize the anticipated benefits of such acquisitions, and which may require our management and personnel to shift their focus to such compliance burdens and away from their other functions. Such increased costs and compliance burdens could affect our ability to realize the anticipated benefits of such strategic acquisitions, and our business, results of operations, and financial condition may suffer as a result. We have financed our strategic growth primarily by issuing new shares of our common stock in public offerings, which dilutes the ownership interests of our current stockholders, and which may adversely affect the market price of our securities. We have raised capital to finance the strategic growth of our business through public offerings of our common stock, and we expect to ~~need to~~ raise additional capital through similar public offerings to finance the completion of current and future expansion initiatives. We may not be able to obtain additional debt or equity financing on favorable terms, if at all, which could impair our growth and adversely impact our existing operations. **In 2022 and 2023, a number of digital asset platforms and exchanges filed for bankruptcy and / or became the subjects of investigation by various governmental agencies for, among other things, fraud. These disruptions in the crypto asset market may impact our ability to obtain favorable financing.** If we raise additional equity financing, our stockholders may experience dilution of their ownership interests, and the per share value of our common stock could decline **. If we are unable to generate cash flows from operation sufficient to support our strategic growth, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, or obtaining additional equity financing on terms that may be onerous or highly dilutive** . Furthermore, if we engage in debt financing, the holders of any debt we issue would likely have priority over the holders of shares of our common stock in terms of order of payment preference. We may be required to accept terms that restrict our ability to incur additional indebtedness or take other actions including **accepting** terms that require us to maintain specified liquidity or other ratios that could otherwise not be in the interests of our stockholders. We have a history of operating losses, and we may report additional operating losses in the future. Our primary focus is on vertically integrating our Bitcoin ~~mining~~ **Mining** , and we have recorded historical losses and negative cash flow from our operations when the value of Bitcoin we mine does not exceed our associated costs. Further, as part of our strategic growth plans, we have made capital investments in expanding and vertically integrating our **Bitcoin** Mining operations, including the ~~expansion~~ **17expansion** of our Rockdale Facility, ~~increased~~ **and the ongoing construction of our Corsicana Facility, increasing** our employee base, and ~~incurred~~ **incurring** additional costs associated with owning and operating a self- ~~17mining~~ -- **mining** facility. However, future market prices of Bitcoin are difficult to predict, and we cannot guarantee that our future **Bitcoin** Mining revenue will exceed our associated costs. The lack of regulation of digital asset exchanges which Bitcoin, and other cryptocurrencies, are traded on ~~,~~ may expose us to the effects of negative publicity resulting from fraudulent actors in the cryptocurrency space ~~,~~ and can adversely affect an investment in the Company. The digital asset exchanges on which Bitcoin is traded are relatively new and largely unregulated. Many digital asset exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices, or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, such digital asset exchanges, including prominent exchanges handling a significant portion of the volume of digital asset trading. In 2022 **and 2023** , a number of digital asset exchanges filed for bankruptcy proceedings and / or became the subjects of investigation by various governmental agencies for, among other things, fraud, causing a loss of confidence and an increase in negative publicity for the digital asset ecosystem. As a result, many digital asset markets, including the market for Bitcoin, have experienced increased price volatility. The Bitcoin ecosystem may continue to be negatively impacted and experience long term volatility if public confidence decreases. These events are continuing to develop and it is not possible to predict, at this time, every risk that they may pose to us, our service providers, or the digital asset industry as a whole. A perceived lack of stability in the digital asset exchange market and the closure or temporary shutdown of digital asset exchanges due to business failure, hackers or malware, government- mandated regulation, or fraud ~~,~~ may reduce confidence in digital asset networks and result in greater volatility in cryptocurrency values. These potential consequences of a digital asset exchange' s failure could adversely affect an investment in us. We depend on attracting and retaining officers, managers, and skilled professionals. Our success depends, in large part, on our ability to hire, retain and motivate talented officers, leadership, and professionals. We cannot guarantee that such employees ~~may~~ **will** be retained which may inhibit our management functions, strategic development, and other critical functions. Our growth may be constrained by human capital resource limitations as we compete with other companies for skilled employees. We will need to take strategic action to develop our pool of management and skilled employees as well as grow such pool to meet the demands of our corporate functions. If we are not able to do so, our business, and thus our ability to grow, may be materially adversely affected. Risks Related to the Price of BitcoinOur ability to achieve profitability is largely dependent on the price of Bitcoin, which has historically been volatile. Our primary focus on vertically integrating our Bitcoin ~~mining~~ **Mining** operations ~~and~~ **,** the associated expansion of our Rockdale **Facility, and the ongoing construction of our Corsicana** Facility is largely based on our assumptions regarding the future value of Bitcoin, which has been subject to significant historical volatility and may be subject to influence from malicious actors, real or perceived scarcity, political, economic, and regulatory conditions, and speculation making its price more volatile or creating " bubble " type risks for the trading price of Bitcoin. Further, unlike traditional stock exchanges, which have listing requirements and vet issuers, requiring them to comply with rigorous listing standards and rules, and which monitor transactions for fraud and other improprieties, markets for Bitcoin and other cryptocurrencies tend to be underregulated, if they are regulated at all. **In general,** ~~Less~~ **less** stringent ~~cryptocurrency~~ markets **are perceived to** have a higher risk of fraud or manipulation and any lack of oversight or perceived lack of transparency could reduce confidence in the price of Bitcoin and other cryptocurrencies, which could adversely affect the price of Bitcoin. As disclosed in Part I, Item 1 ~~,~~ **.