

Risk Factors Comparison 2025-03-03 to 2024-03-20 Form: 10-K

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

Risks Related to Our Business • **Our HPC business strategy may not perform as planned.** • If we fail to increase our hash rate, we may be unable to compete, and our results of operations could suffer. • We expect the cost of acquiring new miners to continue to be affected by the ongoing global supply chain crisis. • We may not be able to timely complete our future strategic growth initiatives or within our anticipated cost estimates, if at all. • We may be unable to access sufficient additional capital for future strategic growth initiatives. • Expansion of our Lake Mariner Facility ~~or the Nautilus Cryptomine Facility~~ potentially exposes us to additional risks. ~~• Since the operation and expansion of the Nautilus Cryptomine Facility is subject to the terms of a joint venture agreement, TeraWulf may have less control over strategic decisions. • If we are unable to comply with the covenants or restrictions contained in our Loan, Guaranty and Security Agreement (the “LGSA”), the lenders could declare all amounts outstanding under the LGSA to be due and payable and foreclose on their collateral, which could materially adversely affect our financial condition and operations.~~ • 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 a history of operating losses, and we may report additional operating losses in the future. • 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.

Risks Related to the Price of Bitcoin • Our ability to achieve profitability is largely dependent on the price of bitcoin, which has historically been volatile. • Bitcoin market exposure to financially troubled cryptocurrency- related companies may impact our reputation, the price of bitcoin and the profitability of our bitcoin mining operations. • Bitcoin is subject to halving, and our bitcoin mining operations may generate less revenue as a result. • Transaction fees may decrease demand for bitcoin and prevent expansion. • Bitcoin faces significant scaling obstacles that can lead to high fees or slow transaction settlement times.

Risks Related to our Operations • To 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 mining operations would decline. • Because our miners are designed specifically to mine bitcoin and may not be readily adaptable to other uses, a sustained decline in bitcoin’ s value could adversely affect our business and results of operations. • Our reliance on third- party miners may subject our operations to an increased risk of design flaws. • Our use of a third- party mining pool exposes us to certain risks. • We may not be able to realize the benefits of forks. • 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. • Incorrect or fraudulent bitcoin transactions may be irreversible and we could lose access to our bitcoin. • Our business could be harmed by prolonged power and internet outages, shortages, or capacity constraints. • Digital assets held by the Company are not subject to FDIC or SIPC protections.

Risks Related to Governmental Regulation and Enforcement • Changing environmental regulation and public energy policy may expose our business to new risks. • Regulatory 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. • **The implementation of new tariffs, more restrictive trade policies or the renegotiation of existing U. S. trade agreements may adversely affect 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. • 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.

Risks Related to Ownership of our Common Stock • The trading price of shares of our common stock has been subject to volatility. • We have ~~primarily~~ financed our strategic growth through our at- the- market (“ATM”) offerings and issuances of our common stock. Holders of our common stock may experience dilution as a result of such issuances. • We previously 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.

ITEM 1A. Risk Factors Our business faces many risks. Before deciding whether to invest in our common stock, you should carefully consider the risk factors discussed in this Annual Report. If any of the risks or uncertainties described herein actually occurs, our business, financial condition, results of operations or cash flow could be materially and adversely affected. This could cause the trading price of our common stock to decline, resulting in a loss of all or part of your investment. The risks and uncertainties we have described are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business.

