UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number: 001-39625

Cipher Mining Inc.

(Exact name of registrant as specified in its Charter)

Delaware	**85-1614529**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1 Vanderbilt Avenue, Floor 54, Suite C	
New York, New York	**10017**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (332) 262-2300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	**CIFR**	**The Nasdaq Stock Market LLC**
Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of $11.50 per whole share	**CIFRW**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b -2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the common stock held by nonaffiliates of the registrant, based on the closing price of registrant's common stock as quoted on the Nasdaq Global Select Market on June 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately $123.8 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates.

As of March 4, 2024, the registrant had 296,493,433 shares of common stock, $0.001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive Proxy Statement relating to its 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated herein by reference in Part III of this Annual Report on Form 10-K where indicated.

Auditor Firm Id: 688 Auditor Name: Marcum LLP Auditor Location: San Francisco, CA

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K (the "Annual Report") contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements contained in this Annual Report, other than statements of historical fact, including, without limitation, statements regarding our future results of operations and financial position, business strategy, timing and likelihood of success, potential expansion of or additional bitcoin mining data centers, and management plans and objectives are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "seeks," "intends," "targets," "projects," "contemplates," "believes," "estimates," "forecasts," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions, although not all forward-looking statements use these words or expressions. The forward-looking statements in this Annual Report are only predictions and are largely based on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the important factors discussed in Part I, Item 1A, "Risk Factors," Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report, and in our future reports filed with the Securities and Exchange Commission (the "SEC"). The forward-looking statements in this Annual Report are based upon information available to us as of the date of this Annual Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Annual Report and the documents that we reference in this Annual Report and have filed as exhibits to this Annual Report with the understanding that our actual future results, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Annual Report. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Annual Report, whether as a result of any new information, future events or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

Our corporate website address is https://www.ciphermining.com ("Corporate Website"). The contents of, or information accessible through, our Corporate Website are not part of this Annual Report.

The Company maintains a dedicated investor website at https://investors.ciphermining.com/investors ("Investors' Website") which is similarly not part of this Annual Report. We make our filings with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, available free of charge on our Investors' Website as soon as reasonably practicable after we file such reports with, or furnish such reports to, the SEC.

We may use our Investors' Website as a distribution channel of material information about the Company including through press releases, investor presentations, sustainability reports, and notices of upcoming events. We intend to utilize our Investors' Website as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under Regulation FD.

Any reference to our Corporate Website or Investors' Website addresses do not constitute incorporation by reference of the information contained on or available through those websites, and you should not consider such information to be a part of this Annual Report or any other filings we make with the SEC.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Part I, Item 1A. "Risk Factors" in this Annual Report. You should carefully consider these risks and uncertainties when investing in our common stock ("Common Stock"). The principal risks and uncertainties affecting our business include the following:

- The further development and acceptance of digital asset networks and other digital assets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of digital asset systems may adversely affect an investment in us.
- We may face several risks due to disruptions in the crypto asset markets, including but not limited to, the risk from depreciation in our stock price, financing risk, risk of increased losses or impairments in our investments or other assets, risks of legal proceedings and government investigations, and risks from price declines or price volatility of crypto assets.
- Our business and the markets in which we operate are new and rapidly evolving, which makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.
- Any unfavorable global economic, business or political conditions, such as geopolitical tensions, military conflicts, acts of terrorism, natural disasters, pandemics (like the COVID-19 pandemic), and similar events could adversely affect our business, financial condition and results of operations.
- If we fail to grow our hashrate, we may be unable to compete, and our results of operations could suffer.
- Bitcoin mining activities are energy-intensive, which may restrict the geographic locations of miners and have a negative environmental impact. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours, increase taxes on the purchase of electricity used to mine bitcoin, or even fully or partially ban mining operations.
- We have concentrated our operations and, thus, are particularly exposed to the performance of the Odessa Facility and changes in the regulatory environment, market conditions and natural disasters in Texas.
- Our operating results may fluctuate due to the highly volatile nature of cryptocurrencies in general and, specifically, bitcoin.
- We depend on third parties, including electric grid operators, electric utility providers and manufacturers of certain critical equipment and rely on components and raw materials that may be subject to price fluctuations or shortages, including ASIC chips that have been subject to periods of significant shortage and high innovation pace.
- We may be affected by price fluctuations in the wholesale and retail power markets.
- We are vulnerable to severe weather conditions and natural disasters, including severe heat, winter weather events, earthquakes, fires, floods, hurricanes, as well as power outages and other industrial incidents or mechanical failures, which could severely disrupt the normal operation of our business and adversely affect our results of operations.
- We are exposed to risks related to disruptions or other failures in the supply chain for bitcoin mining hardware and related data center hardware, and difficulties in obtaining new hardware.
- Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation.
- Our automated processes with respect to curtailment may adversely affect our operations.

- The properties in our mining network may experience damages, including damages that are not covered by insurance.
- Our business is subject to the impact of global market, economic and political conditions that are beyond our control and that could significantly impact our business and make our financial results more volatile.
- We maintain our cash and cash equivalents at financial institutions, often in balances that exceed federally insured limits.
- Cybersecurity threats, such as cyber-attacks, data breaches, hacking attacks or malware, targeting us or our third-party service providers may disrupt our operations and trigger significant liability for us, which could harm our operating results and financial condition, and damage our reputation or otherwise materially harm our business.
- The value of bitcoin has historically been subject to wide swings, and our operating results may be adversely affected by our hedging activity.
- There is a potential that, in the event of a bankruptcy filing by a custodian, bitcoin held in custody could be determined to be property of a bankruptcy estate and we could be considered a general unsecured creditor thereof.
- Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations.
- We have identified a material weakness in our internal control over financial reporting which, if not timely remediated, may adversely affect the accuracy and reliability of our future financial statements, and our reputation, business and the price of our common stock, as well as may lead to a loss of investor confidence in us.

PART I

Item 1. Business.

Unless the context otherwise requires, references in this Annual Report to the "Company," "Cipher," "Cipher Mining," "we," "us" or "our" refers to Cipher Mining Inc. and its consolidated subsidiaries, unless otherwise indicated.

Business Overview

We are an emerging technology company that develops and operates industrial scale bitcoin mining data centers. Cipher Mining Inc., through itself and its consolidated subsidiaries, including Cipher Mining Technologies Inc. ("CMTI"), currently operates four bitcoin mining data centers in Texas. We are also developing an additional data center in Winkler County, TX ("Black Pearl" or the "Black Pearl Facility") for up to 300 MW, and we expect to energize 150 MW in 2025. Bitcoin mining is our principal revenue generating business activity.

Our current intention is to continue to expand our bitcoin mining business by developing additional data centers, expanding capacity at our current data centers, developing our treasury management platform and entering into other arrangements, such as joint ventures, data center hosting agreements, or software licensing arrangements.

Our key mission is to expand and strengthen the Bitcoin network's critical infrastructure. As of February 29, 2024, we operated approximately 80,000 miners, with an aggregate hashrate capacity of approximately 8.4 exahash per second ("EH/s"), deploying approximately 267 megawatts ("MW") of electricity, of which we owned approximately 70,000 miners, with an aggregate hashrate capacity of approximately 7.4 EH/s, deploying approximately 236 MW of electricity. For further details on our joint ventures, see "*—Business Agreements—Joint Ventures*."

Revenue Structure

Our revenue is primarily derived from mining bitcoin. Specifically, we purchase electrical power and use it to run miners that produce computing power. We contribute the computing power we produce to one or more mining pools verifying transactions on the Bitcoin blockchain in exchange for block rewards and transaction fees. In this way, we produce bitcoin. To the extent that we can produce bitcoin at a cost that is lower than the price of bitcoin, over the long term we expect to generate profits.

Block rewards are rewards paid in bitcoin that are programmed into the Bitcoin software and awarded to a miner, or a group of miners, for solving the cryptographic problem required to create a new block on the Bitcoin blockchain. Block rewards are fixed and the Bitcoin network is designed to reduce them periodically through halving. Most recently, in May 2020, the block reward was reduced from 12.5 to 6.25 bitcoin, and it will halve again, to 3.125 bitcoin, which is estimated to occur in April 2024.

Bitcoin miners also collect transaction fees for each transaction they confirm. Miners validate unconfirmed transactions by adding the previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction fees, but transaction fees vary and it is difficult to predict what transaction fees will be in the future.

We hold, sell or hedge the bitcoin that we mine as part of our normal treasury management processes. From time to time, we sell some or all of the bitcoin that we have mined to generate US dollars for operating expenses, capital expenditures, or other general corporate purposes. We may conduct those bitcoin sales transactions through OTC providers or exchanges or through one or more custodians. From time to time, we may also hedge a portion of the value of our bitcoin inventory or a portion of the value of our expected forward production. We generally store the majority of our bitcoin in cold storage, unless we transfer it to a trading account to be sold. We primarily use Coinbase Prime as our custodian to store our bitcoin, but also have accounts at Anchorage Digital Bank N.A. and Fidelity Digital Assets Services. We periodically re-evaluate these services and, in the future, we may also decide to use additional or other custodians. See "*Risk Factors—Risks Related to Our Business, Industry and Operations—There is a potential that, in the event of a bankruptcy filing by a custodian, bitcoin held in custody could be*

determined to be property of a bankruptcy estate and we could be considered a general unsecured creditor thereof" and *"Our limited insurance protection exposes us and our shareholders to the risk of loss of our bitcoin for which no person is liable."*

We use third-party mining pools, including the Foundry USA Pool ("Foundry") and Luxor Technology Corporation ("Luxor"), to mine bitcoin. This means that we send our computing power, or hashrate, to the mining pool in exchange for a proportionate share of bitcoin mined by the pool. We have no immediate plans to establish our own mining pool. We intend to periodically re-evaluate this as part of our overall strategy going forward and, in the future, we may also decide to stop using mining pools.

We have a portfolio of electrical power that is designed to assist us in profitably mining bitcoin. We purchase a portion of the power in that portfolio at a fixed cost. To the extent that we do not use purchased electrical power to mine bitcoin, we seek to sell that electrical power back to the market. To the extent we can sell such surplus power at a price greater than our cost to purchase it, we expect to generate profits. Other parts of our electrical power portfolio do not have fixed costs, may be sourced from renewable sources, or may be purchased from the electrical grid applicable to the relevant data center. Additionally, from time to time, we may seek to hedge the cost of electrical power at data centers for which we do not have a fixed cost.

Bitcoin and Blockchain

Our business model centers on bitcoin mining.

Bitcoin is the oldest and most commonly used cryptocurrency today. As outlined by the seminal bitcoin whitepaper, *Bitcoin: A Peer-to-Peer Electronic Cash System*, bitcoin is a form of digital currency, or an "electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party." Bitcoin depends on a consensus-based network and a public ledger, known as a "blockchain," which contains the record of every bitcoin transaction ever processed. Transactions listed on the Bitcoin blockchain are verified through a process called "mining."

The miners we operate are highly specialized computer servers built to use application-specific integrated circuit ("ASIC") chips that are designed specifically to mine bitcoin. These computer servers are referred to as "mining rigs," "miners," and "rigs." With them we produce computing power, known as "hashrate," with which we verify transactions on the Bitcoin blockchain. Bitcoin "mining" refers to the process of proposing and verifying transaction updates to the Bitcoin blockchain, which helps keep the Bitcoin network and its blockchain secure.

Data Centers

We currently operate four bitcoin mining data centers in Texas, including one wholly-owned data center and three partially-owned data centers that we acquired through investments in joint ventures, and are developing one additional data center.

Odessa Facility

Our largest data center is our Odessa data center (the "Odessa Facility"), which is our wholly-owned 207 MW facility located in Odessa, Texas. The Odessa Facility is an approximately 52 acre site, located next to a natural gas power production facility. We began bitcoin mining operations on this site in November 2022 and completed the buildout of the site in September 2023. As of February 29, 2024, the Odessa Facility is capable of producing approximately 6.4 EH/s through the operation of approximately 60,000 miners. We have developed, and continue to refine, proprietary technology to increase the efficiency of our mining activity and associated curtailment due to changes in local electrical power prices at the Odessa Facility. Our goal is to maximize the time our miners are mining bitcoin at favorable prices and, in contrast, to avoid consuming electrical power when the cost of that power is significantly higher than our anticipated bitcoin mining revenues.

The power at the Odessa Facility is supplied by Luminant ET Services Company LLC ("Luminant") under a power purchase agreement, pursuant to which we have access, until at least 2027, to an average cost of electricity of approximately 2.7 c/kWh. For further details on our power purchase agreement with Luminant, see "*—Business Agreements—Luminant Power Agreement*."

Alborz Facility

Our Alborz data center (the "Alborz Facility") is located near Happy, Texas and is partially-owned through a joint venture with WindHQ LLC ("WindHQ"). We have a 49% membership interest in Alborz LLC, which owns the Alborz Facility.

We began mining bitcoin at the Alborz Facility in February 2022. In August 2022, we installed the last mining rigs to be delivered to the Alborz Facility. Alborz is currently a 40 MW facility that is not currently connected to the electrical grid. It is powered solely by Falvez Energy's Astra Wind Project (the "Astra Wind Farm"), owned by an affiliate of WindHQ, next to which it is co-located. The Alborz Facility's capacity is approximately 1.3 EH/s, of which we own approximately 0.64 EH/s under the WindHQ Joint Venture Agreement.

Because the sole source of electricity for the Alborz Facility is the nearby wind farm, operating the Alborz miners involves frequent adjustments to the hashing power because of changes in the wind. When there is not sufficient wind to generate enough electrical power for our miners, we curtail our mining activity. For certain related risks, see "*Risk Factors—Risks Related to Our Business, Industry and Operations—Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation*." We have developed, and continue to refine, proprietary technology to increase the efficiency of our mining activity and associated curtailment due to wind conditions at the Alborz Facility.

We may, with our joint venture partner, Wind HQ, seek to connect the Alborz Facility to the local electrical grid, if we are able to secure applicable regulatory approvals on favorable economic terms. There is no assurance that we will be able to secure such approval on acceptable terms, in a timely manner or at all. If we are able to do so, then our dependence on the wind power supplied by the Astra Wind Farm will be lower and, to the extent that we can supplement electrical power from the local grid at favorable cost, we anticipate being able to increasingly avoid curtailment time and increase the time spent mining bitcoin at the Alborz Facility. Separately, we may also have the opportunity to expand the capacity of the Alborz Facility up to 163 MW, subject to applicable regulatory approvals. See "*Risk Factors—Risks Related to Our Business, Industry and Operations—Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation*."

Bear Facility

Our Bear data center (the "Bear Facility") is located near Andrews, Texas and is also partially-owned through a joint venture with WindHQ. We have a 49% membership in Bear LLC, which owns the Bear Facility. The Bear Facility is a 10 MW data center that is connected to the local electrical grid. It was completed in October 2022 and is capable of hashing at a rate of up to approximately 0.325 EH/s. Similar to the Odessa Facility, we have developed, and continue to refine, proprietary technology to increase the efficiency of our mining activity and associated curtailment due to changes in local electrical power prices at the Bear Facility. Our goal is to maximize the time our miners are mining bitcoin at favorable prices and, in contrast, to avoid consuming electrical power when the cost of that power is significantly higher than our anticipated bitcoin mining revenues.

The Bear Facility has approval to expand to 40 MW, and the capacity to expand up to 115 MW, subject to applicable regulatory approvals.

Chief Facility

Our Chief data center (the "Chief Facility") is also located near Andrews, Texas and is also partially-owned through a joint venture with WindHQ. We have a 49% membership interest in Chief Mountain LLC, which owns the Chief Facility. The Chief Facility is a 10 MW data center that is connected to the local electrical grid. It was completed in October 2022 and is capable of hashing at a rate of up to approximately 0.325 EH/s. Similar to the Odessa and Bear Facilities, we have developed, and continue to refine, proprietary technology to increase the efficiency of our mining activity and associated curtailment due to changes in local electrical power prices at the Chief Facility. Our goal is to maximize the time our miners are mining bitcoin at favorable prices and, in contrast, to avoid consuming electrical power when the cost of that power is significantly higher than our anticipated bitcoin mining revenues.

The Chief Facility has approval to expand to 40 MW, and the capacity to expand up to 115 MW, subject to applicable regulatory approvals.

Black Pearl Facility

Our newest facility at which we plan to build a data center is called Black Pearl, which is located in Winkler County, Texas. The Black Pearl Facility has conditional ERCOT interconnection approval of up to 300 MW. We expect to energize 150 MW of the Black Pearl Facility in 2025. With interconnection up to 300 MW, we expect Black Pearl to be the largest of our sites.

In 2025, we anticipate operating approximately 37,396 Antminer T21 miners at the Black Pearl Facility, capable of generating approximately 7.1 EH/s. If we exercise the Bitmain Antminer T21 purchase option and build out the full 300 MW of the Black Pearl Facility's electrical power capacity, we anticipate such facility will operate approximately 76,946 Antminer T21 miners, capable of generating approximately 14.6 EH/s. For further details on our miners, see "*—Business Agreements—Miner Purchases—2023 Purchases*."

Business Agreements

Joint Ventures

On June 10, 2021, we and WindHQ signed a framework agreement for a joint venture for the construction, buildout, deployment and operation of one or more data centers in the United States (the "WindHQ Joint Venture Agreement"). We currently operate three data centers (the Alborz Facility, the Bear Facility, and the Chief Facility) that were built under the WindHQ Joint Venture Agreement, each of which is owned by a separate limited liability company in which WindHQ owns 51% of the membership interests and we own 49% of the membership interests.