** " Business " of this Annual Report, under the subheading " Regulatory, " Bitcoin and crypto asset markets generally may be subject to increased scrutiny and regulation by the ~~SEC and other~~ U. S. **legislature and** government agencies, and such evolving regulatory and legal environment may impact our **Bitcoin** ~~mining~~ **Mining** and other activities. These factors make it difficult to accurately predict the future market price of Bitcoin and may also inhibit consumer trust in, and market acceptance of, cryptocurrencies as a means of exchange, which could limit the future adoption of Bitcoin and, as a result, our assumptions could prove incorrect. If our assumptions prove incorrect and the future price of Bitcoin is not sufficiently high, our income from our Bitcoin ~~mining~~ **Mining** operations may not exceed our costs, and our operations may never achieve profitability. ~~Bitcoin~~ **18Bitcoin** market exposure to financially troubled cryptocurrency- ~~based~~ **related** companies **may impact our reputation, the price of Bitcoin and the profitability of our Bitcoin Mining operations** . The failure of several crypto platforms has impacted and may continue to impact the broader crypto economy; the full extent of these impacts may not yet be known. Bitcoin ~~is part of the cryptocurrency environment and~~ is subject to price volatility resulting from financial instability, poor business practices, and fraudulent activities of players in the **broader** cryptocurrency market. When investors in ~~18cryptocurrency~~ -- **cryptocurrency** and cryptocurrency- based companies experience financial difficulty as a result of price volatility, poor business practices, and / or fraud, it has **caused** , and may **continue to** cause **,** loss of confidence in the cryptocurrency space, reputational harm to cryptocurrency assets, heightened scrutiny by regulatory authorities and law makers, and a steep decline in the value of Bitcoin, among other material impacts. Such adverse effects have **affected** , and may in the future, affect the profitability of our Bitcoin ~~mining~~ **Mining** operations and our ability to obtain a profit from hosting institutional- scale data center clients. Bitcoin is subject to halving, and our **Bitcoin** ~~mining~~ **Mining** operations may generate less revenue as a result. As disclosed in Part I, Item 1 ~~,~~ **.** " Business " of this Annual Report, under the subheading " Halving, " the number of new Bitcoin awarded for solving a block is cut in half – hence, " halving " – at mathematically predetermined intervals. **The next halving for the Bitcoin blockchain is currently anticipated to occur in April 2024.** While Bitcoin prices have historically increased around these halving events, there is no guarantee that the price change will be favorable or would compensate for the reduction in mining rewards. If a corresponding and proportionate increase in the price of Bitcoin does not follow future halving events, the revenue we earn from our **Bitcoin** Mining operations would see a decrease, which could have a material adverse effect on our results of operations and financial condition. Transaction fees may decrease demand for Bitcoin and prevent expansion. As the number of Bitcoin currency rewards ~~awarded~~ **granted** for solving a block in ~~a~~ **the Bitcoin** blockchain has decreased, transaction fees have increasingly been used to incentivize miners to continue to contribute to the Bitcoin network. However, high Bitcoin transaction fees may slow the adoption of Bitcoin as a means of payment, which may decrease demand for Bitcoin and future prices of Bitcoin may suffer as a result. If Bitcoin prices are not sufficiently high, our **Bitcoin** Mining revenue may not exceed our associated costs, and our results of operations and financial condition may suffer. Further, because the price of shares of our common stock may be linked to the price of Bitcoin, if demand for Bitcoin decreases, causing future Bitcoin prices to decrease, the market price of our securities may be materially and adversely affected, limiting our ability to raise additional capital to fund our strategic growth plans. **Bitcoin faces significant scaling obstacles that can lead to high fees or slow transaction settlement times. Bitcoin (and** ~~Cryptocurrencies~~ **cryptocurrencies , generally)** face significant scaling obstacles that can lead to high fees or slow transaction settlement times ~~. Cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times,~~ and attempts to increase the volume of transactions may not be effective. Scaling cryptocurrencies is essential to the widespread acceptance of cryptocurrencies as a means of payment, including Bitcoin. Many cryptocurrency networks face significant scaling challenges. For example, cryptocurrencies are limited with respect to how many transactions can occur per second. Participants in the cryptocurrency ecosystem debate potential approaches to increasing the average number of transactions per second that ~~the~~ **a** network can handle and have implemented mechanisms or are researching ways to increase scale, such as increasing the allowable sizes of blocks, and therefore the number of transactions per block, and sharding (a horizontal partition of data in a database or search engine), which would not require every single transaction to be included in every single miner' s or validator' s block. ~~However, there~~ **There** is **, however,** no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of cryptocurrency transactions will be effective. If adoption of Bitcoin (and cryptocurrencies, generally) as a means of payment does not occur on the schedule or scale we anticipate, the demand for Bitcoin may stagnate or decrease, which could adversely affect future Bitcoin prices, and our results of operations and financial condition, which could have a material adverse effect on the market price for our securities. Risks Related to our OperationsTo remain competitive in our industry, we seek to grow our hash rate to match the growing network hash rate and increasing network difficulty of the Bitcoin blockchain, and if we are unable to grow our hash rate at pace with the **global** network hash rate, our chance of earning Bitcoin from our **Bitcoin** Mining operations would decline. As the adoption of Bitcoin has increased, the price of Bitcoin has generally appreciated, causing the demand for new Bitcoin rewards for successfully solving blocks on the Bitcoin blockchain to likewise increase. This has encouraged more miners to attempt to mine Bitcoin, which increases the global network hash rate deployed in support of the Bitcoin blockchain. ~~Because~~ **19Because** a miner' s relative chance of successfully solving a block and earning a new Bitcoin reward is generally a function of the ratio the miner' s individual hash rate bears to the global network hash rate, as the global network hash rate increases, a miner must increase its individual hash rate to maintain its chances of earning new Bitcoin rewards. Therefore, as new miners enter the industry and as miners deploy greater and greater numbers of increasingly powerful machines, existing miners must seek to continually increase their hash rate to remain competitive. Thus, a feedback loop is created: as Bitcoin gains popularity and its relative market price increases, more miners attempt to mine Bitcoin and the Bitcoin network hash rate is increased; in response, existing miners ~~19and~~ -- **and** new miners devote more and more hash rate to the Bitcoin blockchain by deploying greater numbers of increasingly powerful machines in an attempt to ensure their ability to earn additional Bitcoin rewards does not decrease. Compounding this feedback loop, the network difficulty of the Bitcoin network (i. e., the amount of work (measured in hashes) necessary to solve a block) is periodically adjusted to maintain the pace of new block additions (with one new block added to the blockchain approximately every ten minutes), and thereby control the supply of Bitcoin. As miners deploy more hash rate and the Bitcoin network hash rate is increased, the Bitcoin network ~~difficult~~ **difficulty** is adjusted upwards by requiring more hash rate to be deployed to solve a block. Thus, miners are further incentivized to grow their hash rate to maintain their chance of earning new Bitcoin rewards. In theory, these dual processes should continually replicate themselves until the supply of available Bitcoin is exhausted. In response, miners have attempted to achieve greater hash rate by deploying increasingly sophisticated ~~miners~~ and expensive miners in ever greater quantities. This has become the Bitcoin mining industry' s great " arms race. " Moreover, because there are very few manufacturers of miners capable of producing a sufficient number of miners of adequate quality to meet this need, scarcity results, leading to higher prices. Compounding this phenomenon, it has been observed that some manufacturers of Bitcoin miners may increase the prices for new miners as the market price of Bitcoin increases. 