operations. We believe the potential for HPC hosting complements our current business model with expected stable, long- term and high margin revenue. We also believe that using our existing infrastructure for HPC customers provides more consistent dollar- based revenue and substantially less risk than our traditional bitcoin mining customers or our bitcoin self- mining operations. However, the success of our HPC hosting services may not develop as anticipated, and may be affected by factors such as the reliability and timing of power supply, supply chain disruption (including local labor availability), the implementation of new tariffs and more restrictive trade regulations and changes in in- house specialized expertise to manage the business. A failure to success implement our HPC business strategy may adversely affect our business, prospects, or operations. 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 bitcoin will 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 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 increase 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 results of our operations and financial condition could be adversely affected, as could investments in our securities. **Similarly, We expect the cost of acquiring new miners and the other digital infrastructure equipment to continue to be affected by ongoing challenges to the global supply chain crisis. Similarly, ongoing challenges to the global supply chain**, coupled with increased demand for computer chips **and**, **has created a shortfall of semiconductors, and resulting shortages, have resulted in challenges for the supply chain and production of cost increases affecting** the miners we employ in our bitcoin 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 other cost to produce these miners has increased digital infrastructure equipment for our data centers**, and their manufacturers have passed on increased **production** 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 **and other digital infrastructure equipment**, which could adversely affect our financial condition and results of operations. While our present expansion projects are proceeding on track with our 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 **challenges to the global supply chain, the implementation** crisis related to macroeconomic effects of COVID-19 **new tariffs and more restrictive trade policies**, 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. The expansion of our miner fleet, **and expansion of our existing mining facilities and our digital infrastructure to support HPC hosting and colocation** 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 **Lake Mariner Facility and Nautilus Cryptomine Facility potentially exposes us to additional risks. Expansion of our existing mining facilities and digital infrastructure to support HPC hosting and colocation** potentially exposes us to additional risks, including risks related to, among other sources: construction delays; lack of availability of parts and / or labor, increased prices as a result, in part, 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 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 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. **On March 23, 2023, TeraWulf (Thales) LLC ("Thales"), a wholly owned subsidiary of the Company, entered into a second amended and restated joint venture agreement for Nautilus with an affiliate of Talen. The Nautilus joint venture agreement provides that, except for certain specified matters, decisions are to be made by a majority vote of the board of managers. The board of managers is comprised of one manager appointed by Thales and four managers appointed by Talen. Any significant disagreements between partners on strategic decisions or the inability of the Talen affiliate to meet obligations to Nautilus or third parties may impede the Company's ability to control aspects of the ongoing operation and future expansion of the Nautilus Cryptomine Facility. Economic and geopolitical events and macroeconomic conditions** 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, **global outbreaks of various epidemics or disease, the implementation of new tariffs and more restrictive trade regulations**, leading to increased inflation and supply chain volatility. Such crises will likely continue to have an effect on our ability to do business in a cost- effective manner. 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 shifts could have a materially adverse effect on our business, operations and the value of the bitcoin we mine. **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 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 that have persisted since the COVID-19 pandemic and those arising from any new pandemics, epidemics or outbreaks of disease may lead to increased 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, our business, prospects, financial condition, and operating results may be harmed.

Enhanced tariff, import / export restrictions, or other trade barriers may have an adverse impact on global economic conditions. There have been, and continue to be, uncertainties with respect to the global economy and trade relations between the U. S. and other countries globally, including trade policies, treaties, tariffs, and customs duties and taxes. Implementation of more restrictive trade policies or the renegotiation of existing U. S. trade agreements or trade agreements of other countries where we procure supplies and materials for our digital infrastructure could negatively impact our business results of operations, cash flows, and financial condition. Tariffs, sanctions and other barriers to trade could adversely affect the business of our customers and suppliers, which could in turn negatively impact our net revenue and results of operations. If tariffs, trade restrictions or trade barriers are expanded or increased, then our exposure to future taxes and duties on imported products and components could be significant and could have a material effect on our financial results. We cannot predict the extent to which the U. S. or other countries will impose new or additional quotas, duties, tariffs, taxes, or other similar restrictions upon the import of goods and services in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The continuing adoption or expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our HPC data centers, our costs, our customers, our suppliers, and the U. S. economy, which in turn could have a material adverse effect on our business, operating results, and financial condition. We may be harmed by increased costs to procure power, prolonged power outages, shortages or capacity constraints as well as insufficient access to power. Any power outages, shortages, capacity constraints or significant increases in the cost of power may have an adverse effect on our business and our results of operations. We rely on third parties, third party infrastructure, governments, and global supplies to provide a sufficient amount of power to maintain our bitcoin mining and HPC data center operations to meet the needs of our current and future HPC hosting and colocation customers. Any limitation on the delivered energy supply could limit our ability to operate our bitcoin mining and HPC data centers. These limitations could have a negative impact on the Lake Mariner Facility or limit our ability to grow our business, which could negatively affect our financial performance and results of operations. Each new HPC data center requires access to significant quantities of electricity. Limitations on generation, transmission and distribution may limit our ability to obtain sufficient power capacity for potential expansion sites or existing markets. Utility companies may impose onerous operating conditions to any approval or provision of power or we may experience significant delays and substantial increased costs to provide the level of electrical service required by our current or future data center designs. We depend on significant customers for our HPC data centers. Many factors, including global economic conditions, may cause our HPC data center customers to experience a downturn in their businesses or otherwise experience a lack of liquidity, which may weaken their financial condition and impact our estimates as to the probability of collectability of payments, and ultimately result in their failure to make timely rental and other payments or their default under their agreements with us. Further, the development of new technologies, the adoption of new industry standards or other factors could render our HPC data center customers' current products and services obsolete or unmarketable and contribute to a downturn in their businesses, thereby increasing the likelihood that they default under their leases, become insolvent or file for bankruptcy. If a customer defaults or fails to make timely rent or other payments, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment, which could adversely affect our financial condition and results of operations. If a customer becomes a debtor in a case under the U. S. Bankruptcy Code, we cannot evict the customer solely because of the bankruptcy. In addition, the bankruptcy court might authorize the customer to reject and terminate its contracts with us. Our claim against the customer for unpaid, future rent and other payments would be subject to a statutory cap