WindHQ provides the power to the Alborz Facility, and certain construction and operations support. At the Bear Facility and the Chief Facility, Bear LLC and Chief LLC, respectively, purchase electrical power from a retailer at market prices. We manage each data center to mine bitcoin when the cost of electrical power in the relevant market is such that we think we can mine bitcoin profitably. In contrast, when the cost of electrical power is higher than we think makes it possible for us to profitably mine bitcoin, we curtail our mining operations at the data center. The Bear Facility and the Chief Facility do not currently have fixed price power purchase agreements. Depending on market conditions, we may enter into such agreements, but only if we are able to do so on favorable terms, which we cannot guarantee.

We procured the miners for the data centers and provide certain development and operations support. Under the WindHQ Joint Venture Agreement, WindHQ is required to use commercially reasonable efforts to procure energy for possible additional data centers ("Future Data Centers") at the most favorable pricing then available. Similarly, we are required to use commercially reasonable efforts to procure the applicable equipment needed for Future Data Centers at the most favorable pricing then available. In the absence of any material breaches by either party, the WindHQ Joint Venture Agreement may only be terminated by mutual written consent of both parties.

Luminant Power Agreement

On June 23, 2021, we entered into a power purchase agreement with Luminant for the supply of electric power to the Odessa Facility, which was subsequently amended and restated on July 9, 2021, and further amended on February 28, 2022, August 26, 2022 and August 23, 2023 (as amended, the "Luminant Power Agreement"), pursuant to which we have access, until at least 2027, to an average cost of electricity of approximately 2.7 c/kWh. The Luminant Power Agreement provides for a take or pay arrangement, whereby, Luminant will supply, and we are obligated to accept and pay for, a total electrical power capacity equal to at least 66.7% of the full 207 MW capacity each year at a predetermined MWh rate. The agreement also provides for certain curtailment events pursuant to which Luminant has a right to curtail the electrical power delivered in each contractual year.

Subject to certain early termination exceptions, the agreement provides for a subsequent automatic annual renewal, unless either party provides written notice to the other party of its intent to terminate the agreement at least six months prior to the expiration of then current term.

Miner Purchases

The substantial majority of our capital expenditures to date have been devoted to the development and construction of our bitcoin mining data centers and the acquisition of mining hardware. We have purchased miners from Bitmain, SuperAcme, and Canaan.

In January 2024, Bear LLC and Chief Mountain LLC each entered into agreements with Canaan to purchase 8,350 units of the latest generation Avalon A1466 miners for delivery in the second quarter of 2024. Both Bear LLC and Chief Mountain LLC plan to install 8,350 miners, representing an expansion of approximately 30 MW, or approximately 1.25 EH/s at each facility. Payment terms allow Bear LLC and Chief Mountain LLC to deliver up to 30% of the total consideration in the 90 days after delivery.

In December 2023, through our wholly-owned subsidiary Cipher Mining Infrastructure LLC, a Delaware limited liability company, we entered into a Future Sales and Purchase Agreement with Bitmain Technologies Delaware Limited to purchase 37,396 Antminer T21 miners (the "2025 Bitmain Miners"). This purchase represents approximately 7.1 EH/s of self-mining capacity, and we expect the miners to be delivered in one batch in April 2025. Pursuant to this agreement, we also have the option, but not an obligation, to purchase 45,706 additional Antminer T21 miners (the "2024 Optional Bitmain Miners"), which we may exercise in whole or in part, in one or more transactions, in 2024.

The purchase price for the 2025 Bitmain Miners under the agreement is $99,473,360, representing a $14/T unit price (the "2025 Miners Purchase Price") with (i) 10% of the 2025 Miners Purchase Price paid on December 12, 2023 (ii) 40% of the 2025 Miners Purchase Price due 180 days prior to delivery, and (iii) the remaining 50% of the purchase price due 7 days prior to delivery. The purchase price for the 2024 Optional Bitmain Miners under the agreement is $121,577,960, representing a $14/T unit price (the "2024 Optional Miners Purchase Price") with (i) 10% of the 2024 Optional Miners Purchase Price paid in December 2023 (ii) 40% of the 2024 Optional Miners Purchase Price of each batch due 180 days prior to each delivery, and (iii) the remaining 50% of the 2024 Optional Miners Purchase Price of each batch due 7 days prior to each delivery.

Separately, under our agreement of October 2023 with Bitmain Technologies Delaware Limited, we purchased approximately 1.2 EH/s worth of Antminer S21 miners, for a total commitment of $24.0 million to be paid in cash and coupons, or $16.8 million in cash after applying coupons (the "Bitmain S21 Agreement").We expect the miners purchased under this agreement to be shipped in batches between January and June 2024. As of the date of this filing, approximately 1,760 of those miners have been delivered to us in Texas, and we have paid approximately $10.9 million of the total $16.8 million due.

Under our agreement of May 2023 with Canaan, we purchased a total of 11,000 A1346 model mining machines, all of which were delivered by June 2023 and have been installed at the Odessa Facility and we have no further payment obligations under that agreement.

Our Strengths

We believe we have strengths that give us a competitive advantage in the bitcoin mining business, including the following.

Scalable operations with attractive opportunities to deploy additional hashrate

We believe that scale can be a key factor in driving cost and margin improvements in the bitcoin mining business, as well as providing a degree of protection against the price volatility associated with bitcoin. As of February 29, 2024, we have deployed approximately 267 MW of electrical capacity across our four data centers, with a corresponding hashrate of approximately 8.4 EH/s, of which we owned approximately 7.4 EH/s. As further discussed in "—*Our Strategy*", we plan to deploy an additional approximately 60 MW for a total of approximately 327 MW of electrical capacity by the end of 2024, and a corresponding hashrate of approximately 11.6 EH/s, of which we expect to own approximately 9.3 EH/s, with the remainder being owned by WindHQ, our JV partner. We also plan to deploy an additional 135 MW of rig capacity in 2025 for approximately an additional 7.1 EH/s in corresponding hashrate at our Black Pearl Facility.

In 2024 and 2025, we plan to expand deployment of electrical capacity at our existing data centers, at our new Black Pearl Facility, and potentially also at new, yet to be secured, sites. We plan to use cash flows that we expect to generate from our operations and potentially additional sources of financing, or joint venture or other arrangements, to fund the required capital expenditures associated with any potential expansion.

Cost leadership with reliable electricity supply and resilient business model with downside protection against drops in bitcoin prices

Our current portfolio of power for our data centers has an average cost that we believe to be among the lowest in the industry. For further details on those arrangements, see "*Business—Business Agreements—Luminant Power Agreement*." We have access, until at least 2027, to competitive electricity costs, with an average cost of electricity of approximately 2.7 c/kWh. We believe that we operate one of the most efficient mining rig fleets in the global market by using leading technology and mining equipment to maximize computing power output per MW while attempting to minimize unintentional downtime and repair costs. Additionally, our strategy involves curtailing our mining operations, meaning we turn the miners on and off, for a variety of contractual, economic, weather related, business or other reasons. For further details, see "*Risk Factors—Risks Related to Our Business, Industry and Operations—Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation*."

The overall hashrate of the Bitcoin network is generally correlated with bitcoin price, and any significant fall in bitcoin price may force high-cost miners to cease their mining activities, which would typically result in a decrease of the network power. Because the number of blocks available to be mined is set by Bitcoin protocol irrespective of the network's hashrate or bitcoin prices, in periods of low bitcoin prices, low-cost producers may have the opportunity to take the market share of less-efficient participants.

We believe that our controlled power costs, use of leading technology, and reliable operations and maintenance services will provide our mining operations with resilience against drops in bitcoin prices.

Key management's track record with relevant expertise and capabilities

We have an experienced executive management team with many years of relevant experience and significant industry and technical knowledge. The executive management team has recruited talented employees with experience and expertise in finance, data science, data center construction and operation, power procurement, logistics, and computer science fields. Many of our employees have significant management experience, which complements our business model and talent management philosophy that favors a lean head count structure and the use of third-party vendors and contractors, as well as technology, to reduce fixed costs. We hope to leverage the talents and efforts of the entire team in developing and operating our bitcoin mining data centers and in sourcing new opportunities for the Company.

Strategic adjacencies with potential long-term opportunities

We believe we are strategically well positioned to continue developing and expanding our bitcoin mining business, and also to enhance it through other long-term opportunities in the Bitcoin ecosystem. Those opportunities could include, for example, potential partnerships with larger companies in energy, technology and financial services, as well as offering operational and data science services associated with bitcoin mining.

Our Strategy

Our strategy is to expand and strengthen the Bitcoin network's critical infrastructure by developing and operating data centers at which we continue to expand the hashrate we contribute to the Bitcoin network. Key elements of this strategy include the following.

Establish our cost leadership and maintain strong relationships with our industry partners

We seek to structure relationships with our equipment and service providers, power suppliers and other potential partners as long-term relationships. We believe this approach will help us expand our operations in a cost-effective manner that will contribute to the operational stability of our bitcoin mining business. In addition, we aim

to be one of the lowest cost producers of bitcoin. We believe that will serve us well in bull markets for bitcoin and protect us in bear markets.

Retain flexibility in considering strategically adjacent opportunities complimentary to our business model

As the Bitcoin ecosystem develops and our business, including our bitcoin inventory, grows, we aim to retain flexibility in considering and engaging in various strategic initiatives that may be complimentary to our bitcoin mining operations. For example, we have enhanced our treasury management platform by engaging market counterparties with which we can hedge some or all of the value of our bitcoin inventory or the value of our expected forward production, and we could consider initiatives such as: (i) lending out bitcoin as an additional line of revenue; (ii) engaging into strategic acquisitions or joint ventures; (iii) leveraging our expected bitcoin holdings to enter into strategic partnerships in the fintech space; (iv) engaging in asset management products; and (v) providing operational support or mining-as-a-service products, which may involve working with infrastructure investors on managed bitcoin mining deployments and other potential projects.

Use of mining pools

As part of our operations, we use third-party mining pools, including Foundry and Luxor, to mine bitcoin. This means that we send our computing power, or hashrate, to the mining pool in exchange for a proportionate share of bitcoin mined by the pool. In 2023, we incurred pooling charges of approximately $165,000.

We have no immediate plans to establish our own mining pool. We intend to periodically re-evaluate this as part of our overall strategy going forward and, in the future, we may also decide to stop using mining pools.

Use of custodians

We generally store the majority of our bitcoin in cold storage, unless we transfer it to a trading account to be sold. We primarily use Coinbase Prime as our custodian to store our bitcoin, but also have accounts at Anchorage Digital Bank N.A. and Fidelity Digital Assets Services. We periodically re-evaluate these services and, in the future, we may also decide to use additional or other custodians. As part of our regular treasury management, we consider market conditions and our financial obligations to determine if any portion of newly mined or stored bitcoin should be transferred to the hot wallet for liquidation. See "*Risk Factors—Risks Related to Our Business, Industry and Operations—There is a potential that, in the event of a bankruptcy filing by a custodian, bitcoin held in custody could be determined to be property of a bankruptcy estate and we could be considered a general unsecured creditor thereof" and "Our limited insurance protection exposes us and our shareholders to the risk of loss of our bitcoin for which no person is liable."*

Focus on building our operations in the United States

Our operations are currently all within the United States. We believe that the North American market, and specifically the United States, represents a particularly attractive geographic region for bitcoin mining. Two key drivers for this are the attractive market dynamics and its stable regulatory environment. We believe that the strong bitcoin mining dynamics in the United States are particularly driven by low-cost energy and reliable power infrastructure, investor interest in bitcoin mining and access to capital markets, access to data center construction and operations talent markets, and potential opportunities to partner with energy industry participants on projects involving renewable energy sources. On the regulatory side, while crypto asset regulation in the United States, as in the rest of the world, is still in development (see "*Business—Government Regulation*"), we believe that the regulatory framework for bitcoin in the United States is sufficiently well established and accepted. Furthermore, we believe that the U.S. digital asset ecosystem is more tightly regulated and may attract more compliance-oriented investors, which is expected to contribute to the overall stability of the ecosystem. We may in the future consider establishing operations in other countries, depending on the business opportunity and the relative risks associated with the relevant jurisdiction.

Competition

Bitcoin is mined all over the world by a variety of miners, including individuals, public and private companies, and mining pools. We define our principal competitors as other publicly traded bitcoin miners because

there is widely available information about their operations. Several public companies (traded in the United States and internationally), such as the following, may be considered to compete with us:

- Marathon Digital Holdings, Inc.
- Riot Platforms, Inc.
- CleanSpark, Inc.
- Hut 8 Mining Corp.
- Hive Blockchain Technologies Ltd.
- Bitfarms LTD.
- Iris Energy Limited
- Terawulf Inc.
- Core Scientific, Inc.
- Bit Digital, Inc.
- BitDeer Technologies Group

Our data centers are located in Texas, where we may face significant and increasing competition, because Texas, through its regulatory and economic incentives, has encouraged bitcoin mining companies, like ours, to locate their operations in the state. For further details, see "*Risk Factors—Risks Related to Our Business, Industry and Operations—Delays or disruptions in the operation of our Texas sites could also materially and adversely affect our business, results of operations and financial condition*." There is also a possibility that, in the future, foreign governments may decide to subsidize or in some other way support certain large-scale cryptocurrency mining projects. See "*Risk Factors—Risks Related to Regulatory Framework—Regulatory actions in one or more countries could severely affect the right to acquire, own, hold, sell or use certain cryptocurrencies or to exchange them for fiat currency.*"

Thus, we compete against many companies and entities operating both within the United States and abroad. Equally important, as bitcoin price increases, additional miners may be drawn into the market. The corollary would mean that as bitcoin price decreases, miners that are less cost-efficient may be driven out of the market.

Government Regulation

We operate in a complex and rapidly evolving regulatory environment and we are subject to a wide range of laws and regulations enacted by U.S. federal, state and local governments, governmental agencies and regulatory authorities, including the SEC, the Commodity Futures Trading Commission, the Federal Trade Commission and the Financial Crimes Enforcement Network of the U.S. Department of the Treasury, as well as similar entities in other countries. Other regulatory bodies, governmental or semi-governmental, have shown an interest in regulating or investigating companies engaged in the blockchain or cryptocurrency businesses.

Recently, on January 10, 2024, the SEC approved the listing and trading of spot bitcoin exchange-traded products ("ETPs"), the shares of which can be sold in public offerings and traded on U.S. national securities exchanges. The approved ETPs commenced trading directly to the public on January 11, 2024, with a trading volume of $4.6 billion on the first trading day. It is unclear how the approval of spot bitcoin ETPs will affect the price of bitcoin going forward. Regulations may substantially change in the future and it is presently not possible to know how regulations will apply to our businesses, or when they will be effective. As the regulatory and legal environment evolves, we may become subject to new laws and further regulation by the SEC and other agencies, which may affect our mining and other activities. For instance, various bills have been proposed in the U.S. Congress related to our business, which may be adopted and have an impact on us. Additionally, governmental

agencies and regulatory authorities, such as the SEC, the Commodity Futures Trading Commission, the Federal Trade Commission and the Financial Crimes Enforcement Network of the U.S. Department of the Treasury, may also enact regulations related to our business, which may have an impact on us. For additional discussion regarding our belief about the potential risks existing and future regulation pose to our business, see "*Risk Factors—Risks Related to Regulatory Framework.*"

Furthermore, because we may strategically expand our operations into new areas, see "*Business—Our Strategy— Retain flexibility in considering strategically adjacent opportunities complimentary to our business model,*" we may become subject to additional regulatory requirements.

Intellectual Property

We use specific hardware and software for our bitcoin mining operations. In certain cases, source code and other software assets may be subject to an open source license, as much technology development underway in this sector is open source. For these works, we intend to adhere to the terms of any license agreements that may be in place.

We have patent applications pending for aspects of our bitcoin mining operations. We rely upon trade secrets, trademarks, service marks, trade names, copyrights and other intellectual property rights and license the use of intellectual property rights owned and controlled by others. In addition, we have developed and continue to refine certain proprietary software applications to enhance the efficiency of our bitcoin mining operations and may continue to develop those applications or others in the future.

Human Capital Management

As of the date of this filing, we have 35 full-time employees and officers. We believe our employee relations to be good. We aim to attract and retain talented and dedicated employees who contribute to the operation of our business model. As such, we have recruited employees with experience and expertise in the following areas: finance, data science, data center construction and operation, computer science, power procurement, and logistics. Currently, each of our employees is also an owner of the Company through equity awards under the Incentive Award Plan. We aim to instill an "ownership culture" in all areas of our business model, and our compensation and benefits philosophies are designed to retain our employees and recruit new employees as necessary.

Seasonality

Our annual and quarterly operating results have the potential to be significantly affected by seasonality related to weather and the related energy commodity price volatility. The price of electric power typically peaks during the winter and summer months, and more generally during extreme weather events, which can potentially impact the Company's results. Additionally, extreme weather conditions may affect the efficiency and uptime of our mining operations which will have an impact on operating results.

Corporate Information

Cipher Mining Inc. was incorporated as a Delaware corporation on August 27, 2021 in connection with the closing of a transaction (the "Business Combination") pursuant to which Good Works Acquisition Corp. ("GWAC"), a special purpose acquisition company, consummated the merger of a wholly-owned direct subsidiary of GWAC with and into Cipher Mining Technologies Inc. ("CMTI"). Following the Business Combination, the combined company was named Cipher Mining Inc. ("Cipher" or the "Company"). The Company comprises all of GWAC's and CMTI's operations.

Our principal executive offices are located at 1 Vanderbilt Avenue, Floor 54, Suite C, New York, NY 10017, and our telephone number is (332) 262-2300.

Available Information

Our website address is www.ciphermining.com. The contents of, or information accessible through, our website are not part of this Annual Report on Form 10-K. We make our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those

reports, as well as beneficial ownership filings available free of charge on our website as soon as reasonably practicable after we file such reports with, or furnish such reports to, the SEC.

We may use our website as a distribution channel of material information about the Company. Financial and other important information regarding the Company is routinely posted on and accessible through the Investors sections of its website at https://investors.ciphermining.com.