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 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. Because our miners are designed specifically to mine Bitcoin and may not be readily adaptable to ~~mining~~ other ~~cryptocurrencies~~ **uses** , a sustained decline in Bitcoin' s value could adversely affect our business and results of operations. We have invested substantial capital in acquiring miners using ASIC chips designed specifically to mine Bitcoin and other cryptocurrencies using the **256- bit secure hashing algorithm ("** SHA- 256 ~~algorithm~~ **")** as efficiently and as rapidly as possible on our assumption that we will be able to use them to mine Bitcoin and generate revenue from our operations. Therefore, our **Bitcoin** Mining operations focus exclusively on mining Bitcoin, and our **Bitcoin** Mining revenue is based on the value of Bitcoin we mine. Accordingly, if the value of Bitcoin declines and fails to recover, for example, because of the development and acceptance of competing blockchain platforms or technologies, including competing cryptocurrencies which our miners may not be able to mine, the revenue we generate from our **Bitcoin** ~~mining~~ **Mining** operations will likewise decline. Moreover, because our miners use these highly specialized ASIC chips, we may not be able to successfully repurpose them in a timely manner, if at all, ~~if we decide~~ to ~~switch to mining a different cryptocurrency (or to another~~ -- **other uses,** ~~purpose altogether)~~ following a sustained decline in Bitcoin' s value or if **the** Bitcoin **blockchain stops** ~~is replaced by another cryptocurrency not~~ using ~~the~~ SHA- 256 ~~algorithm~~ **for solving blocks** . This would result in a material adverse effect on our business and could potentially impact our ability to continue as a going concern. Our reliance ~~primarily~~ on **third- party** ~~a single model of miner~~ **miners** may subject our operations to increased risk of design flaws. The performance and reliability of our miners and our technology is critical to our reputation and our operations. **We** ~~Because we~~ currently ~~only~~ use Bitmain **Technologies Limited (" Bitmain ")** Antminer **, and MicroBT WhatsMiner** type miners, **and** if there are issues with those machines, such as a design flaw in the ASIC chips they employ, our ~~entire~~ system could be **substantially** affected. Further, we have encountered, and may in the future encounter, software and firmware complications associated with adapting our miners to operate in our immersion- cooled Bitcoin mining hardware, which may delay or otherwise limit the benefits we anticipate from our adoption of immersion- cooled ~~Mining~~ **mining** . Any system error or failure may significantly delay response times or even cause our system to fail. Any disruption in our ability to continue mining could result in lower yields and harm our reputation and business. Any exploitable weakness, flaw, or error common to **the** Bitmain **or MicroBT** miners **we currently utilize** could affect ~~all~~ **substantial portions of** our miners; therefore, if a defect or other flaw exists and is exploited, **a majority of,** ~~our~~ - **or** ~~entire~~ **all of our** miner fleet could be adversely impacted. Any interruption, delay or system failure could result in financial losses, a decrease in the trading price of our common stock and damage to our reputation. ~~Our~~ **20Our** reliance primarily on immersion- cooling exposes us to additional risks. We are increasingly relying on immersion- cooling for our Bitcoin ~~mining~~ **Mining** infrastructure, to a large extent at the Rockdale Facility ~~and~~ , and entirely (at this phase) at our Corsicana Facility. Immersion- cooling is an emerging technology in Bitcoin mining, which is not in wide- spread use, and has yet to be deployed at this scale ~~before~~ . As such, there is a risk we may not succeed in deploying immersion- cooling ~~,~~ at such a large scale to achieve sufficient cooling performance. All Bitcoin mining infrastructure, including **immersion- cooling and** air- cooling, is an evolving study. Cooling of Bitcoin miners in general is **a** risk to achieving full potential from our hash rate, especially in the ~~state~~ **State** of Texas. ~~20We~~ **We** require meaningful volumes of water to support cooling of our Bitcoin miners for both immersion- cooling and air- cooling operations. The inability to secure adequate water, or the loss of access to such required water, would impact our ability to sustain efficient mining operations. Our use of third- party mining pools exposes us to ~~additional~~ **certain** risks. We receive Bitcoin rewards from our mining activity through third- party mining pool operators. Mining pools allow miners to combine their processing power, increasing their chances of solving a block and getting paid by the network. The rewards are distributed by the pool operator, proportionally to our contribution to the pool' s overall mining power, after deducting the applicable pool fee, if any, used to solve a block on the Bitcoin blockchain. Should the pool operator' s system suffer downtime due to a cyber- attack, software malfunction or other issue, it ~~will~~ **could** negatively impact our ability to mine and receive revenue **, if we are unable to quickly switch to another pool or to self- mine without a pool** . Furthermore, **it is possible that** ~~we are dependent on the accuracy of~~ the mining pool operator **could fail** ~~' s record keeping~~ to accurately record the total processing power provided to the pool for a given Bitcoin mining application ~~in order~~ **, which would inhibit our ability** to ~~assess~~ **confirm** the proportion of that total processing power **which** we provided. While we have internal methods of tracking both the hash rate we provide and the total used by the pool, the mining pool operator uses its own record- keeping to determine our proportion of a given reward, which may not match our own. If we are unable to consistently obtain accurate proportionate rewards from our mining pool operators, we may ~~experience reduced~~ **not receive accurate block** ~~reward~~ **rewards from the pool, with limited recourse to correct these inaccuracies. This could lead us to decide against further participation in a mining pool,** ~~for~~ - **or** ~~our efforts~~ **mining pools generally** , which **may affect the predictability of our mining returns, which** ~~would~~ **could** have an adverse effect on our business and operations. We may not be able to realize the benefits of forks. The Bitcoin blockchain is subject to modification based on a consensus of the users on its network. When a significant minority of users on the network agree