that might be substantially less than the remaining amounts actually owed under their agreements with us. In either case, our claim for unpaid rent and other amounts would likely not be paid in full. Our revenue could be materially adversely affected if a significant customer were to become bankrupt or insolvent, suffer a downturn in its businesses, fail to renew its contract or renew on terms less favorable to us than its current terms. Our contracts with HPC data center customers could subject us to significant liability. In the ordinary course of business, we aim to continuously enter into agreements with customers pursuant to which we provide data center space, power, environmental controls, physical security and connectivity products to our HPC hosting and colocation customers. These contracts typically contain indemnification and liability provisions, in addition to service level commitments, which could potentially impose a significant cost on us in the event of losses arising out of certain breaches of such agreements, services to be provided by us or our subcontractors or from third-party claims. HPC data center customers increasingly are looking to pass through their regulatory obligations and other liabilities to their outsourced data center providers and we may not be able to limit our liability or damages in an event of loss suffered by such customers whether as a result of our breach of an agreement or otherwise. If such an event of loss occurred, we could be liable for material monetary damages and could incur significant legal fees in defending against such an action, which could adversely affect our financial condition and results of operations. We may also develop space specifically for HPC data center customers pursuant to agreements signed prior to beginning or early in the development process. In those cases, if we fail to meet our development obligations under those agreements, these customers may be able to terminate their agreements and we would be required to find a new customer for this space. In addition, in certain circumstances we may lease HPC data center facilities prior to their completion. If we fail to complete the facilities in a timely manner, the customer may be entitled to terminate its agreement, seek damages or penalties against us or pursue other remedies and we may be required to find a new customer for the space. If we are not able to complete an HPC data center in a timely manner, if development costs are higher than we currently estimate, our financial condition, results of operations and cash flow could be materially adversely affected. Additionally, a customer's decision to lease space and power in our HPC data center typically involves a significant commitment of resources and due diligence on the part of our customers regarding the adequacy of our facilities. As a result, we may expend significant time and resources in pursuing a particular transaction that may not result in revenue. Economic conditions, including market downturns and the implementation of new tariffs and more restrictive trade regulations may impact customers' ability to plan future business activities, which could cause customers to slow spending or delay decision-making. Our inability to adequately manage the risks associated with these developments may adversely affect our business, financial condition and results of operations. Certain of our agreements with HPC data center customers may include restrictions on providing HPC hosting and colocation services to certain third parties, which could have a material adverse effect on us. Certain of our customer agreements may prohibit us from providing HPC hosting and colocation services to certain third parties, including competitors of existing HPC data center customers. The existence of such restrictions could hinder our ability to enter into agreements with additional HPC data center customers, which could materially adversely affect our business, financial condition and results of operations.

Failure to successfully integrate acquired businesses could negatively impact our balance sheet and results of operations. Strategic acquisitions and / or combinations are a component 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, may require a disproportionate amount of our management's attention, and may require us to reallocate our resources, financial or otherwise. 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 consider acquiring, there can be no guarantee that we are aware of all the 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. 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** ~~if we are unable to comply with the covenants or our restrictions contained in~~ **strategic growth primarily by issuing new shares of** our **common stock in public offerings**. Loan, Guaranty and Security Agreement, the lenders could declare all amounts outstanding thereunder to be due and payable and foreclose on their collateral, which could materially dilute the ownership interests of our current stockholders, and which may adversely affect our financial condition and operations. ~~The covenants and other~~ **the** restrictions contained in the Loan, Guaranty and Security Agreement, dated as of December 1, 2021, between the Company, the Lenders party thereto and Wilmington Trust National Association, as administrative and collateral agent (as amended, the "LGSA") or future debt agreements could, among other things, restrict our ability to dispose of assets, incur additional indebtedness, pay dividends or make other restricted payments, create liens on