The reference to our website address does not constitute incorporation by reference of the information contained on or available through our website, and you should not consider such information to be a part of this Annual Report on Form 10-K.

Item 1A. Risk Factors.

Our business involves significant risks, some of which are described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock or public warrants could decline and you could lose part or all of your investment.

Unless the context otherwise requires, references in this Annual Report to the "Company," "Cipher," "Cipher Mining," "we," "us" or "our" refers to Cipher Mining Inc. and its consolidated subsidiaries, unless otherwise indicated.

Risks Related to Our Business, Industry and Operations

The further development and acceptance of digital asset networks and other digital assets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of digital asset systems may adversely affect an investment in us.

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs cryptocurrency assets, including bitcoin, based upon a computer-generated mathematical or cryptographic protocol. Large-scale acceptance of bitcoin as a means of payment has not, and may never, occur. The growth of this industry in general, and the use of bitcoin in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may occur unpredictably.

Industry events, such as filing for and seeking protection of Chapter 11 proceedings by major market participants, may have significant impact on further development and acceptance of digital asset networks and digital assets as they exposed how unpredictable and turbulent the digital assets industry can be. Specifically, the Chapter 11 Bankruptcy filings of digital asset exchanges FTX Trading Ltd., et al. ("FTX") (including its affiliated hedge fund, Alameda Research LLC) was unexpected and significantly reduced confidence in the digital assets industry as it was one of the largest and considered among safest digital asset trading platforms. Furthermore, it also revealed potential systemic risks and industry contagion as a significant number of other major market participants were affected by FTX's Chapter 11 filing – namely, among others, BlockFi Inc., et al. ("BlockFi"), as one of the largest digital assets lending companies. Although there were no significant exposures of our business to any of the industry participants who filed for Chapter 11 bankruptcy, such failure of key institutions in the cryptocurrency asset industry highlights the risk of systemic interconnectedness between major market participants and the effect it could have on the industry as a whole.

The closure and temporary shutdown of major digital asset exchanges and trading platforms, such as FTX, due to fraud or business failure, has disrupted investor confidence in cryptocurrencies and led to a rapid escalation of oversight of the digital asset industry. Thus, the failures of key market participants and systemic contagion risk is expected to, as a consequence, invite stricter regulatory scrutiny. All this could have a negative impact on further development and acceptance of digital asset networks and digital assets, including bitcoin. See "*—Risks Related to Regulatory Framework— Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations*."

Other factors that could affect further development and acceptance of digital asset networks and other digital assets include, but are not limited to:

- worldwide growth in the adoption and use of bitcoin as a medium to exchange;
- governmental and quasi-governmental regulation of bitcoin and its use, or restrictions on or regulation of access to and operation of the Bitcoin network or similar cryptocurrency systems;
- changes in consumer demographics and public tastes and preferences;

- the maintenance and development of the open-source software protocol of the Bitcoin network;
- the increased consolidation of contributors to the Bitcoin blockchain through bitcoin mining pools;
- the availability and popularity of other cryptocurrencies and other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- the use of the networks supporting cryptocurrencies for developing smart contracts and distributed applications;
- general economic conditions and the regulatory environment relating to cryptocurrencies;
- environmental or tax restrictions, excise taxes or other additional costs on the use of electricity to mine bitcoin;
- an increase in bitcoin transaction costs and any related reduction in the use of and demand for bitcoin; and
- negative consumer sentiment and perception of bitcoin specifically or cryptocurrencies generally.

We may face several risks due to disruptions in the crypto asset markets, including but not limited to, the risk from depreciation in our stock price, financing risk, risk of increased losses or impairments in our investments or other assets, risks of legal proceedings and government investigations, and risks from price declines or price volatility of crypto assets.

In the second half of 2022 and beginning of 2023, some of the well-known crypto asset market participants, including digital asset lenders Celsius Network LLC, et al. ("Celsius"), Voyager Digital Ltd., et al. ("Voyager"), Three Arrows Capital ("Three Arrows") and Genesis Global Holdco, LLC, et al. ("Genesis") declared bankruptcy, resulting in a loss of confidence in participants of the digital asset ecosystem and negative publicity surrounding digital assets more broadly. In November 2022, FTX, the third largest digital asset exchange by volume at the time, halted customer withdrawals and shortly thereafter, FTX and its subsidiaries filed for bankruptcy.

In response to these and other similar events (including significant activity by various regulators regarding digital asset activities, such as enforcement actions, against a variety of digital asset entities, including Coinbase and Binance), the digital asset markets, including the market for bitcoin specifically, experienced extreme price volatility and several other entities in the digital asset industry have been, and may continue to be, negatively affected, further undermining confidence in the digital assets markets and in bitcoin. These events have also negatively impacted the liquidity of the digital assets markets as certain entities affiliated with FTX and platforms such as Coinbase and Binance have engaged, or may continue to engage, in significant trading activity. If the liquidity of the digital assets markets continues to be negatively impacted by these events, digital asset prices (including the price of bitcoin) may continue to experience significant volatility and confidence in the digital asset markets may be further undermined. It is not possible to predict at this time all of the risks these events may pose to us, our service providers or on the digital asset industry as a whole.

Although we had no direct exposure to FTX or any of the above-mentioned cryptocurrency companies (with the exception of Coinbase, which is discussed in "—*There is a potential that, in the event of a bankruptcy filing by a custodian, bitcoin held in custody could be determined to be property of a bankruptcy estate and we could be considered a general unsecured creditor thereof*"), nor any material assets that may not be recovered or may otherwise be lost or misappropriated due to the bankruptcies, the failure or insolvency of large exchanges like FTX or other significant players in the digital asset space may cause the price of bitcoin to fall and decrease confidence in the ecosystem, which could adversely affect an investment in us. Such market volatility and decrease in bitcoin price have had a material and adverse effect on our results of operations and financial condition and we expect our results of operations to continue to be affected by the bitcoin price as the results of our operations are significantly tied to the price of bitcoin. If we do not continue adjusting our short-term strategy to optimize our operating efficiency in the current dynamic market conditions, such market conditions could have a further negative result on our business, prospects or operations.

Our business and the markets in which we operate are new and rapidly evolving, which makes it difficult to evaluate our future prospects and the risks and challenges we may encounter.

Our business and the markets in which we operate are new and rapidly evolving, which makes it difficult to evaluate and assess our future prospects and the risks and challenges that we may encounter. These risks and challenges include, among others, our ability to:

- operate our bitcoin data centers in a cost-effective manner;
- maintain or establish new commercial and supply partnerships, including our power arrangements as well as our arrangements for the supply of mining equipment and other data center construction items;
- react to challenges from existing and new competitors;
- comply with existing and new laws and regulations applicable to our business and in our industry; and
- anticipate and respond to macroeconomic changes, and industry benchmarks and changes in the markets in which we operate.

Our strategy may not be successful, and we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. If the risks and uncertainties that we plan for when building out and operating our business are incorrect or change, or if we fail to manage these risks successfully, our results of operations could differ materially from our expectations and our business, prospects, financial condition and operating results could be adversely affected.

Any unfavorable global economic, business or political conditions, such as geopolitical tensions, military conflicts, acts of terrorism, natural disasters, pandemics (like the COVID-19 pandemic), and similar events could adversely affect our business, financial condition and results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets, including conditions that are outside of our control. Geopolitical tensions, acts of terrorism, hostilities or the perception that hostilities may be imminent, military conflict and acts of war, including further escalation of the Russia-Ukraine conflict and the related response, including sanctions or other restrictive actions, by the United States and/or other countries, as well as the conflicts between Israel-Hamas or China-Taiwan, could adversely impact our business, supply chain or partners.

Events like these, particularly if they occur in regions of the world where we operate or source our mining equipment, could cause supply chain disruptions for some of our mining equipment components. Our operations are particularly vulnerable to potential interruptions in the supply of certain critical materials and metals, such as neon gas and palladium, which are used in semiconductor manufacturing. Any interruption to semiconductor chip supply could significantly impact our ability to receive the mining equipment and timely roll-out of our operations. Furthermore, any potential increase in geopolitical tensions in Asia, particularly in the Taiwan Strait, could also significantly disrupt existing semiconductor chip manufacturing and increase the prospect of an interruption to the semiconductor chip supply across the world. The world's largest semiconductor chip manufacturer is located in Taiwan and a large part of equipment and materials for our bitcoin miners, including ASIC chips, is manufactured in Taiwan. A setback to the current state of relative peace and stability in the region could compromise existing semiconductor chip production and have downstream implications for our company. We are continuing to monitor the situations in Ukraine, Israel and globally and assessing its potential impact on our business. There is also a potential increase in risk for cyberattacks due to cyberwarfare in connection with ongoing military conflicts, such as the Russia-Ukraine and Israel-Hamas conflicts.

Other global economic conditions, including natural disasters, pandemics (like the COVID-19 pandemic), economic recessions, inflationary issues and associated changes in monetary policy or potential economic recession, commodity prices, foreign currency fluctuations, international tariffs, social, political and economic risks, could adversely affect our business, financial condition and results of operations. For example, the U.S. inflation rate steadily increased since 2021 and into 2022 and 2023. These inflationary pressures, as well as disruptions in our supply chain, have increased the costs of most other goods, services and personnel, which have in turn caused our

capital expenditures and operating costs to rise. Sustained levels of high inflation caused the U.S. Federal Reserve and other central banks to increase interest rates, which have raised the cost of acquiring capital and reduced economic growth, either of which—or the combination thereof—could hurt the financial and operating results of our business.

Any disruptions or failures of our systems or other services that we use, including as a result of these types of events, as well as power outages, telecommunications infrastructure outages, a decision by one of our third-party service providers to close facilities that we use without adequate notice or to materially change the pricing or terms of their services, or other unanticipated problems with our systems or the third-party services that we use, could severely impact our ability to conduct our business operations, which could materially adversely affect our future operating results.

The effects of such global economic conditions and geopolitical events could adversely affect our business, prospects, financial condition, and operating results. For example, the aforementioned factors could adversely affect our ability to access the capital and other financial markets, and if so, we may need to consider alternative sources of funding for some of our growth and operations and for working capital, which may increase our cost of, as well as adversely impact our access to, capital.

If we fail to grow our hashrate, we may be unable to compete, and our results of operations could suffer.

Generally, a bitcoin miner's chance of solving a block on the bitcoin blockchain and earning a bitcoin reward is a function of the miner's hashrate (i.e., the amount of computing power devoted to supporting the Bitcoin blockchain), relative to the global network hashrate. As demand for bitcoin has increased, the global network hashrate has increased, and to the extent more adoption of bitcoin occurs, we would expect the demand for bitcoin would increase, drawing more mining companies into the industry and further increasing the global network hashrate. As new and more powerful miners are deployed, the global network hashrate will continue to increase, meaning a miner's percentage of the total daily rewards will decline unless it deploys additional hashrate at pace with the growth of global hashrate. Accordingly, to compete in this highly competitive industry, we believe we will need to continue to acquire new miners, both to replace those lost to ordinary wear-and-tear and other damage, and to increase our hashrate to keep up with a growing global network hashrate.

Furthermore, predicting the growth in network hashrate is extremely difficult. Generally, we would expect hashrate increases to be correlated with increases in bitcoin price, but that has not always been the case, including during recent periods of time during 2022 and 2023. To the extent that hashrate increases but the price of bitcoin does not, the results of our bitcoin mining operations will suffer.

Bitcoin mining activities are energy-intensive, which may restrict the geographic locations of miners and have a negative environmental impact. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours, increase taxes on the purchase of electricity used to mine bitcoin, or even fully or partially ban mining operations.

Mining bitcoin requires large amounts of electrical power, and electricity costs account for a significant portion of our overall costs. The availability and cost of electricity restrict the geographic locations of our mining activities. Any shortage of electricity supply or increase in electricity costs in any location where we operate may negatively impact the viability and the expected economic return for bitcoin mining activities in that location.

Further, our business model can only be successful and our mining operations can only be profitable if the costs, including electrical power costs, associated with bitcoin mining are lower than the price of bitcoin itself. As a result, our mining operations can only be successful if we can obtain sufficient electrical power for that site on a cost-effective basis, and our establishment of new mining data centers requires us to find sites where that is the case. Even if our electrical power costs do not increase, significant fluctuations in, and any prolonged periods of, low bitcoin prices may also cause our electrical supply to no longer be cost-effective.

Furthermore, government scrutiny related to restrictions on cryptocurrency mining facilities and their energy consumption has increased over the past few years as cryptocurrency mining has become more widespread. The consumption of electricity by mining operators may also have a negative environmental impact, including

contribution to climate change, which could set the public opinion against allowing the use of electricity for bitcoin mining activities or create a negative consumer sentiment and perception of bitcoin.

State and federal regulators are increasingly focused on the energy and environmental impact of bitcoin mining activities. In March 2022, the Electricity Reliability Council of Texas ("ERCOT"), the organization that operates Texas' electrical grid, started requiring large scale digital asset miners to apply for permission to connect to Texas' power grid, and in April 2022, set up a taskforce committee to review the participation of large flexible loads, including bitcoin data centers, in the ERCOT market. The taskforce has been tasked to develop policy recommendations for consideration by ERCOT relating to network planning, markets, operations, and large load interconnection processes for large flexible loads in the ERCOT network. We experienced delays in the energization of the Odessa Facility due to ERCOT's new process, and may face additional delays and obligations in the future. Separately, in November 2022, the state of New York placed a two-year moratorium on "proof-of-work" cryptocurrency mining, which includes bitcoin mining, citing environmental concerns over the energy-intensive mining process.

At the federal level, legislation has been proposed by various Senators that would require certain agencies to analyze and report on topics around energy consumption in the digital asset industry, including the type and amount of energy used for cryptocurrency mining and the effects of digital asset mining on energy prices and baseload power levels. There have been calls by various members of Congress on the Environmental Protection Agency ("EPA") and Department of Energy to establish rules that would require digital asset miners to report their energy usage and emissions. In March 2022, President Biden signed an Executive Order calling on, among other things, various agencies and departments, including the EPA, to report on the connections between distributed ledger technology and energy transitions, and the impact of such technology on climate change. Also, on March 9, 2023, the Department of the Treasury published *General Explanations of the Administration's Fiscal Year 2024 Revenue* Proposals, in which it proposed imposing a 30% excise tax on electricity usage by digital asset miners. Any of the foregoing could reduce the availability, or increase the cost, including through taxation, of, electricity in the geographic locations in which our operating facilities are located, or could otherwise adversely impact our business. If we are forced to reduce our operations due to the availability or cost of electrical power, or restrictions on bitcoin mining activities, this will have an adverse effect on our business, prospects, financial condition and operating results.

Government regulators in other countries have banned or substantially limited their local cryptocurrency mining activities, or may do so in the future, which could have a material effect on our competitiveness, by affecting supply chains for mining equipment or services and the price of bitcoin. For further details on our competition, see "*—We operate in a highly competitive industry and we compete against companies that operate in less regulated environments as well as companies with greater financial and other resources, and our business, operating results, and financial condition may be adversely affected if we are unable to respond to our competitors effectively.*"

Additionally, our mining operations could be materially adversely affected by power outages and similar disruptions. Given the power requirements for our mining equipment, it would not be feasible to run this equipment on back-up power generators in the event of a government restriction on electricity or a power outage. Under some of our power arrangements, our power supply could be automatically reduced or curtailed by the market regulators or grid operators in cases of certain system disruptions or emergencies. If we are unable to receive adequate power supply and are forced to reduce or shut down our operations due to the availability or cost of electrical power, it would have a material adverse effect on our business, prospects, financial condition, and operating results.

We have concentrated our operations and, thus, are particularly exposed to the performance of the Odessa Facility and changes in the regulatory environment, market conditions and natural disasters in Texas.

We currently operate all of our data centers in Texas, and the Odessa Facility was responsible for mining approximately 88% of the bitcoin we produced in the year ended December 31, 2023. Consequently, our business operations and financial condition are particularly reliant on the performance of the Odessa Facility. If any critical equipment fails or there are delays in repairing equipment at the Odessa Facility, our business operations and financial results may be severely affected.

Additionally, we are particularly exposed to changes in the regulatory environment, market conditions and natural disasters in this state. See *"—We are vulnerable to severe weather conditions and natural disasters,*

including severe heat, winter weather events, earthquakes, fires, floods, hurricanes, as well as power outages and other industrial incidents or mechanical failures, which could severely disrupt the normal operation of our business and adversely affect our results of operations." Texas, through its regulatory and economic incentives, has encouraged bitcoin mining companies, like ours, to locate their operations in the state. As such, we face increased competition in Texas for suitable bitcoin mining data center sites and skilled workers. If we experience delays in construction or operation of data centers, supply chain disruptions (such as the global microchip and semiconductor shortage, or the COVID-related supply chain issues of recent years), increased costs of component parts or raw materials, increased costs or lack of skilled labor, or disputes with our third party contractors or service providers, or if other unforeseen events occur, our business, financial condition and results of operations could be adversely impacted. Additionally, if the regulatory and economic environment in Texas were to become less favorable to bitcoin mining companies, including by way of increased taxes, our heavy concentration of sites in Texas means our business, financial condition and results of operations could be adversely affected.

Our operating results may fluctuate due to the highly volatile nature of cryptocurrencies in general and, specifically, bitcoin.