to a modification that is not compatible with the prior network protocol, a " fork " of the network results, with one prong running the pre- modified protocol and the other running the modified protocol. The effect of such a fork would be the existence of two " versions " of the blockchain running in parallel that are not interchangeable, which requires exchange- type ~~transaction~~ **transactions** to convert between the two forks. Additionally, it may be unclear following a fork which of the two protocols represents the original and which is the new protocol. Different metrics adopted by industry participants to determine which is the original asset **following a fork in the Bitcoin blockchain may** include: referring to the ~~wishes of the core developers of a cryptocurrency; determining based on the~~ blockchain with the greatest **network** ~~amount of~~ hash rate **,** ~~contributed by miners~~ or ~~validators; or by reference~~ to the " length " of blockchain (i. e., the time between the first transaction recorded in the blockchain' s distributed ledger ~~,~~ and the date of the most recent transaction). Accordingly, **it is possible that a fork may occur on the Bitcoin blockchain that results in an asset different from our current Bitcoin holdings, or a protocol different from SHA- 256 (which our miners are specifically designed to operate), gaining predominance, and the value of our Bitcoin assets may suffer, or** we may not be able to **adapt our miners to the new protocol. Therefore, we may not** realize the economic benefit of a fork **in the Bitcoin blockchain** , either immediately or ever, which could adversely affect an investment in our securities. Cyber- attacks, data breaches or malware may disrupt our operations and trigger significant liability for us, which could harm our operating results and financial condition, and damage our reputation or otherwise materially harm our business. As a publicly traded company, we experience cyber- attacks, such as phishing, and other attempts to gain unauthorized access to our systems on a regular basis, and we anticipate continuing to be subject to such attempts. There is an ongoing risk that some or all of our cryptocurrencies could be lost or stolen as a result of one or more of these incursions. As we increase in size, we may become a more appealing target of hackers, malware, cyber-attacks or other security threats, and, despite our implementation of strict security measures and frequent security audits, it is impossible to eliminate all such vulnerability. For instance, we may not be able to ensure the adequacy of the security measures employed by third parties, such as our service providers and ~~Whinstone' s colocation~~ **any of our Data Center Hosting** customers. Additionally, though we provide ~~cyber- security~~ **cybersecurity** training for employees, we cannot guarantee that we will not be affected by further phishing attempts. Efforts to limit the ability of malicious actors to disrupt the operations of the internet or undermine our own security efforts may be costly to implement and may not be successful. Such breaches, whether attributable to a vulnerability in our systems or otherwise, could result in claims of liability against us, damage our reputation and materially harm our business. **21We rely on a well- known U. S. based third- party digital asset- focused custodian to safeguard our Bitcoin. If our third- party service provider experiences a security breach or cyber- attack and unauthorized parties obtain access to our Bitcoin, we may lose some or all of our Bitcoin and our financial condition and results of operations could be materially adversely affected.** To date, we have not experienced a material cyber **incident** ~~-event~~ ; however, we continue to encounter ongoing cyber- attacks and the occurrence of any such event in the future could subject us to liability to our customers, suppliers, business partners and others, **or** give rise to legal and / or regulatory action, which could damage our reputation or otherwise materially harm our business, operating results, and financial condition. Incorrect or fraudulent Bitcoin transactions may be irreversible and we could lose access to our Bitcoin. Bitcoin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the Bitcoin from the transaction. Because of the decentralized nature of the Bitcoin blockchain, once a transaction has been verified and recorded in a block that is added to the Bitcoin blockchain, an incorrect transfer of a Bitcoin or a theft thereof generally will not be reversible, and we may not have sufficient recourse to recover our losses from any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, our ~~cryptocurrency~~ **Bitcoin** rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Though recent high profile enforcement actions ~~21against~~ -- **against** individuals laundering stolen Bitcoin have demonstrated some means of bringing malicious actors to justice for their theft, the stolen Bitcoin is likely to remain unrecoverable. Furthermore, we utilize a third- party custodian for our Bitcoin, and thus do not maintain a private key. However, if they lose **access to our wallet** , or if a malicious actor successfully denies the third- party **custodian** access to our wallet, we may be permanently denied access to the Bitcoin held in the wallet corresponding to the lost, stolen or blocked keys. Though we have taken and continue to take reasonable steps to secure our data and to store our Bitcoin with institutional custodians, if we, or our third- party custodian were to experience data loss relating to our digital wallets, we could effectively lose access to and the ability to use our Bitcoin assets. Moreover, we may be unable to secure insurance policies for our Bitcoin assets at rates or on terms acceptable to us, if at all, and we may choose to self- insure. To the extent that we are unable to recover our losses from such action, error or theft, such events could have a material adverse effect on our business, results of operations and financial condition. ~~The Rockdale Facility~~ **Our miners and mining infrastructure** may not be adaptable to new technologies. The market for data centers is characterized by rapidly changing technology, evolving industry and process standards, frequent new product introductions, and changing customer demands. Changes in industry practice or in technology could also reduce demand for the physical hosting space and infrastructure that we provide or make previous improvements in the Rockdale Facility **and Corsicana Facility** obsolete. Our ability to deliver technologically sophisticated infrastructure at the Rockdale Facility **and Corsicana Facility** , including power and cooling, is a significant factor in our customers' decisions to collocate with us at the Rockdale Facility. The **infrastructure at the** Rockdale Facility ~~' s infrastructure~~ **and Corsicana Facility** may become obsolete due to the development of new systems that deliver power to, or eliminate heat from, the miners or other customer equipment that we house, which may require us to expend significant capital resources to retrofit or otherwise upgrade our current systems to compete with data centers deploying these new systems. While we believe the Rockdale Facility ~~is~~ **and upcoming Corsicana Facility are** primed to be adaptable, new technology can be, by its nature, unpredictable. Moreover, even if we are able to respond, we may not be able to efficiently upgrade or change these systems without incurring significant costs. Operations may be negatively impacted by these upgrades as they are in process. This may impact our customers' experience in the short term, which may have a negative impact on **our** operating cash flows, liquidity, and financial condition. The Rockdale Facility is subject to a ~~ten~~ **long** - ~~year~~ **term** ground lease,