assets, make investments, loans or advances, make acquisitions, engage in mergers or consolidations and engage in certain transactions with affiliates. These restrictions could limit our ability to plan for or react to market conditions **price of or our securities** meet extraordinary capital needs or otherwise restrict corporate activities. In addition, our mined bitcoin, together with all of our Company's other assets, serves as collateral for our lenders under our LGSA. A failure to comply with any restrictions or covenants in our LGSA, or to make payments of interest when due or make other payments we are obligated to make under our LGSA, could have serious consequences to our financial condition or result in a default under the LGSA. A default would permit lenders to accelerate the maturity of the debt and to foreclose upon collateral securing the debt, among other remedies. We have raised capital to finance the strategic growth of our business through public offerings of our common stock, and we expect 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 From 2022 and through 2023-2024**, 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, as we currently do, 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. Our primary business is bitcoin mining, and we have recorded historical losses and negative cash flows 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 our bitcoin mining operations **and transitioning an increasing portion of our Lake Mariner Facility to support HPC hosting and colocation**. However, future market prices of bitcoin are difficult to predict, and we cannot guarantee that our future **revenue from bitcoin mining revenue and HPC data center operations** will exceed our associated costs. 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 From 2022 and through 2023-2024**, 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 our business and an investment in the Company. 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 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. Our existing bitcoin mining operations and the expansions of our Lake Mariner Facility **and the Nautilus Cryptomine Facility** are 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 of bitcoin, political, economic, and regulatory conditions and speculation making bitcoin's 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 companies to comply with rigorous listing standards and rules, which monitor transactions for fraud and other improprieties, markets for bitcoin and other cryptocurrencies tend to be unregulated or underregulated. In general, less stringent 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 discussed in Item 1. "Business — Regulation" of this Annual Report, bitcoin Bitcoin** and crypto asset markets generally may be subject to increased scrutiny and regulation by the U. S. legislature and government agencies, and such evolving regulatory and legal environment may impact our bitcoin mining activities and therefore an impact on our business. 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 revenue from our bitcoin mining operations may not exceed our costs, and our operations may not be profitable, which would have a material adverse effect on our results of operations and financial condition. The failure of several cryptocurrency platforms has impacted and may continue

to impact the broader cryptocurrency economy; the full extent of these impacts may not yet be known. Bitcoin 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 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 operations. The number of new bitcoin awarded for solving a block is cut in half at mathematically predetermined intervals, known as “ halving ”. The next halving for the bitcoin blockchain is currently anticipated to occur in ~~April~~ **March 2024-2028**. 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. As the number of bitcoin currency rewards granted for solving a block in 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 and would have a material adverse effect on our results of operations and financial condition. Bitcoin (and cryptocurrencies, generally) 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 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. 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 Operations 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 a miner’ s relative chance of successfully solving a block and earning a new bitcoin reward is generally a function of the ratio of the miner’ s individual hash rate relative 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 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 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 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 and expensive miners in ever greater quantities. 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. We have invested substantial capital in acquiring miners using ASIC chips designed specifically to mine bitcoin using the 256-bit secure hashing algorithm (“ SHA- 256 ”) 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 the 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 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, to other uses, following a sustained decline in bitcoin's value or if the bitcoin blockchain stops using SHA-256 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 on third-party 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 currently predominantly use Bitmain Technologies Limited ("Bitmain") miners, and if there are issues with those machines, such as a design flaw in the ASIC chips they employ, our system could be substantially affected. Any system error or failure may significantly delay response times or even cause our system to fail. Any disruption in our ability to continue mining could result in lower yields and harm our reputation and business. Any exploitable weakness, flaw, or error common to the Bitmain miners we currently utilize could affect substantial portions of our miners; therefore, if a defect or other flaw exists and is exploited, a majority of, or 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. We receive bitcoin rewards from our mining activity through a third-party mining pool operator, Foundry. 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 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 the mining pool operator could fail to accurately record the total processing power provided to the pool for a given bitcoin mining application, which would inhibit our ability to 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 operator, we may not receive accurate block rewards from the pool, and we would have limited recourse to correct these inaccuracies. This could lead us to decide against further participation in a mining pool, or mining pools generally, which may affect the predictability of our mining returns, which could have an adverse effect on our business and operations. ~~If we currently do not have a back-up pool provider, so if Foundry were to cease operations, there would be some delay and consequently lost revenue until we retained a new pool provider and pointed our miners at the new our backup pool provider, which we would do by using a mass command issued by with our management software.~~ Furthermore, while we receive daily reports from Foundry detailing the total processing power provided to its mining pool and our proportion of that total processing power to determine the distribution of rewards to us, we are dependent on the accuracy of Foundry's record keeping. We have little means of recourse against Foundry if we determine the proportion of the reward paid out to us by Foundry is incorrect, other than leaving Foundry's pool altogether. If we are unable to consistently obtain accurate proportionate rewards from our pools, we may experience reduced rewards for our efforts, which would have an adverse effect on our business and operations. Additionally, were Foundry to cease operations, declare insolvency or file for bankruptcy, there is a reasonable risk that recovery of any mining rewards or fees for any given day that had not yet been delivered into our wallet held at NYDIG would be delayed or unrecoverable. 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 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 blockchain with the greatest network hash rate, or 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. As a publicly traded company, at times we experience cyber-attacks, such as phishing, and other attempts to gain unauthorized access to our systems, and we anticipate continuing to be subject to such attempts. There is an ongoing risk that some or all of our bitcoin could be lost or stolen as a result of one or more of these incursions. As we increase in size, we may become a more appealing target of hackers, malware, cyber-attacks or other security threats, and, despite our implementation of strict security measures, 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. Additionally, though we provide cybersecurity training for all 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. We