Our sources of revenue are dependent on bitcoin and the Bitcoin ecosystem. Due to the highly volatile nature of the cryptocurrency markets and the prices of cryptocurrency assets, and bitcoin specifically, our operating results may fluctuate significantly from quarter to quarter in accordance with market sentiments and movements in the broader cryptocurrency ecosystem and in the Bitcoin ecosystem. Bitcoin prices depend on numerous market factors beyond our control and, accordingly, some underlying bitcoin price assumptions relied on by us may materially change and actual bitcoin prices may differ materially from those expected. For instance, the introduction of cryptocurrencies backed by central banks, known as "CBDCs," could significantly reduce the demand for bitcoin. In particular, our operating results may fluctuate as a result of a variety of factors, many of which are unpredictable and, in certain instances, outside of our control, including:

- market conditions across the broader blockchain ecosystem;
- investment and trading activities of highly active retail and institutional investors, cryptocurrency users, speculators and miners;
- financial strength of market participants;
- developments and innovations in bitcoin mining equipment, including ASIC chip designs;
- changes in consumer preferences and perceived value of digital assets, including due to evolving cryptographic algorithms and emerging trends in the technology securing blockchains;
- publicity and events relating to the blockchain ecosystem, including public perception of the impact of the blockchain ecosystem on the environment and geopolitical developments;
- the correlation between the prices of digital assets, including the potential that a crash in one digital asset or widespread defaults on one digital asset exchange or trading venue may cause a crash in the price of other digital assets, or a series of defaults by counterparties on digital asset exchanges or trading venues;
- fees and speed associated with processing bitcoin transactions;
- level of interest rates and inflation;
- changes in the legislative or regulatory environment, or actions by governments or regulators that impact monetary policies, fiat currency devaluations, trade restrictions, the digital assets industry generally, or mining operations specifically;
- difficulty obtaining hardware and related installation costs;
- access to cost-effective sources of electrical power;

- adverse legal proceedings or regulatory enforcement actions, judgments, settlements or other legal proceeding and enforcement-related costs;
- increases in operating expenses that we expect to incur to build-up and expand our operations and to remain competitive;
- system failure or outages, including with respect to our mining hardware, power supply and third-party networks;
- breaches of security or data privacy;
- loss of trust in the network due to a latent fault in the Bitcoin network;
- our ability to attract and retain talent;
- our ability to hedge risks related to our ownership of digital assets;
- the introduction of new digital assets, leading to a decreased adoption of bitcoin; and
- our ability to compete with our existing and new competitors.

As a result of these factors, it may be difficult for us to forecast growth trends accurately and our business and future prospects are difficult to evaluate, particularly in the short term. In view of the rapidly evolving nature of our business and the Bitcoin ecosystem, period-to-period comparisons of our operating results may not be meaningful, and you should not rely upon them as an indication of future performance. Quarterly and annual expenses reflected in our financial statements may be significantly different from historical or projected rates, and our operating results in one or more future quarters may fall below the expectations of securities analysts and investors.

We depend on third parties, including electric grid operators, electric utility providers and manufacturers of certain critical equipment and rely on components and raw materials that may be subject to price fluctuations or shortages, including ASIC chips that have been subject to periods of significant shortage and high innovation pace.

We depend on third parties, including electric grid operator Oncor Electric Delivery Company LLC ("Oncor"), the Texas electric utility ERCOT, and manufacturers of critical components for our mining equipment and our data centers, which may be subject to price fluctuations or shortages. For example, our bitcoin mining operations require approval to operate from Oncor and ERCOT, which can be onerous to obtain. If Oncor or ERCOT delay in providing such approval, or change the requirements to operate bitcoin mining facilities, our business plans may be disrupted and our results of operations may be negatively affected.

Additionally, we are reliant on critical equipment, such as a single high-voltage power substation transformer to supply power to our bitcoin mining operations at the Odessa Facility. If this critical equipment malfunctions or we have delays in the ability to fix such equipment, it could adversely affect our operations and financial results.

Additionally, ASIC chip is the key component of a mining machine as it determines the efficiency of the device. The production of ASIC chips typically requires highly sophisticated silicon wafers, which currently only a small number of fabrication facilities, or wafer foundries, in the world are capable of producing. We cannot order ASIC chips or other equipment or services without advance payments because ASIC chip manufacturers and suppliers typically do not guarantee reserve foundry capacity or supplies without substantial order deposits. While we have already entered into certain arrangements for supply of miners and other equipment and services (for further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Contractual Obligations and Other Commitments*"), we cannot guarantee that we or our counterparties, under our supply arrangements or any other future arrangements, will be able to timely place or fulfill our purchase orders to ensure sufficient supply of the required equipment at prices acceptable to us or at all. Some of our competitors may enter into supply arrangements for mining equipment, which may have greater

capabilities or lower costs compared to ours, which could substantially harm our competitive position and results of operations.

Our ability to source ASIC chips and other critical components for our data centers in a timely matter and at acceptable price and quality levels is critical to our potential expansion, including the development of the Black Pearl Facility and expansions at the Bear Facility and the Chief Facility. See "*Business—Bitcoin and Blockchain*." We are exposed to the risk of disruptions or other failures in the overall global supply chain for bitcoin mining and related data center hardware. This is particularly relevant to the ASIC chip production since there is only a small number of fabrication facilities capable of such production, which increases our risk exposure to manufacturing disruptions or other supply chain failures, but it also applies to other infrastructure hardware necessary for operating our data centers, such as transformers, cables, and switch gear. In addition, our ability to initiate operations at the Black Pearl Facility depends on on-time delivery by Oncor of the substation for the facility. For further details see "*—We are exposed to risks related to disruptions or other failures in the supply chain for bitcoin mining hardware and related data center hardware, and difficulties in obtaining new hardware.*"

There is also a risk that a manufacturer or seller of ASIC chips or other necessary mining equipment may adjust the prices according to bitcoin prices or otherwise, so the cost of new machines could become unpredictable and extremely high. As a result, at times, we may be forced to obtain miners and other hardware at premium prices, to the extent they are available at all. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results.

We may be affected by price fluctuations in the wholesale and retail power markets.

While our power arrangements contain fixed power prices, they also contain certain price adjustment mechanisms in case of certain events. Furthermore, a portion of our power arrangements includes merchant power prices, or power prices reflecting market movements.

Market prices for power, generation capacity and ancillary services, are unpredictable. Depending upon the effectiveness of any price risk management activity undertaken by us, an increase in market prices for power, generation capacity, and ancillary services may adversely affect our business, prospects, financial condition, and operating results. Long- and short-term power prices may fluctuate substantially due to a variety of factors outside of our control, including, but not limited to:

- increases and decreases in generation capacity;
- changes in power transmission or fuel transportation capacity constraints or inefficiencies;
- volatile weather conditions, particularly unusually hot or mild summers or unusually cold or warm winters;
- technological shifts resulting in changes in the demand for power or in patterns of power usage, including the potential development of demand-side management tools, expansion and technological advancements in power storage capability and the development of new fuels or new technologies for the production or storage of power;
- federal and state power, market and environmental regulation and legislation; and
- changes in capacity prices and capacity markets.

If we are unable to secure power supply at prices or on terms acceptable to us, it would have a material adverse effect on our business, prospects, financial condition, and operating results.

We are vulnerable to severe weather conditions and natural disasters, including severe heat, winter weather events, earthquakes, fires, floods, hurricanes, as well as power outages and other industrial incidents or mechanical failures, which could severely disrupt the normal operation of our business and adversely affect our results of operations.

Our business is subject to the risks of severe weather conditions and natural disasters, including severe heat, winter weather events, earthquakes, fires, floods, hurricanes, as well as power outages and other industrial incidents, any of which could result in system failures, power supply disruptions and other interruptions that could harm our business. Since our business and operations are located in Texas, we are particularly vulnerable to disruptions affecting that state. Furthermore, the majority of our bitcoin production and revenues currently come from the Odessa Facility. Any significant system failures or power disruptions at that site could harm our business even if our other sites remain unaffected. See "*—We have concentrated our operations and, thus, are particularly exposed to the performance of the Odessa Facility and changes in the regulatory environment, market conditions and natural disasters in Texas.*"

For example, in February 2023, Texas was hit with a major winter storm, which triggered power outages across the state for several days and left hundreds of thousands of businesses and households without power. Texas experienced a similar major storm in 2021, which also left millions of homes, offices and factories without power. Future power outages may disrupt our business operations and adversely affect our results of operations. Furthermore, the grid damages that occurred in Texas could potentially lead to delays and increased prices in our procurement of certain equipment essential to our operations, such as switch gear, cables and transformers. This could adversely impact our operations.

While the majority of our power arrangements contain fixed power prices, some portion of our power arrangements have merchant power prices, or power prices reflecting the market movements. In an event of a major power outage, such as the abovementioned power outage in Texas, the merchant power prices could be too high to make bitcoin mining profitable. Furthermore, even the fixed-price power arrangements would still depend upon prevailing market prices to some degree. To extent the power prices increase significantly as result of severe weather conditions, natural disasters or any other causes, resulting in contract prices for power being significantly lower than current market prices, the counterparties under our power arrangements may refuse to supply power to us during that period of fluctuating prices. See "*—We are exposed to the risk of nonperformance by counterparties, including our counterparties under our power arrangements.*"

From time to time, we may consider protecting against power price movements by adopting a more risk averse power procurement strategy and hedging our power purchase prices, which would translate into additional hedging costs for us.

Furthermore, events such as the aforementioned outage in Texas may lead federal, state or regional government officials to introduce new legislation and requirements on power providers that may result in, among other things, increased taxes on power used for bitcoin mining or restrictions on cryptocurrency mining operations in general.

We do not carry business interruption insurance sufficient to compensate us for the losses that may result from interruptions in our operations as a result of system failures. A system outage or data loss, caused by it, could have a material adverse effect on our business, prospects, financial condition, and operating results.

We are exposed to risks related to disruptions or other failures in the supply chain for bitcoin mining hardware and related data center hardware, and difficulties in obtaining new hardware.

Manufacture, assembly and delivery of certain components and products for our data center operations are complex and long processes, in the course of which various problems could arise, including disruptions or delays in the supply chain, product quality control issues, as well other external factors, over which we have no control.

Our mining operations can only be successful and profitable if the costs associated with bitcoin mining, including hardware costs, are lower than the price of bitcoin itself. In the course of the normal operation of our bitcoin mining data centers, our miners and other critical equipment and materials related to data center construction and maintenance, such as containers, switch gear, transformers and cables, experience ordinary wear and tear and

may also face more significant malfunctions caused by a number of extraneous factors beyond our control. Declines in the condition of our miners and other hardware require us, over time, to repair or replace those miners or other hardware. See "*—Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence*." Additionally, as technology evolves, we may be required to acquire newer models of miners to remain competitive in the market. Any upgrading process may require substantial capital investment, and we may face challenges in doing so on a timely and cost-effective basis.

Our business is subject to limitations inherent within the supply chain of certain of our components, including competitive, governmental, and legal limitations, and other events. For example, we significantly rely on foreign imports to obtain certain equipment and materials. The miners for our operations are imported from Thailand and Malaysia, and other necessary equipment and materials for our data centers, such as transformers, cables and switch gear, are imported from many other countries around the world. Any global trade disruption, introductions of tariffs, trade barriers and bilateral trade frictions, together with any potential downturns in the global economy resulting therefrom, could adversely affect our necessary supply chains. See also, "*—Any unfavorable global economic, business or political conditions, such as geopolitical tensions, military conflicts, acts of terrorism, natural disasters, pandemics (like the COVID-19 pandemic), and similar events could adversely affect our business, financial condition and results of operations.*" Our third-party manufacturers, suppliers and subcontractors may also experience disruptions by worker absenteeism, quarantines, restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health-related restrictions, such as those that were triggered by the COVID-19 pandemic, for example. Depending on the magnitude of such effects on our supply chain, shipments of parts for our miners, or any new miners that we order or other equipment necessary to operate our data centers, may be delayed or costs could increase.

Furthermore, the global supply chain for cryptocurrency miners is presently heavily dependent on China, where numerous cryptocurrency mining equipment suppliers are located. In the wake of the COVID-19 pandemic, the industry experienced some significant supply disruptions from China. The Chinese government has also been actively advancing a crackdown on bitcoin mining and trading in China. Specifically, in September 2021, the Chinese government declared that all digital currency-related business activities are illegal, effectively banning mining and trading in cryptocurrencies, such as bitcoin. Most bitcoin miners in China were taken offline. While the supply of cryptocurrency hardware from China has not yet been banned, China has limited the shipment of products in and out of its borders and there is a risk that further regulation or government action, on the national or local level in China, could lead to significant disruptions in the supply chain for cryptocurrency hardware. Overall, we cannot anticipate all the ways in which this regulatory action and any additional restrictions could adversely impact our industry and business. If further regulation or government action follows, for example, in the form of prohibition on production or exports of mining equipment, it is possible that our industry may be severely affected. Should any disruptions to the China-based global supply chain for cryptocurrency hardware occur, such as, for example, as result of worsening of the U.S. trade relations with China, including imposition of new tariffs, trade barriers and bilateral trade frictions, we may not be able to obtain adequate equipment from the manufacturer on a timely basis. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results.

Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation.

Our miners are subject to malfunctions and normal wear and tear, and, at any point in time, a certain number of our miners are typically off-line for maintenance or repair. The physical degradation of our miners will require us to replace miners that are no longer functional. Because we use many units of the same miner models, if there is a model wide component malfunction whether in the hardware or the software that powers these miners, the percentage of offline miners could increase substantially, disrupting our operations. Any major miner malfunction out of the typical range of downtime for normal maintenance and repair could cause significant economic damage to us.

Furthermore, physical degradation of our miners could be potentially exacerbated by certain factors particular to our facilities. For example, wind power is the sole source of electricity at the Alborz Facility and operating miners at this facility involves frequent curtailment, meaning we automatically turn the miners on and off depending on wind conditions, power prices, bitcoin prices and other factors. We cannot predict how that cycling on and off process will affect the efficiency of our miners over time or whether they will age faster than machines that are not

turned on and off as frequently. As such, there is a risk that our miners and other data center equipment at the Alborz Facility may experience more rapid wear and tear, compared to miners at the other facilities.

We operate containerized data centers, meaning that our miners and other equipment are more exposed to outdoor environmental factors, including temperature changes and dust, than might be the case at other facilities. As such, our miners and other data center equipment may also experience more rapid wear and tear compared to miners at other facilities. Additionally, our strategy involves curtailing our mining operations for a variety of contractual, economic, weather-related, business or other reasons. Thus, in addition to the curtailment process at the Alborz Facility for changes in wind power generation, we also curtail our machines frequently at all of our data centers. As such, there is a risk that our miners and other data center equipment at all of our data centers may experience more rapid wear and tear compared to miners at the other facilities.

A hardware replacement or upgrading process may require substantial capital investment and we may face challenges in doing so on a timely and cost-effective basis, which could put us at a competitive disadvantage. We may also be impacted by disruptions in the supply chain for cryptocurrency hardware, see "*—We are exposed to risks related to disruptions or other failures in the supply chain for cryptocurrency hardware and difficulties in obtaining new hardware."* Any of the risks above could have a material adverse effect on our business, prospects, financial condition, and operating results.

Our automated processes with respect to curtailment may adversely affect our operations.

Our data centers are subject to curtailment, meaning we automatically turn the miners on and off depending on wind conditions, power prices, bitcoin prices and other factors. Additionally, at the Odessa Facility, we must curtail in certain instances when our power provider instructs us to do so. Failing to do so in a timely manner could result in the incurrence of potentially significant increased costs. Thus, if we are unable to accurately monitor power prices and bitcoin economic data, or timely respond to a curtailment demand, it could have a material adverse effect on our business, prospects, financial condition, and operating results.

The properties in our mining network may experience damages, including damages that are not covered by insurance.

Our bitcoin mining operations in Texas are subject to a variety of risks relating to physical condition and operation, including:

- the presence of construction or repair defects or other structural or building damage;
- any noncompliance with, or liabilities under, applicable environmental, health or safety regulations or requirements or building permit requirements;
- any damage resulting from extreme weather conditions or natural disasters, such as hurricanes, earthquakes, fires, floods and snow or windstorms; and
- claims by employees and others for injuries sustained at our properties.

For example, our bitcoin data centers could be rendered inoperable, temporarily or permanently, as a result of, among others, a fire or other natural disasters. The security and other measures we anticipate taking to protect against these risks may not be sufficient.

Additionally, our bitcoin coin mining operations could be materially adversely affected by a power outage or loss of access to the electrical grid or loss by the grid of cost-effective sources of electrical power generating capacity. For further details on our reliance on the power generating capacity, see "*—Bitcoin mining activities are energy intensive, which may restrict the geographic locations of miners and have a negative environmental impact. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours.*" Our insurance covers the replacement costs of any lost or damaged miners, but will not cover any interruption of our mining activities. Our insurance therefore may not be adequate to cover the losses we suffer as a result of any of these events. In the event of an uninsured loss, including a loss in excess of insured limits,

at any of the mines in our network, such mines may not be adequately repaired in a timely manner or at all and we may lose some or all of the future revenues anticipated to be derived from such mines.

Our business is subject to the impact of global market, economic and political conditions that are beyond our control and that could significantly impact our business and make our financial results more volatile.

We source our mining equipment from Asia, particularly Malaysia and Thailand. Our third-party manufacturers, suppliers and contractors, on the other hand, may rely on supplies of raw materials for the production of such components and equipment from various other markets, including Eastern Europe, China and other markets. Accordingly, our business and results of operations are subject to risks associated with instability in a specific country's or region's political or economic conditions, including:

- economic conditions in Europe and Asia, and political conditions in Eastern Europe, the Middle East, Asia, the Trans-Pacific region and other emerging markets;
- trade protection measures, such as tariff increases, and import and export licensing and control requirements;
- political, financial market or economic instability relating to epidemics or pandemics, including the wars in Ukraine and Israel, or the COVID-19 pandemic;
- uncertainties related to any geopolitical, economic and regulatory effects or changes due to recent or upcoming domestic and international elections;
- the imposition of governmental economic sanctions on countries;
- potentially negative consequences from changes in tax laws or tax examinations;
- potential difficulty of enforcing agreements through some foreign legal systems;
- differing and, in some cases, more stringent labor regulations;
- potentially negative consequences from fluctuations in foreign currency exchange rates;
- partial or total expropriation; and
- differing protection of intellectual property.