~~as amended,~~ and ~~if we are unable to renew its term,~~ we may be unable to fully realize the anticipated benefits of **its expansion if the lease is not renewed** ~~our~~ - **or is otherwise terminated** ~~acquisition of Whinstone and the ongoing development of the site~~. The Rockdale Facility is subject to a ground lease with an initial term of ten years, followed by three ten- year renewal periods at our option, unless terminated earlier. The long- term success of our plans for the Rockdale Facility is largely based on our ability to maintain the lease in effect and to renew it going forward. If we fail to maintain the lease or renew it once its initial term expires and the landlord requires ~~Whinstone~~ **the Rockdale Facility** to vacate the premises, we will likely incur significant costs in relocating **its** ~~Whinstone' s~~ operations, if we could do so at all, and our Bitcoin Mining and Data Center Hosting operations would be interrupted during such relocation. Further, if we fail to renew the lease on terms favorable to us, and our costs are increased, then we may not realize the anticipated benefits of our investment in the ~~Whinstone Acquisition~~ **Rockdale Facility** or any future development of its remaining available capacity. Any disruptions or changes to ~~Whinstone~~ **the Rockdale Facility** ' s present relationship with the landlord ~~for the Rockdale Facility~~ could disrupt our business and our results of operations negatively. ~~Our~~ **22Our** business could be harmed by prolonged power and internet outages, shortages, or capacity constraints. Our operations require a significant amount of electrical power and access to high- speed internet to be successful. If we are unable to secure sufficient electrical power, or if we lose internet access for a prolonged period, we may be required to reduce our operations or cease them altogether. If this occurs, our business and results of operations may be materially and adversely affected. We are subject to risks associated with our need for significant electrical power. Our operations have required significant amounts of electrical power, and, as we continue to expand our mining fleet ~~and~~ **, operate** our Rockdale Facility **,** and begin to operate our Corsicana Facility, we anticipate our demand for electrical power will continue to grow. The fluctuating price of electricity we require for our operations, and to power our expansion, may inhibit our profitability. If we are unable to continue to obtain sufficient electrical power on a cost- effective basis, we may not realize the anticipated benefits of our significant capital investments. Additionally, our operations could be materially adversely affected by prolonged power outages. Although certain critical functions of our Rockdale Facility may be powered by backup generators on a temporary basis, it would not be feasible or cost- effective to run miners on back- up power generators for extended periods of time. Therefore, we may have to reduce or cease our operations in the event of an extended power outage, or as a result of the unavailability or increased cost of electrical power. If this were to occur, our business and results of operations could be materially and adversely affected. ~~22Our~~ -- **Our** operations ~~could~~ **have been, and may continue to** be **,** adversely affected by events outside of our control, such as natural disasters. We may be impacted by natural disasters, wars, health epidemics, weather conditions, the long- term effects of climate change, power outages or other events outside of our control. For example, we voluntarily halted operations at our Rockdale Facility during the severe winter storms in the first quarter of 2022 and 2021 that had a widespread impact on utilities and transportation **. Additionally, as previously disclosed, we sustained damage to the Rockdale Facility' s infrastructure during the severe winter storms affecting Texas in December 2022 which caused miners to be offline and impacted approximately 2. 5 EH / s of our hash rate capacity** . In the future, regulators or power providers may, under new or revised rules, require us to power down the Rockdale Facility and / or the Corsicana Facility, once it begins operations, during such events. If major disasters such as earthquakes, floods or other climate- related events occur, the Rockdale Facility **, Corsicana Facility,** or our other offices are severely damaged, or our information system or communications ~~could~~ break down or operate improperly, ~~which may interrupt~~ our operations **may be interrupted** . We may incur expenses or delays relating to such events outside of our control, which may not be covered by insurance, and such events could have a material adverse impact on our business, operating results and financial condition. Increased scrutiny and changing expectations from stakeholders with respect to our **environmental, social, and governance ("** ESG **")** practices and the impacts of ~~Climate~~ **climate** ~~Change~~ **change** may result in additional costs or risks. Companies across many industries are facing increasing scrutiny related to their ~~environmental, social, and governance ("~~ESG ~~")~~ practices. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the non- financial impacts of their investments. Furthermore, increased public awareness and concern regarding environmental risks, including global climate change, **has resulted and** may **continue to** 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 **. The SEC has proposed rule changes that would require companies to include certain climate- related disclosures such as climate- related risks that are reasonably likely to have a material impact on business, results of operations, or financial conditions. Should such proposed rules be adopted, increased public scrutiny of our business may affect our operations, competitive position, and financial condition** . In addition, the physical risks of climate change may impact the availability and cost of materials and natural resources, sources and supply of energy, 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 **the** physical impacts of climate change, our business, capital expenditures, results of operations, financial condition and competitive position could be negatively impacted. ~~Risks~~ **23Risks** Related to Governmental Regulation and EnforcementChanging environmental regulation and public energy policy may expose our business to new risks. Our Bitcoin ~~mining~~ **Mining** operations require a substantial amount of power and can only be successful, and ultimately profitable, if the costs we incur, including for electricity, are lower than the revenue we generate from our operations. As a result, any mine we establish can only be successful if we can obtain sufficient electrical power for that mine on a cost- effective basis, and our establishment of new mines requires us to find locations where that is the case. For instance, our plans and strategic initiatives for the Rockdale Facility and ~~future~~ Corsicana Facility are based, in part, on our understanding of current environmental and energy regulations, policies, and initiatives enacted by federal and Texas regulators. If new regulations are imposed, or if existing regulations are modified, the assumptions we made underlying our plans and strategic initiatives may be inaccurate, and we may incur additional costs to adapt our planned business, if we are able to adapt at all, to such