rely on the well- known U. S. based third- party digital asset- focused custodian, NYDIG, to safeguard our bitcoin using cold storage. NYDIG receives and holds our custodied assets, which includes both our digital assets and any cash we may choose to custody with NYDIG. Only NYDIG holds the private keys to our wallet, and no one at the Company has access to our wallet’ s private keys. 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; 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. However, pursuant to our Digital Asset Custodial Agreement, dated as of March 10, 2022, between us and NYDIG (as may be amended, modified or supplemented from time to time, the “ Custodial Agreement ”), NYDIG has covenanted that it holds our digital assets in a segregated account that will at all times be identifiable in NYDIG’ s database as being stored for our benefit; that NYDIG has no right, interest or title in our digital assets; and that our digital assets do not constitute an asset on the balance sheet of NYDIG. To the extent NYDIG holds any cash on our behalf, NYDIG may hold our cash in one or more omnibus “ for benefit of customers ” accounts at one or more U. S. insured depository institutions. However, at this time, the Company has no cash custodied, and has no immediate or future plans to custody, any cash with NYDIG. Furthermore, NYDIG has covenanted that our digital assets will not be commingled with other digital assets held by NYDIG, except temporarily (typically for no longer than 12 hours, but in no case longer than 72 hours) as an operational matter, if required, to effect a transfer into or out of our digital asset account. Significantly, NYDIG represents and warrants that beneficial and legal ownership of all our digital assets is, and will remain, freely transferable without the payment of money or value and that NYDIG has no ownership interest in our account. While we believe that the Custodial Agreement provides our business with reasonable protections for our business’ s operations and the safe storage of our digital assets, we make no assurances that storing our digital assets with NYDIG is free from risk, given the various risks enumerated above. To the best of our knowledge, NYDIG safely stores our digital assets in segregated accounts as represented in the Custodial Agreement; however, if NYDIG were to be in breach of the Custodial Agreement, our digital assets could be compromised. Additionally, if NYDIG were to cease operations, declare insolvency or file for bankruptcy, there is a reasonable risk that recovery of our assets, though kept in segregated accounts, would be delayed or unrecoverable. Additionally, if NYDIG were to cease operations, declare insolvency or file for bankruptcy, we do not have a readily available backup custodian at this time, and so we would need to self- custody our digital assets using cold storage until we could contract with another adequate custodian for the safe storage of our assets which may have a disruptive effect on our business. In the meantime, our mined bitcoin would continue to aggregate in our proprietary wallet until we found a suitable cold storage custodian. 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 bitcoin rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Though recent high profile enforcement actions 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 an institutional custodian, 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. Our **bitcoin mining and HPC data center** 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 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. The Company does not hold its digital assets with a banking institution or a member of the Federal Deposit Insurance Corporation (“ FDIC ”) or the Securities Investor Protection Corporation (“ SIPC ”) and, therefore, its digital assets are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. Increased scrutiny and changing expectations from stakeholders 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. 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 adopted rule changes that 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. Due to the adoption of these rules, the 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. However, as a **predominantly 95% zero- carbon bitcoin miner**, we believe we are advantageously positioned relative to our competitors in this regard. **We are currently making considerable investments in our information technology systems and processes. Difficulties from or disruptions to these efforts may interrupt our normal operations and adversely affect our business and results of operations. We have been making considerable investments in our information technology systems and processes and expect such investment to continue for the foreseeable future in support of our bitcoin mining operations and our expansion into HPC hosting and colocation. These continuing investments and upgrades include the implementation of new tools and technologies to further streamline and automate processes, including with respect to procurement, and to support our compliance with evolving U. S. GAAP. These investments and upgrades and may take longer to complete and cost more than originally planned.. As a result of our continued work on these projects, we may experience difficulties with our systems and business disruptions. Any such difficulties or disruptions may adversely affect our business and results of operations. The development and advancement in the efficiency of AI models presents risks and challenges that may adversely impact our business and operating results. The introduction of, and advancement in the efficiency of AI models could potentially adversely affect data center usage by significantly reducing the computational power needed to train AI models, potentially leading to less demand for high- power density, liquid- cooled data center infrastructure and colocation facilities such as those we are building at the Lake Mariner Facility.. New advancements in AI models could also alter the way data centers are currently designed and utilized and may adversely affect our business and results of operations.** Our bitcoin mining and HPC data center 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 **bitcoin mining and HPC data center** facility we establish can only be successful if we can obtain sufficient electrical power for that facility on a cost- effective basis, and our establishment of new facilities requires us to find locations where that is the case. If new regulations are imposed, or if existing regulations are modified, the assumptions we made underlying our plans and strategic initiatives may be inaccurate, and we may incur additional costs to adapt our planned business, if we are able to adapt at all, to such regulations. In addition, there continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty for our business because the bitcoin mining industry, with its 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, in the State of New York, we currently participate in energy demand response programs to curtail operations, return capacity to the electrical grid, and receive funds to offset foregone operational mining revenue when necessary, such as in extreme weather events. Furthermore, we, as well as other bitcoin miners, ~~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. This request was subsequently withdrawn by the EIA; however, it is possible that mandatory surveys such as this will be used by the EIA to generate negative reports regarding the bitcoin mining **and HPC data center industry industries**' 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 **and HPC data center industry industries** 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. However, as a **95% due to the use of predominantly zero- carbon bitcoin miner power in our operations**, we believe we are advantageously positioned relative to our competitors in this regard. 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. We are subject to a highly- evolving regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations could adversely affect our business, reputation, prospects or operations. ~~Until recently, relatively little regulatory attention..... cannot be estimated at this time.~~ 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 some jurisdictions, such as the United States, subject the mining, ownership and exchange of cryptocurrencies to certain, and in some cases overlapping, unclear and evolving regulatory requirements. ~~For example, We currently only operate in January 2023- the United States~~, and do not currently have any plans to expand our operations beyond the United States. As bitcoin has grown in popularity and in market size, the U. S. regulatory regime, namely the Federal Reserve Board, U. S. Congress Office of the Comptroller of the Currency, and FDIC issued a joint statement effectively discouraging banks from doing certain