Our failure to successfully manage our geographically diverse supply chain could impair our ability to react quickly to changing business and market conditions. Our future success will depend, in large part, on our ability to anticipate and effectively manage these and other risks. Any of these factors could, however, could have a material adverse effect on our business, prospects, financial condition, and operating results.

We maintain our cash and cash equivalents at financial institutions, often in balances that exceed federally insured limits.

The majority of our cash and cash equivalents is held in accounts at U.S. banking institutions that we believe are of high quality. Cash held in these accounts may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. In 2023, the FDIC took control of three such banking institutions, Silicon Valley Bank ("SVB"), on March 10, 2023, Signature Bank on March 12, 2023, and First Republic Bank on May 1, 2023. We had an account with Signature Bank, where the cash balance exceeded insured limits, but we closed the account in April 2023, the amounts we held there were not material and we did not experience any specific risk of loss. Thus, we do not view the risk as material to our financial condition. We did not have accounts with SVB or First Republic Bank either, and as such, did not experience any specific risk of loss associated with the FDIC takeover of these banks. However, in the event of the failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely

manner or at all. Any material loss that we may experience in the future could have an adverse effect on our ability to pay our operational expenses or make other payments and may require us to move our accounts to other banks, which could cause a temporary delay in making payments to our vendors and employees and cause other operational inconveniences.

Furthermore, our ability to open accounts at certain financial institutions is also limited by the policies of such financial institutions to not accept clients that are in the digital asset industry. See also, "*—Banks and financial institutions may not provide banking services, or may cut off services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment.*"

Cybersecurity threats, such as cyber-attacks, data breaches, hacking attacks or malware, targeting us or our third-party service providers may disrupt our operations and trigger significant liability for us, which could harm our operating results and financial condition, and damage our reputation or otherwise materially harm our business.

As a publicly traded company, we experience cyber-attacks, such as phishing, and other attempts to gain unauthorized access to our systems on a regular basis, and we anticipate continuing to be subject to such attempts. There is an ongoing risk that some or all of our bitcoin could be lost or stolen as a result of one or more of these incursions. As we increase in size, we may become a more appealing target of hackers, malware, cyber-attacks or other security threats, and, it is impossible to eliminate all such vulnerability. For example, we provide cybersecurity training for employees, but we cannot guarantee that we will not be affected by further phishing attempts.

Additionally, we may not be able to ensure the adequacy of the security measures employed by third parties, including our mining pool service providers, custodians or other counterparties. Our business operations and reputation depend on our ability to maintain the confidentiality, integrity and availability of data, digital assets and systems related to our business, proprietary technologies, processes and intellectual property. We and our business and commercial partners rely extensively on third-party service providers' information technology ("IT") systems, including renewable energy infrastructure, cloud-based systems and on-premises servers (i.e., data centers), to record and process transactions and manage our operations, among other matters. We and our third-party service providers, partners and collaborators, may experience failures of, or disruptions to, IT systems and may be subject to attempted and successful security breaches or data security incidents. Efforts to limit the ability of malicious actors to disrupt the operations of the internet or undermine our own security efforts may be costly to implement and may not be successful. Such breaches, whether attributable to a vulnerability in our systems, the systems of our third-party service providers and partners, or otherwise, could result in claims of liability against us, damage our reputation and materially harm our business.

The inadvertent disclosure of or unauthorized access to IT systems, networks and data, including personal information, confidential information and proprietary information, may adversely affect our business or our reputation and could have a material adverse effect on our financial condition. In addition, undiscovered vulnerabilities in our equipment or services could expose us to hackers or other unscrupulous third parties who develop and deploy viruses and other malicious software programs that could attack our equipment services and business. In the case of such a security breach, security incident or other IT failure, we may suffer damage to our key systems and experience (i) interruption in our services, (ii) loss of ability to control or operate our equipment; (iii) misappropriation of personal data and (iv) loss of critical data that could interrupt our operations, which may adversely impact our reputation and brand and expose us to increased risks of governmental and regulatory investigation and enforcement actions, private litigation and other liability, any of which could adversely affect our business. A security breach may also trigger mandatory data breach notification obligations under applicable privacy and data protection laws, which, if applicable, could lead to widespread negative publicity and a loss in confidence regarding the effectiveness of our data security measures. Furthermore, mitigating the risk of future attacks or IT systems failures have resulted, and could in the future result, in additional operating and capital costs in systems technology, personnel, monitoring and other investments. In addition, insurers are currently reluctant to provide cybersecurity insurance for digital assets and cryptocurrency assets and we do not currently hold cybersecurity insurance. Therefore, in the event of any such actual or potential incidents, our costs and resources devoted and any impacted assets may not be partially or fully recoverable. Any actual or perceived data security breach at any of those third-party custodians or service providers could lead to theft or irretrievable loss of our fiat currencies or digital assets, which may or may not be covered by insurance maintained by us or our third-party custodians or service providers.

To date, we have not experienced a material cybersecurity incident; however, the occurrence of any such event in the future could damage our reputation or otherwise materially harm our business, operating results, and financial condition. Any actual or perceived data security breach at any of those third-party custodians or service providers could lead to theft or irretrievable loss of our fiat currencies or digital assets, which may or may not be covered by insurance maintained by us or our third-party custodians or service providers.

The value of bitcoin has historically been subject to wide swings, and our operating results may be adversely affected by our hedging activity.

The market price of one bitcoin in our principal market ranged from approximately $16,527 to $44,184 during the fiscal year ended December 31, 2023 and ranged from approximately $15,760 to $47,763 during the fiscal year ended December 31, 2022. While bitcoin prices are determined primarily using data from various exchanges, over-the-counter markets and derivative platforms, they have historically been volatile and are impacted by a variety of factors. Such factors include, but are not limited to, the worldwide growth in the adoption and use of bitcoins, the maintenance and development of the software protocol of the Bitcoin network, changes in consumer demographics and public tastes, fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. Furthermore, pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of bitcoin, or our share price, making prices more volatile.

From time to time, we may also hedge some portion of the value of our bitcoin in inventory or some portion of the value of our expected forward production, which may limit our exposure to substantial increases in the price of bitcoin. Given the volatility of bitcoin price, there is also a risk that we execute hedges at suboptimal levels thereby foregoing some amount of price appreciation that we otherwise would have enjoyed without the hedges in place. Currently, we do not use a formula or specific methodology to determine whether or when we will sell bitcoin that we hold, or the number of bitcoins we will sell. Rather, decisions to hold or sell bitcoins are currently determined by management by analyzing forecasts and monitoring the market in real time. Such decisions, however well-informed, may result in untimely sales and even losses, adversely affecting an investment in us.

There is a potential that, in the event of a bankruptcy filing by a custodian, bitcoin held in custody could be determined to be property of a bankruptcy estate and we could be considered a general unsecured creditor thereof.

All of the bitcoin we hold is held in either cold or hot storage at our custodians. We primarily use Coinbase Prime, but we also use Anchorage Digital Bank N.A. and Fidelity Digital Assets Services. We intend to periodically re-evaluate this and, in the future, we may also decide to use additional or other custodians.

The treatment of bitcoins held by custodians that file for bankruptcy protection is uncharted territory in U.S. Bankruptcy law. We cannot say with certainty whether our bitcoin held in custody at one of our custodians, or another custodian in the future, should it declare bankruptcy, would be treated as property of a bankruptcy estate and, accordingly, whether the owner of that bitcoin would be treated as a general unsecured creditor with respect to our bitcoin held in custody at that custodian. If we are treated as a general unsecured creditor, we may not be able to recover our bitcoin in the event of a bankruptcy of any of our custodians or any other custodian we may use in the future.

Our success and future growth, to a significant degree, depends on the skills and services of our management team. The loss of any of our management team, our inability to execute an effective succession plan, or our inability to attract and retain qualified personnel, could adversely affect our business.

Our success and future growth, to a significant degree, depends on the skills and services of our management team. If our management team, including any new hires that we may make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be significantly harmed. Furthermore, if we fail to execute an effective contingency or succession plan with the loss of any member of management, the loss of such management personnel may significantly disrupt our business.

Furthermore, the loss of key members of our management or other employees could inhibit our growth prospects. Our future success depends, in large part, on our ability to attract, retain and motivate key management and operating personnel. As we continue to develop and expand our operations, we may require personnel with different skills and experiences, who have a sound understanding of our business and the cryptocurrency industry, for example, specialists in power contract negotiations and management, as well as data center specialists. As cryptocurrency, and specifically bitcoin, mining, is a new and developing field, the market for highly qualified personnel in this industry is particularly competitive and we may be unable to attract such personnel. If we are unable to attract such personnel, or retain current talent, it could have a material adverse effect on our business, prospects, financial condition, and operating results.

We are required to maintain a certain level of collateral at Luminant that can vary depending on energy prices. To the extent energy prices drop significantly, we may be required to post additional collateral. To the extent any such additional collateral were for a significant amount, and unanticipated, it could have a material adverse effect on our liquidity.

Under the Luminant Power Agreement, we have a locked in power price until at least 2027, and we have posted to Luminant collateral to secure our payment obligations under the take or pay provisions of the Luminant Power Agreement. If energy prices were to drop significantly, and become lower than our locked in power price, we may be required to post additional collateral under the Luminant Power Agreement. If the amount of such collateral were significant, and the change triggering the additional collateral requirement had not been anticipated by our management, it could have a material adverse effect on our liquidity.

We have an evolving business model.

As digital assets and blockchain technologies become more widely available, we expect the services and products associated with them to evolve, including as part of evolution in their regulatory treatment on the international and the U.S. federal, state and local levels. For more detail about the potential regulatory risks, see "*Risks Related to Regulatory Framework—Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations.*" As a result, our business model may need to evolve in order for us to stay current with the industry and to fully comply with the federal, as well as applicable state, securities laws.

Furthermore, from time to time, we may modify aspects of our business model or engage in various strategic initiatives, which may be complimentary to our mining operations in the United States. For further information on our strategy, see "*Business—Our Strategy—Retain flexibility in considering strategically adjacent opportunities complimentary to our business model.*" We cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business, damage our reputation and limit our growth. Additionally, any such changes to our business model or strategy could cause us to become subject to additional regulatory scrutiny and a number of additional requirements, including licensing and permit requirements. All of the abovementioned factors may impose additional compliance costs on our business and higher expectations from regulators regarding risk management, planning, governance and other aspects of our operations.

Further, we cannot provide any assurance that we will successfully identify all emerging trends and growth opportunities in this business sector and we may fail to capitalize on certain important business and market opportunities. Such circumstances could have a material adverse effect on our business, prospects, financial condition, and operating results.

We may experience difficulties in effectively managing our growth and expanding our operations.

Our ability to manage our growth requires us to build upon and to continue to improve our operational, financial and management controls, compliance programs and reporting systems. We may not be able to implement improvements in an efficient or timely manner and may discover deficiencies in existing controls, programs, systems and procedures, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

Additionally, rapid growth in our business may place a strain on our managerial, operational and financial resources and systems. We may not grow as we expect, if we fail to manage our growth effectively or to develop

and expand our managerial, operational and financial resources and systems, our business, prospects, financial condition and operating results could be adversely affected. See "*—Risks Related to our Common Stock and Warrants—We have identified a material weakness in our internal control over financial reporting which, if not timely remediated, may adversely affect the accuracy and reliability of our future financial statements, and our reputation, business and the price of our common stock, as well as may lead to a loss of investor confidence in us."*

We may acquire other businesses, form joint ventures or make other investments that could negatively affect our operating results, dilute our stockholders' ownership, increase our debt or cause us to incur significant expenses.

From time to time, we may consider potential acquisitions, joint venture or other investment opportunities. For example, in 2023, we acquired the site at which we will build the Black Pearl Facility. We cannot offer any assurance that acquisitions of businesses or assets, development of new sites, or entering into strategic alliances or joint ventures will be successful. We may not be able to find suitable partners or acquisition candidates and may not be able to complete such transactions on favorable terms, if at all. If we make any acquisitions, we may not be able to integrate these acquisitions successfully into the existing business and could assume unknown or contingent liabilities.

Any future acquisitions also could result in the issuance of stock, incurrence of debt, contingent liabilities or future write-offs of intangible assets or goodwill, any of which could have a negative impact on our cash flows, financial condition and results of operations. Integration of an acquired company may also disrupt ongoing operations and require management resources that otherwise would be focused on developing and expanding our existing business. We may experience losses related to potential investments in other companies, which could harm our financial condition and results of operations. Further, we may not realize the anticipated benefits of any acquisition, strategic alliance or joint venture if such investments do not materialize.

To finance any acquisitions or joint ventures, we may choose to issue shares of common stock, preferred stock, debt or a combination of debt and equity as consideration, which could significantly dilute the ownership of our existing stockholders or provide rights to such preferred stockholders in priority over our common stockholders. Additional funds may not be available on terms that are favorable to us, or at all. If the price of our common stock is low or volatile, we may not be able to acquire other companies or fund a joint venture project using stock as consideration.

We are exposed to the risk of nonperformance by counterparties, including our counterparties under our power arrangements.

We are exposed to the risk of nonperformance by counterparties, whether contractual or otherwise. Risk of nonperformance includes inability or refusal of a counterparty to perform because of a counterparty's financial condition and liquidity or for any other reason. For example, our counterparties under our power arrangements may be unable or unwilling to deliver the required amount of power at the required time for a variety of technical or economic reasons. For example, in the past, we have experienced certain power availability postponements due to infrastructure supply delays. For further details, see "*Business—Business Agreements—Luminant Power Agreement.*" Furthermore, there is a risk that during a period of power price fluctuations or prolonged or sharp power price increases on the market, our counterparties may find it economically preferable to refuse to supply power to us, despite the contractual arrangements. Any significant nonperformance by counterparties, could have a material adverse effect on our business, prospects, financial condition, and operating results.

If we fail to maintain and enhance our brand and reputation, our business, operating results and financial condition may be adversely affected.

We believe our brand and reputation, particularly in the cryptocurrency ecosystem, is an important factor in the success and development of our business. As part of our strategy, we seek to structure our relationships with our equipment and service providers, power suppliers and other potential partners as long-term relationships. See "*Business—Our Strategy—Establish our cost leadership and maintain strong relationships with our industry partners*." Thus, maintaining, protecting, and enhancing our reputation is also important to our development plans, operational stability, and relationships with our power suppliers, equipment and service providers and other counterparties.

Furthermore, we believe that the importance of our brand and reputation may increase as competition further intensifies. Our brand and reputation could be harmed if we fail to perform under our agreements or if our public image were to be tarnished by negative publicity, unexpected events or actions by third parties. Furthermore, Bitfury Group Limited and its affiliates (collectively, the "Bitfury Group") is a significant shareholder. If any member of the Bitfury Group is subject to negative news or extensive publicity, this, even if untrue, may cause our counterparties to lose confidence in us. Any unfavorable publicity about us, including our technology, our personnel, our significant shareholder or bitcoin and crypto assets generally could have an adverse effect on the engagement of our partners and suppliers and may result in our failure to maintain or expand our business and successfully execute our business model.

Failure to keep up with evolving trends and shareholder expectations relating to ESG businesses or reporting could adversely impact our reputation, share price and access to and cost of capital.

Certain institutional investors, investor advocacy groups, investment funds, creditors and other influential financial markets participants have become increasingly focused on companies' ESG practices in evaluating their investments and business relationships, including the impact of bitcoin mining operations on the environment. Certain organizations also provide ESG ratings, scores and benchmarking studies that assess companies' ESG practices. Although there are currently no universal standards for such ratings, scores or benchmarking studies, they are used by some investors to inform their investment and voting decisions. It is possible that our shareholders or organizations that report on, rate or score ESG practices will not be satisfied with our ESG strategy or performance. Unfavorable press about, or ratings or assessments of, our ESG strategies or practices, regardless of whether or not we comply with applicable legal requirements, may lead to negative investor sentiment toward us, which could have a negative impact on our stock price and our access to and cost of capital.

Our compliance and risk management methods might not be effective and may result in outcomes that could adversely affect our reputation, operating results, and financial condition.

Our ability to comply with applicable complex and evolving laws, regulations, and rules is largely dependent on the maintenance of our compliance, audit, and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. While we devote significant resources to develop policies and procedures to identify, monitor and manage our risks, we cannot assure you that our policies and procedures will always be effective against all types of risks, including unidentified or unanticipated risks, or that we will always be successful in monitoring or evaluating the risks to which we are or may be exposed in all market environments.

If we are unable to protect the confidentiality of our trade secrets or other intellectual property rights, our business and competitive position could be harmed.

Our ability to conduct our business in a profitable manner relies in part on our proprietary methods and designs, which we primarily protect as trade secrets. We rely upon trade secret and other intellectual property laws, physical and technological security measures and contractual commitments to protect our trade secrets and other intellectual property rights, including entering into non-disclosure agreements with employees, consultants and third parties with access to our trade secrets. However, such measures may not provide adequate protection and the value of our trade secrets could be lost through misappropriation or breach of our confidentiality agreements. For example, an employee with authorized access may misappropriate our trade secrets and provide them to a competitor, and the recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully, because enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time consuming, and the outcome is unpredictable. Thus, if any of our trade secrets were to be disclosed or misappropriated, our competitive position could be harmed. In addition to the risk of misappropriation and unauthorized disclosure, our competitors may develop similar or better methods independently in a manner that could prevent legal recourse by us, which could result in costly process redesign efforts or other competitive harm. Furthermore, any of our intellectual property rights could be challenged, invalidated, circumvented, infringed, diluted, disclosed or misappropriated and adequate legal recourse may be unavailable. Thus, there can be no assurance that our trade secrets or other intellectual property rights will be sufficient to protect against competitors operating their business in a manner that is substantially similar to us.