regulations. In addition, there continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty for our business because the ~~cryptocurrency~~ **Bitcoin** mining industry, with its ~~high~~ energy demand, may become a target for future environmental and energy regulation. New legislation and increased regulation regarding climate change could impose significant costs on us and our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, and other costs to comply with such regulations. Further, any future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. **Moreover** ~~For example~~ , in ~~September 2022,~~ the ~~White House issued a report regarding the Climate and Energy Implications of Crypto- Assets in the United States~~ - **State** ~~. The report states that the Department of Energy and Environmental Protection Agency should initiate a process to solicit data and develop environmental performance and energy conservation standards for crypto- asset technologies, including mining equipment. Should such measures prove ineffective at achieving the Administration' s environmental goals, the report calls for the Administration to explore executive actions and legislation to limit or eliminate the use of high energy intensity consensus mechanisms for crypto- asset mining in the United States. 23Moreover, in the state~~ of Texas, we currently participate in energy demand response programs to curtail operations, return capacity to the electrical grid, and receive funds to offset foregone operational revenue when necessary, such as in extreme weather events. **Furthermore, we, as well as other Bitcoin miners operating primarily in the State of Texas, have recently received a mandatory survey from the U. S. Energy Information Administration (the " EIA "), seeking extensive information regarding our facilities' use of electricity, and certain information regarding our operations, solely for the month of January 2024. It is possible that mandatory surveys such as this will be used by the EIA to generate negative reports regarding the Bitcoin mining industry' s use of power and other resources, which could spur additional negative public sentiment and adverse legislative and regulatory action against us or the Bitcoin mining industry as a whole. Surveys and other regulatory actions could increase our cost of operations or otherwise make it more difficult for us to operate at our current locations.** Given the political significance and uncertainty around the impact of climate change and how it should be addressed, and energy disclosure and use regulations, we cannot predict how legislation and regulation will affect our financial condition and results of operations in the future in the United States and the ~~state~~ **State** of Texas. Further, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change or energy use by us or other companies in our industry could harm our reputation. Any of the foregoing could result in a material adverse effect on our business and financial condition. The compliance costs of responding to new and changing regulations could adversely affect our operations at our Rockdale Facility and our future operations at our Corsicana Facility. We (along with those from whom we purchase electricity) are subject to various federal, state, local, and international environmental laws and regulations, including those relating to the generation, storage, handling, and disposal of hazardous substances and wastes. Certain of these laws and regulations also impose joint and several liability, without regard to fault, for investigation and cleanup costs on current and former owners and operators of real property and persons who have disposed of or released hazardous substances into the environment. Our operations may involve the use of hazardous substances and materials, such as petroleum fuel for emergency generators, as well as batteries, cleaning solutions, and other materials. Electricity costs could also be affected due to existing or new regulations on greenhouse gas emissions, whether such regulations apply to all consumers of electricity or just to specified uses, such as Bitcoin mining. These regulations may be federal, or we may be exposed to such regulations due to **our** ~~the acquisition of~~ Texas- based ~~Whinstone~~ **operations** . There has been interest in the U. S. federal government and in the state government of Texas in addressing climate change, including through regulation of Bitcoin mining. Past policy proposals to address climate change include measures ranging from taxes on carbon use or generation to energy consumption disclosure regimes to federally imposed limits on greenhouse gas emissions or energy use restrictions specific to Bitcoin mining. Further, although Texas has historically sought to maintain some degree of energy independence from the United States as a whole, it is unclear how future legislation and regulation will affect the Rockdale Facility and the ~~future~~ Corsicana Facility. The course of future legislation and regulation in the United States and in Texas remains difficult to predict, and potential increased costs associated with new legislation or regulation cannot be estimated at this time. ~~Regulatory~~ **24Regulatory** changes or actions may alter the nature of an investment in us or restrict the use of cryptocurrencies in a manner that adversely affects our business, prospects, or operations. As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies; certain governments have deemed them illegal, and others have allowed their use and trade without restriction, while ~~in~~ some jurisdictions, such as ~~in~~ the United States, subject the mining, ownership and exchange of cryptocurrencies to extensive, and in some cases overlapping, unclear and evolving regulatory requirements. For example, in January 2023, the Federal Reserve, Office of the Comptroller of the Currency, and **FDIC** ~~Federal Deposit Insurance Corporation~~ issued a joint statement effectively discouraging banks from doing business with clients in crypto- asset industries, which could potentially create challenges regarding access to financial services. In January 2023, the Federal Reserve also issued a policy statement broadening its authority to cover state- chartered institutions. Moreover, in January 2023, the White House issued a statement cautioning deepening ties between crypto- assets and the broader financial system. Meanwhile, the SEC has announced several actions aimed at curtailing activities it deems sales of unregistered securities. However, also during January ~~of~~ 2023, the U. S. House of Representatives announced its first ever Financial Services Subcommittee on Digital Assets and the intention to develop a regulatory framework for the use and trade of digital assets and related financial services products in the United States. Bipartisan leadership of the Senate Banking Committee announced a similar objective. Given the difficulty of predicting the outcomes of ongoing and future regulatory actions and legislative developments, it is possible that they could have a material adverse effect on our business, prospects or operations. Our interactions with a blockchain may expose us to **specially**