U. S. agencies (e. g., the SEC, the CFTC, FinCEN and the Federal Bureau of Investigation) have begun to examine the operations of the bitcoin network, bitcoin users and the bitcoin exchange market. The complexity and evolving nature of our 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 significant uncertainty surrounding broader financial system. Meanwhile, the United States Securities and Exchange Commission (“SEC”) has announced several actions aimed at curtailing activities it deems sales of unregistered securities. However, also during January 2023, the U. S. House of Representatives announced its first ever Financial Services Subcommittee on Digital Assets and the intention to develop a regulatory regulation of framework for the cryptocurrency industry requires use- us to exercise our judgment as to whether certain laws, rules, and trade of digital assets and related financial services products in the United States. The bipartisan leadership of the Senate Banking Committee announced a similar objective. Given the difficulty of predicting the outcomes of ongoing and future regulatory regulations apply to us actions and legislative developments, and it is possible that governmental bodies and regulators may disagree with our conclusions. To them- the extent we have not complied with such laws, rules, and regulations, we could be subject filings of FTX, the third largest digital asset exchange by volume at the time of its filing, and its affiliated hedge fund Alameda Research LLC, in addition to significant fines, revocation of licenses, limitations on our products and services, reputational harm, and other bankruptcy filings of crypto companies throughout calendar year 2022 and the first quarter of 2023, together with the recent closures of Silicon Valley Bank, SBNY and Silvergate Bank, will likely attract heightened regulatory consequences, each of which may be significant scrutiny from U.S. regulatory agencies such as the SEC and CFTC could adversely affect our business, operating results, and financial condition. Potentially increasing increasing regulation and regulatory scrutiny may result in new costs for the Company and Company’s management having to devote increased time and attention to regulatory matters, change aspects of the Company’s business or result in limits on the utility of bitcoin. In addition, regulatory developments and / or the Company’s business activities may require the Company to comply with certain regulatory regimes. Increasingly strict legal and regulatory requirements and any regulatory investigations and enforcement may result in changes to our business, as well as increased costs, and supervision and examination for ourselves and our service providers. Ongoing and future regulation and regulatory actions could also significantly restrict or eliminate the market for or uses of bitcoin and / or may adversely affect the Company’s business, reputation, financial condition and results of operations. Moreover, new laws, regulations, or interpretations may result in additional litigation, regulatory investigations, and enforcement or other actions. Adverse changes to, or our failure to comply with, any laws and regulations may have an adverse effect have an a material adverse effect on our reputation and brand and our business, prospects operating results, and financial condition. The compliance costs of responding to new and changing regulations could adversely affect or our operations affect our operations. We are subject to various federal, state and local 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 temporary generators, as well as batteries, cleaning solutions, and other materials. The course of future legislation and regulation in the United States remains difficult to predict, and potential increased costs associated with new legislation or regulation cannot be estimated at this time. 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 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 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 bitcoin industry, or the potential impact of the use of 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. It is possible that state or federal regulators may seek to impose harsh restrictions or total bans on 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 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 we mine or otherwise acquire or hold for our own account, and thus harm investors. TeraWulf We may be at a higher risk of litigation and other legal proceedings due to heightened regulatory scrutiny of the cryptocurrency industry, which could ultimately be resolved against TeraWulf the Company, requiring material future cash payments or charges, which could impair our TeraWulf’s financial condition and results of operations. The size, nature and complexity of the Company’s business could make it susceptible to various claims, both in litigation and binding arbitration proceedings, legal proceedings, and government investigations, due to the heightened regulatory scrutiny following