Third parties may claim that we are infringing upon, misappropriating or otherwise violating their intellectual property rights, which may prevent or inhibit our operations and cause us to suffer significant litigation expense even if these claims have no merit.

Our commercial success depends on our ability to operate without undue cost and distraction of claims that we are infringing the intellectual property rights of third parties. However, third parties may own patents (or have pending patent applications that later result in patents) that our operations may infringe. In addition, third parties may purchase patents for the purpose of asserting claims of infringement and attempting to extract license fees via settlements from us. There also could be patents that we believe we do not infringe, but that we may ultimately be found to infringe. Further, because patents can take many years to issue, there may be currently pending applications of which we are unaware that may later result in issued patents that its operations infringe.

Finally, third parties could accuse us of misappropriating their trade secrets. Any claims of patent infringement or trade secret misappropriation, even claims without merit, could be costly and time-consuming to defend and could require us to divert resources away from operations. In addition, if any third party has a meritorious or successful claim that we are infringing their intellectual property, we may be forced to redesign our operations or secure a license from such third parties, which may be costly or impractical. We also may be subject to significant damages or injunctions that may cause a material adverse effect to our business and operations, if we cannot license or develop an alternative for any infringing aspect of its business, and may result in a material loss in revenue, which could adversely affect the trading price of our shares and harm our investors.

We and our third-party service providers, including mining pool service providers, custodians or other counterparties, may fail to adequately maintain the confidentiality, integrity or availability of the data we hold or detect any related threats, which could disrupt our normal business operations and our financial performance and adversely affect our business.

Our business operations and reputation depend on our ability to maintain the confidentiality, integrity and availability of data, digital assets and systems related to our business, customers, proprietary technologies, processes and intellectual property. We and our business and commercial partners, such as mining pools and other third parties with which we interact, rely extensively on third-party service providers' information technology ("IT") systems, including renewable energy infrastructure, cloud-based systems and on-premises servers (i.e., data centers), to record and process transactions and manage our operations, among other matters.

We and our third-party service providers, partners and collaborators, may in the future experience failures of, or disruptions to, IT systems and may be subject to attempted and successful security breaches or data security incidents. Security breaches or data security incidents experienced by us or our third-party service providers, manufacturers, joint collaborators, or other business or commercial partners, can vary in scope and intent from economically-driven attacks to malicious attacks targeting our key operating systems with the intent to disrupt, disable or otherwise cripple our operations. This can include any combination of phishing attacks, malware, ransomware attacks, insider threats or viruses targeted at our key systems and IT systems as well as those of our third-party service providers. In addition, certain types of attacks could harm us even if our systems are left undisturbed. For example, certain threats are designed to remain dormant or undetectable, sometimes for extended periods of time, or until launched against a target, and we may not be able to implement adequate preventative measures. Unauthorized parties have attempted, and we expect that they will continue to attempt, to gain access to our systems and facilities, as well as those of our partners and third-party service providers, through various means. A successful security breach or security incident may target us directly, or indirectly target or impact us through our third-party service providers, manufacturers, joint collaborators, or other business or commercial partners. A security breach or other security incident at a third-party service provider's location or ours, or within a third-party service provider's systems or ours, could affect our control over personal or confidential information or negatively impact our operations and ability to earn revenue.

The inadvertent disclosure of or unauthorized access to IT systems, networks and data, including personal information, confidential information and proprietary information, may adversely affect our business or our reputation and could have a material adverse effect on our financial condition. In addition, undiscovered vulnerabilities in our equipment or services could expose us to hackers or other unscrupulous third parties who develop and deploy viruses and other malicious software programs that could attack our equipment services and business. In the case of such a security breach, security incident or other IT failure, we may suffer damage to our

key systems and experience (i) interruption in our services, (ii) loss of ability to control or operate our equipment; (iii) misappropriation of personal data and (iv) loss of critical data that could interrupt our operations, which may adversely impact our reputation and brand and expose us to increased risks of governmental and regulatory investigation and enforcement actions, private litigation and other liability, any of which could adversely affect our business. A security breach may also trigger mandatory data breach notification obligations under applicable privacy and data protection laws, which, if applicable, could lead to widespread negative publicity and a loss in confidence regarding the effectiveness of our data security measures. Furthermore, mitigating the risk of future attacks or IT systems failures have resulted, and could in the future result, in additional operating and capital costs in systems technology, personnel, monitoring and other investments. In addition, insurers are currently reluctant to provide cybersecurity insurance for digital assets and cryptocurrency assets and we do not currently hold cybersecurity insurance. Therefore, in the event of any such actual or potential incidents, our costs and resources devoted and any impacted assets may not be partially or fully recoverable. Most of our sensitive and valuable data, including digital assets, are stored with third-party custodians and service providers. Therefore, we rely on the digital asset community to optimize and protect sensitive and valuable data and identify vulnerabilities. There can be no guarantee that these measures and the work of the digital asset developer community will identify all vulnerabilities, errors and defects, or will resolve all vulnerabilities, errors and defects, prior to a malicious actor being able to utilize them. Any actual or perceived data security breach at any of those third-party custodians or service providers could lead to theft or irretrievable loss of our fiat currencies or digital assets, which may or may not be covered by insurance maintained by us or our third-party custodians or service providers.

We operate in a highly competitive industry and we compete against companies that operate in less regulated environments as well as companies with greater financial and other resources, and our business, operating results, and financial condition may be adversely affected if we are unable to respond to our competitors effectively.

The cryptocurrency ecosystem is highly innovative, rapidly evolving, and characterized by competition, experimentation, changing customer needs, frequent introductions of new products and services, and subject to uncertain and evolving industry and regulatory requirements. In the future, we expect competition to further intensify with existing and new competitors, within and outside the United States, which may have various advantages over us, such as:

- greater mining capabilities;
- more timely introduction or adoption of new technologies;
- preferred relationships with suppliers of mining machines and other equipment;
- access to more competitively priced power;
- greater financial resources to make acquisitions;
- lower labor, compliance, risk mitigation and research and development costs;
- larger and more mature intellectual property portfolios;
- greater number of applicable licenses or similar authorizations;
- established core business models outside of the mining or trading of digital assets, allowing them to operate on lesser margins or at a loss;
- operations in certain jurisdictions with lower compliance costs and greater flexibility to explore new product offerings; and
- substantially greater financial, technical and other resources.

The developments in the digital assets industry, including several high-profile bankruptcies and escalation of regulatory oversight, could potentially lead to increase in the M&A activity in the industry among our competition

and increasing consolidation. This could significantly alter the competitive landscape in which we operate and lead to increasing competition in cryptocurrency mining as well as access to capital and other opportunities. For further details on the risks related to our industry development, see "*—Risks Related to Our Business, Industry and Operations—The further development and acceptance of digital asset networks and other digital assets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of digital asset systems may adversely affect an investment in us*." and "*Risks Related to Cryptocurrency—We may temporarily store our bitcoin on digital asset trading platforms which could subject our bitcoin to the risk of loss or access, especially in light of recent developments and failures of major market participants*."

Additionally, regulatory actions, as well as any other political developments in the regions with active cryptocurrency trading or mining, may increase our domestic competition as some of those cryptocurrency miners or new entrants in this market may move their cryptocurrency mining operations or establishing new operations in the United States. See "*Risks Related to Regulatory Framework—Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations*" and "*—The impact of geopolitical and economic events on the supply and demand for cryptocurrencies is uncertain*." We may not be able to compete successfully against present or future competitors. We may not have the resources to compete with larger competitors and, consequently, may experience great difficulties in expanding and improving our operations to remain competitive. For details on our current competitive landscape, see "*Business—Competition*."

Competition from existing and future competitors could result in our inability to secure acquisitions and partnerships that we may need to expand our business in the future. This competition from other entities with greater resources, experience and reputations may result in our failure to maintain or expand our business, as we may never be able to successfully execute our business model. Furthermore, we anticipate encountering new competition if we expand our operations to new locations geographically and into wider applications of blockchain, cryptocurrency mining and data center operations. If we are unable to expand and remain competitive, or maintain our relative share of the Bitcoin network total hashrate, our business, prospects, financial condition and operating results could be adversely affected.

Our mining costs may be in excess of our mining revenues, which could seriously harm our business and adversely impact an investment in us.

Mining operations are costly and our expenses may increase in the future. Increases in mining expenses may not be offset by corresponding increases in revenue, which is primarily driven by the value of bitcoin mined. Our expenses may become greater than we anticipate, and our investments to make our business more cost-efficient may not succeed. Further, even if our expenses remain the same or decline, our revenues may not exceed our expenses to the extent the price of bitcoin continues to decrease without a corresponding decrease in bitcoin network difficulty. Increases in our costs without corresponding increases in our revenue would adversely affect our profitability and could seriously harm our business and an investment in us.

Our operations and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies.

We compete with other users and companies that are mining cryptocurrencies and other potential financial vehicles, including securities backed by or linked to cryptocurrencies. Market and financial conditions, and other conditions beyond our control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly, which could limit the market for our shares and reduce their liquidity. The emergence of other financial vehicles and exchange-traded funds have increased scrutiny on cryptocurrencies, and such scrutiny could be applicable to us and impact our ability to successfully establish or maintain a public market for our securities. Such circumstances could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin we mine or otherwise acquire or hold for our own account, and harm investors.

Our limited insurance protection exposes us and our shareholders to the risk of loss of our bitcoin for which no person is liable.

We do not currently maintain our own insurance coverage for our bitcoin holdings, which are held in custody by our custodians, Coinbase, Anchorage and Fidelity. Therefore, a loss may be suffered with respect to our bitcoin that is not covered by insurance and for which no person is liable in damages, which could adversely affect our operations and, consequently, an investment in us. Our custodians maintain a certain insurance coverage of such types and amounts as they assert to be commercially reasonable for their custodial services provided under our custody agreements with them, including certain commercial crime insurance of limited aggregate principal amount which covers losses stemming from fraud, security breach, hack and asset theft. However, such insurance coverage may be insufficient to protect us against all losses of our bitcoin holdings held in custody with our custodians, whether or not stemming from security breaches, cyberattacks or other types of unlawful activity. Therefore, a loss may be suffered with respect to our bitcoin that is not covered by insurance and for which no person is liable in damages, which could adversely affect our operations and, consequently, an investment in us.

We may need to raise additional capital, which may not be available on terms acceptable to us, or at all.

From time to time, we may require additional capital to expand our operations or to respond to technological advancements, competitive dynamics or technologies, customer demands, business opportunities, challenges, acquisitions or unforeseen circumstances. Accordingly, we may determine to engage in equity or debt financings or enter into credit facilities for the above-mentioned or other reasons. We may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Our ability to obtain additional funds may also be affected by economic uncertainty and any disruptions in credit or capital markets as a result of geopolitical instability. See "*—Any unfavorable global economic, business or political conditions, such as geopolitical tensions, military conflicts, acts of terrorism, natural disasters, pandemics (like the COVID-19 pandemic), and similar events could adversely affect our business, financial condition and results of operations*."

Furthermore, if we raise additional funds through equity financing, our existing stockholders could experience significant dilution. Any debt financing obtained by us in the future could also involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited and it could have a material adverse effect on our business, prospects, financial condition, and operating results.

The storage and custody of our bitcoin assets are subject to cybersecurity breaches, hacking, fraud risks and restriction on access, and we may not have adequate sources of recovery if our bitcoin assets are lost, stolen or destroyed.

There is a risk that some or all of our bitcoin assets could be subject to cybersecurity breaches, hacking, fraud risks and restriction on access, and we may not have adequate sources of recovery if our bitcoin assets are lost, stolen or destroyed. Hackers or malicious actors may launch attacks to steal or compromise cryptocurrencies, such as by attacking the cryptocurrency network source code, exchange miners, third-party platforms, cold and hot storage locations or software, or by other means.

We primarily use Coinbase Prime as our custodian to store our bitcoin, and we also use Anchorage Digital Bank N.A. and Fidelity Digital Assets Services, to reduce the risk of loss. We rely on our custodians' security systems to safeguard our bitcoin holdings from theft, loss, destruction or other issues relating to hackers and technological attack. There can be no assurance that these custody services are more secure than self-storage or other alternatives. Human error and the constantly evolving state of cybercrime and hacking techniques may render present security protocols and procedures ineffective in ways which we cannot predict. Additionally, if our bitcoin holdings are lost, stolen or destroyed under circumstances rendering a party, such as our custodians, liable to us, the responsible party may not have the financial resources sufficient to satisfy our claim. For example, as to a particular event of loss, the only source of recovery for us might be limited, to the extent identifiable, to other responsible third parties (e.g., a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of ours.

While our custodians maintain insurance coverage of such types and amounts as they assert to be commercially reasonable for their custodial services provided under our custody agreements with them, including certain commercial crime insurance of limited aggregate principal amount which covers losses stemming from fraud, security breach, hack and asset theft, such insurance coverage may be insufficient to protect us against all losses of bitcoin holdings held in custody with the custodian, whether or not stemming from security breaches, cyberattacks or other types of unlawful activity. Cryptocurrency transactions and accounts are also not insured by any type of government program and cryptocurrency transactions generally are permanent by design of the networks. Certain features of cryptocurrency networks, such as decentralization, the open source protocols, and the reliance on peer-to-peer connectivity, may increase the risk of fraud or cyber-attack by potentially reducing the likelihood of a coordinated response. Cryptocurrencies have suffered from hacking incidents and several cryptocurrency exchanges and miners have reported large cryptocurrency losses, which highlight concerns over the security of cryptocurrencies and in turn affect the demand and the market price of cryptocurrencies. The price of bitcoin can be adversely affected by hacking incidents.

The risk of damage to or loss of our bitcoin assets cannot be wholly eliminated. If our security procedures and protocols, or those of Coinbase Prime or other trading or custody platforms we use, are ineffective and our cryptocurrency assets are compromised by cybercriminals, we may not have adequate recourse to recover our losses stemming from such compromise. A security breach could also harm our reputation. A resulting perception that our measures do not adequately protect our bitcoin assets could have a material adverse effect on our business, prospects, financial condition, and operating results.

The emergence or growth of other digital assets, including those with significant private or public sector backing, could have a negative impact on the price of bitcoin and adversely affect our business.

Our business strategy is substantially dependent on the market price of bitcoin. As of the date of this Annual Report, bitcoin was the largest digital asset by market capitalization and had the largest user base and largest combined mining power. Despite this first to market advantage, there are approximately 9,000 alternative digital assets tracked by CoinMarketCap.com.

Many entities, including consortiums and financial institutions are also researching and investing resources into private or permissioned blockchain platforms or digital currencies that do not use proof-of-work mining like the Bitcoin network. Additionally, central banks in some countries have started to introduce digital forms of legal tender. For example, China's CBDC project was made available to consumers in January 2022, and governments from Russia to the European Union have been discussing potential creation of new digital currencies. Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could have an advantage in competing with, or replacing, bitcoin and other cryptocurrencies as a medium of exchange or store of value. As a result, the value of bitcoin could decrease, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

Risks Related to Regulatory Framework

Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations.

Bitcoin and other forms of digital assets have been the source of much regulatory consternation, resulting in differing definitional outcomes without a single unifying statement. Bitcoin and other digital assets are viewed differently by different regulatory and standards setting organizations globally as well as in the United States on the federal and state levels. For example, the Financial Action Task Force ("FATF") and the U.S. Internal Revenue Service ("IRS") consider a digital asset as currency or an asset or property. Further, the IRS applies general tax principles that apply to property transactions to transactions involving virtual currency. The U.S. Commodity Futures Trading Commission ("CTFC") classifies bitcoin as a commodity. The SEC has also publicly stated that it considers bitcoin to be a commodity, but that some digital assets should be categorized as securities. How a digital asset is characterized by a regulator impacts the rules that apply to activities related to that digital asset.

As digital assets have grown in both popularity and market size, governments around the world have reacted differently. Certain governments have deemed digital assets illegal or have severely curtailed the use of digital assets by prohibiting the acceptance of payment in bitcoin and other digital assets for consumer transactions and barring

banking institutions from accepting deposits of digital assets. Other nations, however, allow digital assets to be used and traded without restriction. In some jurisdictions, such as in the U.S., digital assets are subject to extensive, and in some cases overlapping, unclear and evolving regulatory requirements. There is a risk that relevant authorities in any jurisdiction may impose more onerous regulation on bitcoin, for example banning its use, regulating its operation, or otherwise changing its regulatory treatment. Such changes may introduce a cost of compliance, or have a material impact on our business model, and therefore our financial performance and shareholder returns. If the use of bitcoin is made illegal in jurisdictions where bitcoin is currently traded in heavy volumes, the available market for bitcoin may contract. For example, on September 24, 2021, the People's Bank of China announced that all activities involving digital assets in mainland China are illegal, which corresponded with a significant decrease in the price of bitcoin. If another government with considerable economic power were to ban digital assets or related activities, this could have further impact on the price of bitcoin. As a result, the markets and opportunities discussed herein may not reflect the markets and opportunities available to us in the future.

Digital asset trading platforms may also be subject to increased regulation and there is a risk that increased compliance costs are passed through to users, including us, as we exchange bitcoin earned through our mining activities. There is a risk that a lack of stability in the bitcoin exchange market and the closure or temporary shutdown of bitcoin exchanges due to fraud, business failure, hackers or malware, or government-mandated restrictions may reduce confidence in the Bitcoin network and result in greater volatility in or suppression of bitcoin's value and consequently have an adverse impact on our operations and financial performance. Although bitcoin is not currently treated as a security by the SEC, the exchanges on which bitcoin is traded typically provide trading services with respect to numerous other cryptocurrencies and digital assets, some of which may be deemed to be securities by the SEC, and some of them are currently under investigation by other regulators as well. If any of these exchanges are shut down due to regulatory action, it could become more difficult to us and for other holders of bitcoin to monetize our holdings. This could also result in a decrease in the overall price of bitcoin.