designated nationals (" SDN **")** or blocked persons and new legislation or regulation could adversely impact our business or the market for cryptocurrencies. 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 ~~specially designated nationals ("~~ SDN ~~")~~ list. However, because of the ~~24pseudonymous~~ -- **pseudonymous** nature of blockchain transactions we may inadvertently and without our knowledge engage in transactions with persons named on OFAC' s SDN list. Our Company' s 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~~ **Bitcoin** 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~~ **Bitcoin** industry, or the potential impact of the use of ~~cryptocurrencies~~ **Bitcoin** 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. Bitcoin and Bitcoin mining, as well as cryptocurrencies generally, may be made illegal in certain jurisdictions, including the ones we operate in, which could adversely affect our business prospects and operations. It is possible that state or federal regulators may seek to impose harsh restrictions or total bans on ~~cryptocurrency~~ **Bitcoin** mining which may make it impossible for us to do business without relocating our mining operations, which could be very costly and time consuming. Further, although Bitcoin and Bitcoin mining, as well as cryptocurrencies generally, are largely unregulated in most countries (including the United States), regulators could undertake new or intensify regulatory actions that could severely restrict the right to mine, acquire, own, hold, sell, or use cryptocurrency or to exchange it for traditional fiat currency such as the United States Dollar. Such restrictions may adversely affect us as the large- scale use of ~~cryptocurrencies~~ **Bitcoin** as a means of exchange is presently confined to certain regions globally. Such circumstances could have a material adverse effect on us, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account, and thus harm investors. ~~Risks~~ **25Risks** Related to Ownership of Our Common StockThe trading price of shares of our common stock has been subject to volatility. The trading price of our common stock has been, and is likely to continue to be, volatile, and may be influenced by **various factors** including the risks, uncertainties and factors described in this Annual Report and our other filings with the SEC, as well as factors beyond our control or of which we may be unaware. If these risks come to pass and our business and results of operation suffer as a result, the market price of our securities may decline, which could have a material adverse effect on an investment in our securities. Bitcoin is ~~part of the cryptocurrency environment and is~~ subject to price volatility resulting from financial instability, poor business practices, fraudulent activities of players in the ~~cryptocurrency~~ market, and other factors outside of our control. Such factors may cause a decline in the price of Bitcoin, which may affect the trading price of our shares of common stock **. We have issued new shares of our common stock, which has a dilutive effect. We have, primarily, financed our strategic growth through our at- the- market (" ATM ") offerings and issuances of our common stock. Our ATM offerings allow us to raise capital as needed by tapping into the existing trading market for our shares by selling newly issued shares into the market depending on prevailing market prices. Our efforts to raise capital is for the purpose of executing on development plans and strategic growth opportunities as they arise; however, holders of our common stock may experience dilution as a result of our sales of newly issued shares of our common stock in such ATM offerings** . We have a classified board of directors; therefore, only approximately one- third of the Board is up for election at each annual stockholders' meeting, which could limit stockholders' ability to influence directors' decision making. Our Bylaws provide for a classified board of directors consisting of three classes of directors serving staggered three- year terms, and each year our stockholders elect one class of our directors. We believe that a classified board structure facilitates continuity and stability of leadership and policy by helping ensure that, at any given time, a majority of our directors have prior experience as directors of our Company and are familiar with our business and operations. In our view, this permits more effective long- term planning and helps create long- term value for our stockholders. The classified board structure, however, could prevent a party who acquires control of a majority of our outstanding voting stock from obtaining control of our board of directors until the second annual stockholders' meeting following the date that party obtains control of a majority of our voting stock. The classified board structure may discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to obtain control of us, as the structure makes it more difficult for a stockholder to replace a majority of our directors. Article ~~XIV~~ **X** of our Bylaws, as amended, designates the courts of the State of **Nevada** ~~New York~~ as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our ~~shareholders~~ **stockholders** , and therefore may limit our stockholders' ability to choose a forum for disputes with us or our directors, officers, employees, or agents. Article ~~XIV~~ **X** of our Bylaws, as amended, provides that, to the fullest extent permitted by law, and unless we consent to the selection of an alternative forum, the state and federal courts in and for the State of **Nevada** ~~New York~~ shall be the sole and exclusive forum for the ~~25resolution~~ -- **resolution** of certain actions and proceedings that may be initiated by our stockholders, and that, by purchasing our securities, our stockholders are deemed to have notice of and consented to this forum selection clause. Under Article ~~XIV~~ **X** of our Bylaws, the following claims are subject to this forum selection clause: (a) any derivative action or proceeding brought on behalf of the Company; (b) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director or officer of the Company to the Company or the Company' s stockholders; (c) any action or proceeding asserting a claim against the Company arising pursuant to any provision of the Nevada Revised Statutes or the Company' s Articles of Incorporation or Bylaws (as either might be amended from time to time); or (d) any action or proceeding asserting a claim against the Company governed by the internal affairs doctrine. By its terms, the forum selection clause in our Bylaws applies to the foregoing claims to the fullest extent permitted by law, and, as such, should not be interpreted as precluding our stockholders from bringing claims under the Exchange Act in the appropriate federal court with jurisdiction over such claims, ~~as provided by Section 27 of the Exchange Act. Likewise, the forum selection clause in our~~ - **or any other** ~~Bylaws should not be interpreted as precluding our stockholders from bringing claims~~ - **claim** ~~under the Securities Act in the appropriate state or~~ **for which the** federal ~~court~~ **courts** ~~with~~ **of the United States have exclusive** jurisdiction ~~over such claims, as provided by Section 22 of the Securities Act~~. We believe the choice- of- forum provision in our Bylaws will help provide for the orderly, efficient, and cost- effective resolution of legal issues affecting us by designating courts located in the State of **Nevada** ~~New York~~ as the exclusive forum for cases involving such issues. However, this provision may limit a stockholder' s ability to bring a claim in a judicial forum that it believes to be favorable for disputes with us or our directors, officers, employees, or agents, which may discourage such actions against us and our directors, officers, employees, and agents. **26The** Nevada revised statutes permit us to make this selection in our Bylaws ~~, and, while there is no New York case law addressing the enforceability of this type of provision, New York courts have on prior occasion found persuasive authority in Delaware case law in favor of the enforceability of forum selection clauses in the absence of statutory or case law specifically addressing an issue of corporate law~~. However, if a court were to find the choice- of- forum provision in our Bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, or results of operations. Nevada law contains provisions that could discourage, delay or prevent a change in control of our ~~company~~ **Company** , prevent attempts to replace or remove current management and reduce the market price of our stock. Certain provisions of Nevada law described below may make us a less attractive candidate for acquisition, which may adversely impact the value of the shares of our capital stock held by our stockholders. We have not opted out of these provisions in our Bylaws, as permitted under the Nevada Revised Statutes. Nevada Revised Statutes Sections 78. 