~~the recent disruptions in the crypto asset markets~~. The Company believes that since cryptocurrency mining, and the digital asset industry generally, is a relatively new business sector, it is more likely subject to government investigation and regulatory determination, particularly following the recent cryptocurrency market participant bankruptcies described elsewhere herein. Any claims, regulatory proceedings or litigation that could arise in the course of the Company's business could have a material adverse effect on the Company, its business or operations, or the industry as a whole. The Company may be classified as an inadvertent investment company. The Company is not engaged in the business of investing, reinvesting or trading in securities and does not hold itself out as being engaged in those activities. Under the Investment Company Act, however, a company may be deemed an investment company under Section 3 (a) (1) (C) if the value of its investment securities is more than 40 % of its total assets (exclusive of government securities and cash items) on a consolidated basis. The Company will be engaging in digital asset mining, the outputs of which are cryptocurrencies, which may be deemed a security. In the event that the digital assets held by the Company exceed 40 % of its total assets, exclusive of cash, the Company may inadvertently become an investment company. An inadvertent investment company can avoid being classified as an investment company if it can rely on one of the exclusions under the Investment Company Act. One such exclusion, namely Rule 3a-2 under the Investment Company Act, allows an inadvertent investment company a grace period of one year from the earlier of (i) the date on which an issuer owns securities and / or cash having a value exceeding 50 % of the issuer's total assets on either a consolidated or unconsolidated basis and (ii) the date on which an issuer owns or proposes to acquire investment securities having a value exceeding 40 % of the value of such issuer's total assets (exclusive of government securities and cash items) on an unconsolidated basis. The Company is putting in place policies that it expects will work to keep the digital assets held by the Company at less than 40 % of its total assets, liquidating its digital assets or seeking a no-action letter from the SEC if the Company is unable to maintain sufficient total assets or liquidate sufficient digital assets in a timely manner. As Rule 3a-2 is available to a company no more than once every three years, and assuming no other exclusions are available to the Company, the Company would have to keep within the 40 % limit for at least three years after it ceases being an inadvertent investment company. This may limit the Company's ability to make certain investments or enter into joint ventures that could otherwise have a positive impact on the Company's earnings. In any event, the Company does not intend to become an investment company engaged in the business of investing and trading securities. Classification as an investment company under the Investment Company Act requires registration with the SEC. If an investment company fails to register, it would have to stop doing almost all business, and its contracts would become voidable. Registration is time consuming and restrictive and would require a restructuring of the Company's operations, and the Company would be very constrained in the kind of business it could do as a registered investment company. Furthermore, the Company would become subject to substantial regulation concerning management, operations, transactions with affiliated persons and portfolio composition, and would need to file reports under the Investment Company Act regime. The cost of such compliance would result in the Company incurring substantial additional expenses, and the failure to register if required may adversely affect the Company's business, financial condition and results of operations. If federal or state legislatures or agencies initiate or release tax determinations that change the classification of bitcoins as property for tax purposes (in the context of when such bitcoins are held as an investment), such determination could have a negative tax consequence on the Company or its shareholders. Current guidance from the Internal Revenue Service indicates that digital assets such as bitcoin should be treated and taxed as property and that transactions involving the payment of bitcoin for goods and services should be treated as barter transactions. While this treatment creates a potential tax reporting requirement for any circumstance where the ownership of a bitcoin passes from one person to another, usually by means of bitcoin transactions (including off-blockchain transactions), it would also apply capital gains treatment to those transactions which may adversely affect the Company's business, financial condition and results of operations. Risks Related to Ownership of Our Common Stock 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 happen 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 subject to price volatility resulting from financial instability, poor business practices, fraudulent activities of players in the 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, and may continue to issue, 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. 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 near 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 **are** previously 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, any of which may result in material misstatements **continue to be subject to short selling strategies. Short selling is the practice of our financial statements selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement**

shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is therefore in the short seller's best interests or for cause us the price of the stock to fail to meet decline, may short sellers publish, our or periodic reporting obligations arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects to create negative market momentum and generate profits for themselves after selling a stock short. These short attacks have, in the past, led to selling of shares in the market. We are required to comply with, and may in the future may be, the subject of unfavorable allegations made by short sellers. For example, in August and October of this year, short sellers published reports that contained certain allegations against us provisions of Section 404 of the Sarbanes-Oxley Act. Section 404 requires that we document believe to be misleading. Any such allegations may be followed by periods of instability in the market price of our shares of common stock and test negative publicity. We may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable federal our or state law or internal control over financial reporting and issue issues of commercial confidentiality. In addition, any related inquiry or formal investigation from a governmental organization or other regulatory body, including any inquiry from the SEC or the U. S. Department of Justice, could result in a material diversion of our 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, 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 time basis. Based on our assessment, as of December 31, 2023, we concluded that our internal control over financial reporting contained no material weaknesses. To remediate previously identified material weaknesses related to the Company's review controls around classification within the consolidated statements of cash flows, our management has implemented measures designed to ensure that control deficiencies contributing to the material weakness are timely remediated, such that these controls are designed, implemented, and operating effectively. We believe that our actions remediated our previously identified material weaknesses. If we fail to comply with the requirements of Section 404 of the Sarbanes-Oxley Act, the accuracy and timeliness of the filing of our annual and quarterly reports may be materially adversely affected and 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. In addition, a material weakness in the effectiveness of our internal control over financial reporting could result in an and increased chance of fraud and the loss of assets, reduce our ability to obtain financing and require additional expenditures to comply with these requirements, each of which could have a material adverse effect on our business and results of operations. Such a situation could be costly and time consuming and could distract our management from operating our business. SEC investigations are generally fact-finding inquiries and do not necessarily mean that the SEC has concluded that we have violated the federal securities laws or that the SEC has a negative view of the Company. Even if such allegations are ultimately proven to be groundless, allegations against us could adversely impact our business, and cause downward pressure and increased volatility in the price of our shares of common stock. In October 2024, we received and an financial condition inquiry from the SEC relating to the allegations in the recent short seller reports relating to the sources of electricity used in our operations and the proportion of energy attributable to zero-carbon energy sources. We believe these allegations to be misleading and cooperated fully with the SEC. On January 31, 2025, the SEC informed us that the investigation was closed and that the SEC does not intend to recommend an enforcement action by the SEC against the Company.