In February 2023, the SEC proposed regulations which would require investment advisers (including fund managers of many funds) to custody all cryptocurrency they hold on behalf of clients with "qualified custodians." Because the majority of cryptocurrency exchanges are not "qualified custodians," and because these exchanges require users to prefund their trades (in effect requiring users to place cryptocurrency in custody with them), it may be practically impossible for investment advisers to hold cryptocurrency on behalf of their institutional clients or managed funds. The exit of institutional investors and funds from the market for bitcoin could have an adverse effect on the price of bitcoin and thus on our results of operations.

In the U.S., the Federal Reserve Board, U.S. Congress and certain U.S. agencies (e.g., the CTFC, the SEC, the Financial Crimes Enforcement Network of the U.S. Treasury Department ("FinCEN") and the Federal Bureau of Investigation) have begun to examine the operations of the Bitcoin network, bitcoin users and the bitcoin exchange market, in light of the FTX and other bankruptcies. Increasing regulation and regulatory scrutiny may result in new costs for us and our management may have to devote increased time and attention to regulatory matters or change aspects of our business. Increased regulation may also result in limitations on the use cases of bitcoin. In addition, regulatory developments may require us to comply with certain regulatory regimes. For example, to the extent that our activities cause us to be deemed a "money service business" under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act ("BSA"), we may be required to comply with FinCEN regulations, including those that would mandate us to implement certain anti-money laundering programs, make certain reports to FinCEN and maintain certain records. See also "*—If regulatory changes or interpretations of our activities require our registration as a money services business ("MSB") under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act, or otherwise under state laws, we may incur significant compliance costs, which could be substantial or cost-prohibitive. If we become subject to these regulations, our costs in complying with them may have a material negative effect on our business and the results of our operations*." Any of the foregoing or similar regulatory activity in the future could reduce the availability, or increase the cost, including through taxation, of, electricity in the geographic locations in which our operating facilities are located, or could otherwise adversely impact our business. If we are forced to reduce our operations due to the availability or cost of electrical power, or restrictions on bitcoin mining activities, this will have an adverse effect on our business, prospects, financial condition and operating results.

Furthermore, in the future, foreign governments may decide to subsidize or in some other way support certain large-scale bitcoin mining projects, thus adding hashrate to the overall network. Such circumstances could have a

material adverse effect on the amount of bitcoin that we may be able to mine as well as the value of bitcoin and, consequently, our business, prospects, financial condition and operating results.

We cannot be certain as to how future regulatory developments will impact the treatment of bitcoin under the law, and ongoing and future regulation and regulatory actions could significantly restrict or eliminate the market for or uses of bitcoin and materially and adversely impact our business. If we fail to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations or be subjected to fines, penalties and other governmental action. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our business model at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any digital assets we hold or expect to acquire for our own account.

If we were deemed an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act"), applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

An issuer will generally be deemed to be an "investment company" for purposes of the 1940 Act if:

- it is an "orthodox" investment company because it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or
- it is an inadvertent investment company because, absent an applicable exemption, it owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are not and will not be primarily engaged in the business of investing, reinvesting or trading in securities, and we do not hold ourselves out as being engaged in those activities. We intend to hold ourselves out as a cryptocurrency mining business, specializing in bitcoin. Accordingly, we do not believe that we are an "orthodox" investment company as described in the first bullet point above.

While certain cryptocurrencies may be deemed to be securities, we do not believe that certain other cryptocurrencies, in particular bitcoin, are securities. Our cryptocurrency mining activities focus on bitcoin; therefore, we believe that less than 40% of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis will comprise cryptocurrencies or assets that could be considered investment securities. Accordingly, we do not believe that we are an inadvertent investment company by virtue of the 40% test as described in the second bullet point above. There is uncertainty as to whether bitcoin and other cryptocurrencies that we may own, acquire or mine are, or will in the future be deemed to be, securities for purposes of the 1940 Act. See *"—Regulatory changes or actions may restrict the use of bitcoin in a manner that adversely affects our business, prospects or operations"* and *"Bitcoin's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize bitcoin, we may be subject to regulatory scrutiny, investigations, fines and other penalties, which may adversely affect our business, operating results and financial condition. Furthermore, a determination that bitcoin is a "security" may adversely affect the value of bitcoin and our business.*" If certain cryptocurrencies, including bitcoin, were to be deemed securities, and consequently, investment securities by the SEC, we intend to continue to operate our business in a manner such that we would not be deemed an inadvertent investment company. However, it is possible that we would be deemed an inadvertent investment company in such event, despite our intention not to operate as an investment company.

If we were to be deemed an inadvertent investment company, we may seek to rely on Rule 3a-2 under the 1940 Act, which allows an inadvertent investment company a grace period of one year from the earlier of (a) the date on which the issuer owns securities and/or cash having a value exceeding 50% of the issuer's total assets on either a consolidated or unconsolidated basis or (b) the date on which the issuer owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We are putting in place policies that we expect will work to keep the investment securities held by us at less than 40% of our total assets, which may include acquiring assets with our cash, liquidating our investment securities or seeking no-action relief or exemptive relief from the SEC if we are unable to acquire sufficient assets or liquidate sufficient investment securities in a timely manner. As Rule 3a-2 is available to an issuer no more than once every three years, and assuming no other exclusion

were available to us, we would have to keep within the 40% limit for at least three years after we cease being an inadvertent investment company. This may limit our ability to make certain investments or enter into joint ventures that could otherwise have a positive impact on our earnings. In any event, we do not intend to become an investment company engaged in the business of investing and trading securities.

Finally, we believe we are not an investment company under Section 3(b)(1) of the 1940 Act because we are primarily engaged in a non-investment company business.

The 1940 Act and the rules thereunder contain detailed parameters for the organization and operations of investment companies. Among other things, the 1940 Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. We intend to continue to conduct our operations so that we will not be deemed to be an investment company under the 1940 Act. However, if anything were to happen that would cause us to be deemed to be an investment company under the 1940 Act, requirements imposed by the 1940 Act, including limitations on our capital structure, ability to transact business with affiliates and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among us and our senior management team and materially and adversely affect our business, financial condition and results of operations.

If regulatory changes or interpretations of our activities require our registration as a money services business ("MSB") under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act, or otherwise under state laws, we may incur significant compliance costs, which could be substantial or cost- prohibitive. If we become subject to these regulations, our costs in complying with them may have a material negative effect on our business and results of operations.

FinCEN regulates providers of certain services with respect to "convertible virtual currency," including bitcoin. Businesses engaged in the transfer of convertible virtual currencies are subject to registration and licensure requirements at the U.S. federal level and also under U.S. state laws. While FinCEN has issued guidance that cryptocurrency mining, without engagement in other activities, does not require registration and licensure with FinCEN, this could be subject to change as FinCEN and other regulatory agencies continue their scrutiny of the Bitcoin network and digital assets generally. To the extent that our business activities cause us to be deemed a "money services business" under the regulations promulgated by FinCEN under the authority of the BSA, we may be required to comply with FinCEN regulations, including those that would mandate us to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records.

To the extent that our activities would cause us to be deemed a "money transmitter" or equivalent designation under state law in any state in which we may operate, we may be required to seek a license or otherwise register with a state regulator and comply with state regulations that may include the implementation of anti-money laundering programs, including implementing a know-your-counterparty program and transaction monitoring, maintenance of certain records and other operational requirements.

Such additional federal or state regulatory obligations may cause us to incur extraordinary expenses. Furthermore, we may not be capable of complying with certain federal or state regulatory obligations applicable to "money services businesses" and "money transmitters", such as monitoring transactions and blocking transactions, because of the nature of the Bitcoin blockchain. If it is deemed to be subject to and determine not to comply with such additional regulatory and registration requirements, we may act to dissolve and liquidate.

The application of the Commodity Exchange Act and the regulations promulgated thereunder by the U.S. Commodity Futures Trading Commission to our business is unclear and is subject to change in a manner that is difficult to predict. To the extent we are deemed to be or subsequently become subject to regulation by the U.S. Commodity Futures Trading Commission in connection with our business activities, we may incur additional regulatory obligations and compliance costs, which may be significant.

The CFTC has stated, and judicial decisions involving CFTC enforcement actions have confirmed, that bitcoin and other digital assets fall within the definition of a "commodity" under the U.S. Commodities Exchange Act of 1936, as amended (the "CEA"), and the regulations promulgated by the CFTC thereunder ("CFTC Rules"). As a result, the CFTC has general enforcement authority to police against manipulation and fraud in the spot markets for

bitcoin and other digital assets. From time to time, manipulation, fraud and other forms of improper trading by other participants involved in the markets for bitcoin and other digital assets have resulted in, and may in the future result in, CFTC investigations, inquiries, enforcement action, and similar actions by other regulators, government agencies and civil litigation. Such investigations, inquiries, enforcement actions and litigation may cause negative publicity for bitcoin and other digital assets, which could adversely impact mining profitability.

In addition to the CFTC's general enforcement authority to police against manipulation and fraud in spot markets for bitcoin and other digital assets, the CFTC has regulatory and supervisory authority with respect to commodity futures, options, and/or swaps ("Commodity Interests") and certain transactions in commodities offered to retail purchasers on a leveraged, margined, or financed basis. Although we do not currently engage in such transactions, changes in our activities, the CEA, CFTC Rules, or the interpretations and guidance of the CFTC may subject us to additional regulatory requirements, licenses and approvals which could result in significant increased compliance and operational costs.

Furthermore, trusts, syndicates and other collective investment vehicles operated for the purpose of trading in Commodity Interests may be subject to regulation and oversight by the CFTC and the National Futures Association ("NFA") as "commodity pools." If our mining activities or transactions in bitcoin and other digital assets were deemed by the CFTC to involve Commodity Interests and the operation of a commodity pool for the Company's shareholders, we could be subject to regulation as a commodity pool operator and required to register as such. Such additional registrations may result in increased expenses, thereby materially and adversely impacting an investment in our ordinary shares. If we determine it is not practicable to comply with such additional regulatory and registration requirements, we may seek to cease certain of our operations. Any such action may adversely affect an investment in our business.

While we are not aware of any provision of the CEA or CFTC rules currently applicable to the mining of bitcoin and other digital assets, this is subject to change. We cannot be certain how future changes in legislation, regulatory developments, or changes in CFTC interpretations and policy may impact the treatment of digital assets and the mining of digital assets. Any resulting requirements that apply to or relate to our mining activities or our transactions in bitcoin and digital assets may cause us to incur additional extraordinary, non-recurring expenses, thereby materially and adversely impacting an investment in our ordinary shares.

Bitcoin's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize bitcoin, we may be subject to regulatory scrutiny, investigations, fines and other penalties, which may adversely affect our business, operating results and financial condition. Furthermore, a determination that bitcoin is a "security" may adversely affect the value of bitcoin and our business.

The SEC and its staff have taken the position that certain digital assets fall within the definition of a "security" under the U.S. federal securities laws. The legal test for determining whether any given digital asset is a security is a highly complex, fact-driven analysis that may evolve over time, and the outcome is difficult to predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular digital asset as a security. It is also possible that a change in the governing administration or the appointment of new SEC commissioners could substantially impact the views of the SEC and its staff.

Public statements made by senior officials at the SEC indicate that the SEC does not intend to take the position that bitcoin and Ether (as currently offered and sold) are securities under the federal securities laws. However, such statements are not official policy statements by the SEC and reflect only the speakers' views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other digital asset. With the exception of certain centrally issued digital assets that have received "no-action" letters from the SEC staff, bitcoin and Ether are the only digital assets which senior officials at the SEC have publicly stated are unlikely to be considered securities. With respect to all other digital assets, there is no certainty under the applicable legal test that such assets are not securities, notwithstanding the conclusions we may draw based on our risk-based assessment regarding the likelihood that a particular digital asset could be deemed a security under applicable laws.

Any enforcement action by the SEC or any international or state securities regulator asserting that bitcoin is a security, or a court decision to that effect, would be expected to have an immediate material adverse impact on the trading value of bitcoin, as well as our business. This is because the business models behind most digital assets are incompatible with regulations applying to transactions in securities. If a digital asset is determined or asserted to be a

security, it is likely to become difficult or impossible for the digital asset to be traded, cleared or custodied in the United States and elsewhere through the same channels used by non-security digital assets, which in addition to materially and adversely affecting the trading value of the digital asset is likely to significantly impact its liquidity and market participants' ability to convert the digital asset into U.S. dollars and other currencies.

The regulatory and legislative developments related to climate change may materially adversely affect our brand, reputation, business, results of operations and financial position.

A number of governments or governmental bodies have introduced or are contemplating legislative and regulatory changes in response to the increasing focus on climate change and its potential impact, including from governmental bodies, interest groups and stakeholders. For example, the Paris Agreement became effective in November 2016, and signatories are required to submit their most recent emissions goals in the form of nationally determined contributions. Given the significant amount of electrical power required to operate bitcoin mining machines, as well as the environmental impact of mining for the rare earth metals used in the production of mining servers, the bitcoin mining industry may become a target for future environmental and energy regulations. See "*—Risks Related to Our Business, Industry and Operations—* "*Bitcoin mining activities are energy-intensive, which may restrict the geographic locations of miners and have a negative environmental impact. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours, increase taxes on the purchase of electricity used to mine bitcoin, or even fully or partially ban mining operations*."

Legislation and increased regulation regarding climate change could impose significant costs on us and our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting, costs to purchase renewable energy credits or allowances, and other costs to comply with such regulations. Specifically, imposition of a tax or other regulatory fee in jurisdictions where we operate or on electricity that we purchase could result in substantially higher energy costs, and due to the significant amount of electrical power required to operate bitcoin mining machines, could in turn put our facilities at a competitive disadvantage. Any future climate change regulations could also negatively affect our ability to compete with companies situated in areas not subject to such limitations.

Given the political significance and uncertainty around the impact of climate change and how it should be addressed, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increasing awareness of climate change and any negative publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. Any of the foregoing could have a material adverse effect on our financial position, prospects, results of operations and cash flows.

Our interactions with a blockchain may expose us to SDN or blocked persons or cause us to violate provisions of law that did not contemplate distribute ledger technology.

The Office of Financial Assets Control of the U.S. Department of Treasury ("OFAC") requires us to comply with its sanction program and not conduct business with persons named on its specially designated nationals ("SDN") list. However, because of the pseudonymous nature of blockchain transactions, we may inadvertently and without our knowledge engage in transactions with persons named on OFAC's SDN list. Our internal policies prohibit any transactions with such SDN individuals, but we may not be adequately capable of determining the ultimate identity of the individual with whom we transact with respect to selling digital assets. Moreover, there is a risk of malicious individuals using cryptocurrencies, including bitcoin, as a potential means of avoiding federally-imposed sanctions, such as those imposed in connection with the Russian invasion of Ukraine. For example, on March 2, 2022, a group of United States Senators sent the Secretary of the United States Treasury Department a letter asking Secretary Yellen to investigate its ability to enforce such sanctions with respect to bitcoin, and on March 8, 2022, President Biden announced an executive order on cryptocurrencies which seeks to establish a unified federal regulatory regime for cryptocurrencies. We are unable to predict the nature or extent of new and proposed legislation and regulation affecting the cryptocurrency industry, or the potential impact of the use of cryptocurrencies by SDN or other blocked or sanctioned persons, which could have material adverse effects on our business and our industry more broadly. Further, we may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties as a result of any regulatory enforcement actions, all of which could harm our reputation and affect the value of our common stock.

In addition, in the future, OFAC or another regulator, may require us to screen transactions for OFAC addresses or other bad actors before including such transactions in a block, which may increase our compliance costs, decrease our anticipated transaction fees and lead to decreased traffic on our network. Any of these factors, consequently, could have a material adverse effect on our business, prospects, financial condition, and operating results.

Moreover, federal law prohibits any U.S. person from knowingly or unknowingly possessing any visual depiction commonly known as child pornography. Some media reports have suggested that persons have, in the past, imbedded such depictions on one or more blockchains. Because our business requires us to download and retain one or more blockchains to effectuate our ongoing business, it is possible that such digital ledgers contain prohibited depictions without our knowledge or consent. To the extent government enforcement authorities literally enforce these and other laws and regulations that are impacted by decentralized distributed ledger technology, we may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which could harm our reputation and could have a material adverse effect on our business, prospects, financial condition, and operating results.

Regulatory actions in one or more countries could severely affect the right to acquire, own, hold, sell or use certain cryptocurrencies or to exchange them for fiat currency.

In 2021, the Chinese government declared that all digital currency-related business activities are illegal, effectively banning mining and trading in cryptocurrencies, such as bitcoin. Other countries, such as India or Russia, may take similar regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use cryptocurrencies or to exchange them for fiat currency. In some nations, it is illegal to accept payment in bitcoin and other cryptocurrencies for consumer transactions and banking institutions are barred from accepting deposits of cryptocurrencies. Such restrictions may adversely affect us as the large-scale use of cryptocurrencies as a means of exchange is presently confined to certain regions.

Furthermore, in the future, foreign governments may decide to subsidize or in some other way support certain large-scale cryptocurrency mining projects, thus adding hashrate to the overall network. Such circumstances could have a material adverse effect on the amount of bitcoin we may be able to mine, the value of bitcoin and any other cryptocurrencies we may potentially acquire or hold in the future and, consequently, our business, prospects, financial condition and operating results.

Competition from central bank digital currencies ("CBDCs") could adversely affect the value of bitcoin and other digital assets.

Central banks in some countries have started to introduce digital forms of legal tender. For example, China's CBDC project was made available to consumers in January 2022, and governments from Russia to the European Union have been discussing potential creation of new digital currencies. A 2021 survey of central banks by the Bank for International Settlements found that 86% are actively researching the potential for CBDCs, 60% were experimenting with the technology and 14% were deploying pilot projects. Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could have an advantage in competing with, or replace, bitcoin and other cryptocurrencies as a medium of exchange or store of value. As a result, the value of bitcoin could decrease, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.