411 through 78. 444 (the " Nevada Combinations Statute ") generally prohibit " combinations " including mergers, consolidations, sales and leases of assets, issuances of securities and similar transactions by a Nevada corporation having a requisite number of stockholders of record (of which we are one) with any person who beneficially owns (or any affiliate or associate of the corporation who within the previous two years owned), directly or indirectly, 10 % or more of the voting power of the outstanding voting shares of the corporation (an " interested stockholder "), within two years after such person first became an interested stockholder unless (i) the board of directors of the corporation approved the combination or transaction by which the person first became an interested stockholder before the person first became an interested stockholder or (ii) the board of directors of the corporation has approved the combination in question and, at or after that time, such combination is approved at an annual or special meeting of the stockholders of the target corporation, and not by written consent, by the affirmative vote of holders of stock representing at least 60 % of the outstanding voting power of the target corporation not beneficially owned by the interested stockholder or the affiliates or associates of the interested stockholder. Two years after the date the person first became an interested stockholder, the Nevada Combinations Statute prohibits any combination with that interested stockholder unless (i) the board of directors of the corporation approved the combination or transaction by which the person first became an interested stockholder before the person first became an interested stockholder or (ii) such combination is approved by a majority of the outstanding voting power of the corporation not beneficially owned by the interested stockholder or any affiliate or associate of the interested stockholder. The Nevada Combinations Statute does not apply to combinations with an interested stockholder after the expiration of four years from when the person first became an interested stockholder. ~~26Because~~ -- **Because** we do not currently intend to pay any cash dividends on our common stock, our stockholders will not be able to receive a return on their shares unless they sell them. We currently intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them. There is no assurance that stockholders will be able to sell shares when desired. We **previously** ~~, and some of our current officers and directors, have been named as parties to various lawsuits arising out of, or related to, allegedly false and misleading statements made in prior securities filings, and those lawsuits could adversely affect us, require significant management time and attention, result in significant legal expenses or damages, and cause our business, financial condition, results of operations and cash flows to suffer. A number of securities class action complaints and a stockholder derivative action have been filed against us and certain of our current officers and directors, as described more fully in Item 3, " Legal Proceedings ". Stockholders have filed three class action complaints against us in three states, accusing us of violations of the federal securities laws based on purported material misrepresentations or omissions allegedly made by the Company. Each class action complaint seeks unspecified money damages and other relief on behalf of a putative class of persons who purchased or otherwise acquired our common stock between November 13, 2017 and February 15, 2018. The stockholder derivative case alleges similar disclosure violations and seeks unspecified monetary damages and corporate governance reforms. If these matters cannot be resolved expeditiously, management' s attention may be diverted to this matter and there can be no assurance that the litigation would be settled. If the current litigation proceeds or if additional claims are filed, the legal and other costs associated with the defense of these actions and their ultimate outcomes could have a material adverse effect on our business, financial condition and results of operations. While we expect insurance to cover many of the costs associated with defending such litigation, including claims for indemnification made by our existing and former management team and members of our Board of Directors, insurance coverage may be insufficient and could require a diversion of our resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. Because there has been limited precedent set for financial accounting of Bitcoin and other cryptocurrency assets, the determination that we have made for how to account for cryptocurrency assets transactions may be subject to change. Because there has been limited precedent set for the financial accounting of cryptocurrencies and related revenue recognition and no official guidance has yet been provided by the Financial~~

~~Accounting Standards Board (" FASB ") or the SEC, it is unclear how companies may in the future be required to account for cryptocurrency transactions and assets and related revenue recognition. A change in regulatory or financial accounting standards could result in the necessity to change our accounting methods and restate our financial statements. Such a restatement could adversely affect the accounting for our newly mined cryptocurrency rewards and more generally negatively impact our business, prospects, financial condition and results of operations. Such circumstances would have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which would have a material adverse effect on our business, prospects or operations as well as and potentially the value of any cryptocurrencies we hold or expect to acquire for our own account and harm investors. 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, **any of** which may result in material misstatements of our financial statements or cause us to fail to meet our 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. Management assessed the effectiveness of our internal control over financial reporting as of December 31, ~~2022~~ **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, ~~2022~~ **2023** , we concluded that our internal control over financial reporting contained **no** material weaknesses. ~~To~~ **However, to** remediate ~~these~~ **previously identified** material weaknesses, our management **previously** ~~has been implementing~~ **implemented** and continues to implement measures designed to ensure that control deficiencies contributing to the material ~~weakness~~ **weaknesses** are remediated, such that these controls are designed, implemented, and operating effectively. We believe that these actions ~~will remediate~~ **remediated** the material ~~weakness~~ **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 27