We are subject to income taxes in the United States, and our tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;

- tax effects of stock-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof; or
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by taxing authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.

Future developments regarding the treatment of digital assets for U.S. federal income and applicable state, local and non-U.S. tax purposes could adversely impact our business.

Due to the new and evolving nature of digital assets and the absence of comprehensive legal guidance with respect to digital assets and related transactions, many significant aspects of the U.S. federal income and applicable state, local and non-U.S. tax treatment of transactions involving digital assets, such as the purchase and sale of bitcoin and the receipt of staking rewards and other digital asset incentives and rewards products, are uncertain, and it is unclear what guidance may be issued in the future with respect to the tax treatment of digital assets and related transactions.

Current IRS guidance indicates that for U.S. federal income tax purposes digital assets such as bitcoins should be treated and taxed as property, and that transactions involving the payment of bitcoins for goods and services should be treated in effect as barter transactions. The IRS has also released guidance to the effect that, under certain circumstances, hard forks of digital currencies are taxable events giving rise to taxable income and guidance with respect to the determination of the tax basis of digital currency. However, current IRS guidance does not address other significant aspects of the U.S. federal income tax treatment of digital assets and related transactions. Moreover, although current IRS guidance addresses the treatment of certain forks, there continues to be uncertainty with respect to the timing and amount of income inclusions for various crypto asset transactions, including, but not limited to, staking rewards and other crypto asset incentives and rewards products. While current IRS guidance creates a potential tax reporting requirement for any circumstance where the ownership of a bitcoin passes from one person to another, it preserves the right to apply capital gains treatment to those transactions, which is generally favorable for investors in bitcoin.

There can be no assurance that the IRS will not alter its existing position with respect to digital assets in the future or that other state, local and non-U.S. taxing authorities or courts will follow the approach of the IRS with respect to the treatment of digital assets such as bitcoins for income tax and sales tax purposes. Any such alteration of existing guidance or issuance of new or different guidance may have negative consequences including the imposition of a greater tax burden on investors in bitcoin or imposing a greater cost on the acquisition and disposition of bitcoin, generally; in either case potentially having a negative effect on the trading price of bitcoin or otherwise negatively impacting our business. In addition, future technological and operational developments that may arise with respect to digital currencies may increase the uncertainty with respect to the treatment of digital currencies for U.S. federal income and applicable state, local and non-U.S. tax purposes.

Risks Related to Cryptocurrency

The loss or destruction of our private keys to our digital wallets, causing a loss of some or all of our bitcoin assets.

Digital assets, such as cryptocurrencies, are stored in a so-called “digital wallet”, which may be accessed to exchange a holder’s digital assets, and is controllable by the processor of both the public key and the private key relating to this digital wallet in which the digital assets are held, both of which are unique. The blockchain publishes the public key relating to digital wallets in use when transactions are made on the network, but users need to safeguard the private keys relating to such digital wallets. If one or more of our private keys are lost, destroyed, or otherwise compromised, we may be unable to access our bitcoin held in the related digital wallet which will essentially be lost. If the private key is acquired by a third party, then this third party may be able to gain access to

our bitcoin. Any loss of private keys relating to digital wallets used to store our bitcoin, whether by us or digital asset exchanges where we hold our bitcoin, could have a material adverse effect on our ability to continue as a going concern or could have a material adverse effect on our business, prospects, financial condition, and operating results.

We may temporarily store our bitcoin on digital asset trading platforms which could subject our bitcoin to the risk of loss or access, especially in light of recent developments and failures of major market participants.

In connection with our treasury management processes, in preparing to sell bitcoin, we may temporarily store all or a portion of our bitcoin on various digital asset trading platforms which requires us to rely on the security protocols of these trading platforms to safeguard our bitcoin. No security system is perfect and trading platforms have been subject to hacks resulting in the loss of businesses' and customers' digital assets in the past. Such trading platforms may not be well capitalized and may not have adequate insurance necessary to cover any loss or may not compensate for loss where permitted under the laws of the relevant jurisdiction. In addition, malicious actors may be able to intercept our bitcoin when we transact in or otherwise transfer our bitcoin or while we are in the process of selling our bitcoin via such trading platforms. Digital asset trading platforms have been a target for malicious actors in the past, and given the growth in their size and their relatively unregulated nature, we believe these trading platforms may continue to be targets for malicious actors. An actual or perceived security breach or data security incident at the digital asset trading platforms with which we have accounts could harm our ability to operate, result in loss of our assets, damage our reputation and negatively affect the market perception of our effectiveness, all of which could adversely affect the value of our ordinary shares.

Furthermore, the collapse of FTX, one of the largest digital asset trading platforms and exchanges, exposed risks of digital asset trading platforms and exchanges being undercapitalized and/or overexposed in liabilities to the extent that they cannot survive a sudden "bank run" or significant amount of withdrawal requests submitted at the same time by multiple customers. FTX, one of the largest and considered among safest digital asset trading platforms and exchanges, had to file for and seek protection of Chapter 11 court proceedings after it was not able to fulfill a larger number of customer withdrawal requests made at the same time. The collapse of FTX also exposed potential industry contagion and systemic risks as its Chapter 11 filings had a fallout effect on a significant number of major market participants, namely one of the largest digital assets lending companies BlockFi. With significant exposure to FTX through unused credit line and various assets held at FTX, and after experiencing a similar "bank run" by multiple customers due to rumors of its exposure to FTX, BlockFi was forced to file for and seek protection of Chapter 11 court proceedings shortly after FTX Chapter 11 filing. A number of other digital assets companies have felt the pressure of FTX's bankruptcy, raising questions of potential systemic risks and contagion of FTX's Chapter 11 filings. See also "*—Risks Related to Our Business, Industry and Operations—The further development and acceptance of digital asset networks and other digital assets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of digital asset systems may adversely affect an investment in us*."

We believe that there were no significant exposures of our business to any of the industry participants who filed for Chapter 11 bankruptcy. However, such failure of key institutions in the cryptocurrency asset industry highlights the risk of systemic interconnectedness between major market participants and the effect it could have on the industry as a whole. If any such digital assets trading platform and exchange, on which we store our bitcoin, experiences similar or same issues and is, therefore, forced to file for Chapter 11, we will be exposed to significant loss of value of our bitcoin stored on such digital assets trading platform and exchange.

Incorrect or fraudulent cryptocurrency transactions may be irreversible.

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. As a result, any incorrectly executed or fraudulent cryptocurrency transactions could adversely affect our investments and assets.

Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the cryptocurrencies from the transaction. While theoretically cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network, we do not now, nor is it feasible that we could in the future, possess sufficient processing power to effect this reversal.

Once a transaction has been verified and recorded in a block that is added to a blockchain, an incorrect transfer of a cryptocurrency or a theft thereof generally will not be reversible and we may not have sufficient recourse to recover our losses from any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, our cryptocurrency rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

It is possible that, through computer or human error, or through theft or criminal action, our bitcoin could be transferred from us in incorrect amounts or to unauthorized third parties. To the extent we are unable to seek a corrective transaction with such third party or are incapable of identifying the third party which has received our bitcoin through error or theft, we will be unable to revert or otherwise recover incorrectly transferred bitcoin. If we are unable to recover our losses or seek redress for such error or theft, such events could have a material adverse effect on our business, prospects, financial condition and operating results, including our ability to continue as a going concern.

Acceptance and widespread use of cryptocurrency, in general, and bitcoin, specifically, is uncertain.

Currently, there is a relatively limited use of any cryptocurrency in the retail and commercial marketplace, contributing to price volatility of cryptocurrencies. Price volatility undermines any cryptocurrency's role as a medium of exchange, as retailers are much less likely to accept it as a form of payment. Banks and other established financial institutions may refuse to process funds for cryptocurrency transactions, process wire transfers to or from cryptocurrency exchanges, cryptocurrency-related companies or service providers, or maintain accounts for persons or entities transacting in cryptocurrency. Furthermore, a significant portion of cryptocurrency demand, including demand for bitcoin, is generated by investors seeking a long-term store of value or speculators seeking to profit from the short- or long-term holding of the asset.

The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace, or a reduction of such use, limits the ability of end users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances could have a material adverse effect on the value of bitcoin or any other cryptocurrencies, and consequently our business, prospects, financial condition and operating results.

The digital asset exchanges on which cryptocurrencies, including bitcoin, trade are relatively new and largely unregulated, and thus may be exposed to fraud and failure. Such failures may result in a reduction in the price of bitcoin and other cryptocurrencies and can adversely affect an investment in us.

Digital asset exchanges on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated. Many digital exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, cryptocurrency exchanges, including prominent exchanges handling a significant portion of the volume of digital asset trading.

A perceived lack of stability in the digital asset exchange market and the closure or temporary shutdown of digital asset exchanges due to business failure, hackers or malware, government-mandated regulation, or fraud, may reduce confidence in digital asset networks and result in greater volatility in cryptocurrency values. These potential consequences of a digital asset exchange's failure could adversely affect an investment in us.

Ownership of bitcoin is pseudonymous, and the market supply of accessible bitcoin is unknown. Individuals or entities with substantial holdings in bitcoin may engage in large-scale sales or distributions, either on non- market terms or in the ordinary course, which could disproportionately and negatively affect the cryptocurrency market, result in a reduction in the price of bitcoin and materially and adversely affect the price of our common stock.

There is no registry showing which individuals or entities own bitcoin or the quantity of bitcoin that is owned by any particular person or entity. It is possible, and in fact, reasonably likely, that a small group of early bitcoin adopters hold a significant proportion of the bitcoin that has been created to date. There are no regulations in place that would prevent a large holder of bitcoin from selling the bitcoin it holds. To the extent such large holders of bitcoin engage in large-scale sales or distributions, either on non-market terms or in the ordinary course, it could negatively affect the cryptocurrency market and result in a reduction in the price of bitcoin. This, in turn, could

materially and adversely affect the price of our stock, our business, prospects, financial condition, and operating results.

The open-source structure of the Bitcoin network protocol means that the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol.

The Bitcoin network operates based on an open-source protocol, not represented by an official organization or authority. Instead it is maintained by a small group of core contributors, largely on the Bitcoin Core project on GitHub.com. These individuals can propose refinements or improvements to the Bitcoin network's source code through one or more software upgrades that alter the protocols and software that govern the Bitcoin network and the properties of bitcoin, including the irreversibility of transactions and limitations on the mining of new bitcoin. Proposals for upgrades and discussions relating thereto take place on online forums.

As the Bitcoin network protocol is not sold and its use does not generate revenues for contributors, contributors are generally not compensated for maintaining and updating the Bitcoin network protocol. Although the MIT Media Lab's Digital Currency Initiative provides funding for individuals who perform leadership roles in the bitcoin community (known as "lead maintainers"), this type of financial incentive is not typical. The lack of guaranteed financial incentive for contributors to maintain or develop the Bitcoin network and the lack of guaranteed resources to adequately address emerging issues with the Bitcoin network may reduce incentives to address the issues adequately or in a timely manner.

There can be no guarantee that developer support will continue or be sufficient in the future. Additionally, some development and developers are funded by companies whose interests may be at odds with other participants in the network or with investors' interests. To the extent that material issues arise with the Bitcoin network protocol and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, the Bitcoin network and consequently our business, prospects, financial condition and operating results could be adversely affected.

Significant contributors to a network for any particular digital asset, such as bitcoin, could propose amendments to the respective network's protocols and software that, if accepted and authorized by such network, could adversely affect our business.

If a developer or group of developers proposes a modification to the Bitcoin network that is not accepted by a majority of miners and users, but that is nonetheless accepted by a substantial plurality of miners and users, two or more competing and incompatible blockchain implementations could result, with one running the pre-modification software program and the other running the modified version (i.e., a second "Bitcoin network").

This is known as a "hard fork." Such a hard fork in the blockchain typically would be addressed by community-led efforts to reunite the forked blockchains, and several prior forks have been resolved successfully. However, a "hard fork" in the blockchain could materially and adversely affect the perceived value of bitcoin as reflected on one or both incompatible blockchains. Additionally, a "hard fork" will decrease the number of users and miners available to each fork of the blockchain as the users and miners on each fork blockchain will not be accessible to the other blockchain and, consequently, there will be fewer block rewards and transaction fees may decline in value. Any of the above could have a material adverse effect on our business, prospects, financial condition, and operating results.

A temporary or permanent blockchain "fork" could have a negative effect on digital assets' value.

In August 2017, bitcoin "forked" into bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the Bitcoin network can process. Since then, bitcoin has been forked numerous times to launch new digital assets, such as Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond. These forks effectively result in a new blockchain being created with a shared history, and new path forward, and they have a different "proof of work" algorithm and other technical changes.

The value of the newly created Bitcoin Cash and the other similar digital assets may or may not have value in the long run and may affect the price of bitcoin if interest is shifted away from bitcoin to these newly created digital

assets. The value of bitcoin after the creation of a fork is subject to many factors including the value of the fork product, market reaction to the creation of the fork product, and the occurrence of forks in the future.

Furthermore, a hard fork can introduce new security risks. For example, when Ethereum and Ethereum Classic split in July 2016, replay attacks, in which transactions from one network were rebroadcast to nefarious effect on the other network, plagued trading venues through at least October 2016. An exchange announced in July 2016 that it had lost 40,000 Ether from the Ethereum Classic network, which was worth about $100,000 at that time, as a result of replay attacks. Another possible result of a hard fork is an inherent decrease in the level of security.

After a hard fork, it may become easier for an individual miner or mining pool's hashing power to exceed 50% of the processing power of the Bitcoin network, thereby making the network more susceptible to attack.

A fork could also be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software that users run. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of bitcoin while resisting community-led efforts to merge the two chains. This would result in a permanent fork, as in the case of Ethereum and Ethereum Classic, as detailed above.

If a fork occurs on a digital asset network which we hold or are mining, such as bitcoin, it may have a negative effect on the value of the digital asset and could have a material adverse effect on our business, prospects, financial condition, and operating results.

There has been limited precedent set for financial accounting for bitcoin and other cryptocurrency assets, and the impact of new guidance from the Financial Accounting Standards Board is still being determined.

There has been limited precedent set for the financial accounting for bitcoin and other cryptocurrency assets and related revenue recognition. In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-08, Intangibles — Goodwill and Other — Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets. Under the guidance, an entity is required to: measure crypto assets at fair value with changes recognized in net income each reporting period, present crypto assets and related fair value changes separately in the balance sheet and income statement, and include various disclosures in interim and annual periods. The ASU is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2024, with early adoption permitted in any interim or annual period after the issuance of the ASU. The updated guidance is effective January 1, 2025, however we have chosen to early adopt the amendments as of January 1, 2023, resulting in an opening adjustment to retained earnings of $0.2 million for the year ended December 31, 2023.

Because the guidance from the FASB is so recent, there is limited interpretive guidance, or examples to reference in applying the new standard. These new financial accounting standards could result in the necessity to change the accounting methods we currently intend to employ in respect of our anticipated revenues and assets and restate any financial statements produced based on those methods. Such a restatement could adversely affect our business, prospects, financial condition and results of operation.

The development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate.

Digital assets, such as bitcoin, that may be used, among other things, to buy and sell goods and services are a new and rapidly evolving industry of which the digital asset networks are prominent, but not unique, parts. The growth of the digital asset industry, in general, and the digital asset networks, in particular, are subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as the digital asset networks, include:

- worldwide growth in the adoption and use of bitcoin and other digital assets;
- government and quasi-government regulation of bitcoin and other digital assets and their use, or restrictions on or regulation of access to and operation of the digital asset network or similar digital assets systems;

- the maintenance and development of the open-source software protocol of the Bitcoin network and other digital asset block-chains;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to digital assets; and
- the impact of regulators focusing on digital assets and digital securities and the costs associated with such regulatory oversight.

The outcome of these factors could have negative effects on our ability to pursue our business strategy, which could have a material adverse effect on our business, prospects, financial condition, and operating results as well as potentially negative effect on the value of bitcoin or any other cryptocurrencies we may potentially acquire or hold in the future.

Banks and financial institutions may not provide banking services, or may cut off services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment.

A number of companies that provide bitcoin or other cryptocurrency-related services have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. This risk may be further exacerbated in the current environment in light of several high-profile bankruptcies in the digital assets industry, as well as recent bank failures, which have disrupted investor confidence in cryptocurrencies and led to a rapid escalation of oversight of the digital asset industry. For further details, see "*—Risks Related to Our Business, Industry and Operations—The further development and acceptance of digital asset networks and other digital assets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of digital asset systems may adversely affect an investment in us*." Established banks and financial institutions may be reluctant to provide products and services to the digital asset industry participants due to heightened concerns about the ability to comply with the heightened risks and regulatory scrutiny of banking institutions that provide such products or services.

A number of companies and individuals or businesses associated with cryptocurrencies may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions. We also may be unable to maintain these services for our business.

The difficulty that many businesses that provide bitcoin or other cryptocurrency-related services have and may continue to have in finding banks and financial institutions willing to provide them services may decrease the usefulness of cryptocurrencies as a payment system and harm public perception of cryptocurrencies. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses providing bitcoin or other cryptocurrency-related services. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and commodities exchanges, the over-the-counter market and the Depository Trust Company. Such factors would have a material adverse effect on our business, prospects, financial condition, and operating results.

Cryptocurrencies, including bitcoin, face significant scaling obstacles that can lead to high fees or slow transaction settlement times and any mechanisms of increasing the scale of cryptocurrency settlement may significantly alter the competitive dynamics in the market.

Cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times, and attempts to increase the volume of transactions may not be effective. Scaling cryptocurrencies, and particularly bitcoin, is essential to the widespread acceptance of cryptocurrencies as a means of payment, which is necessary to the growth and development of our business.

Many cryptocurrency networks face significant scaling challenges. For example, cryptocurrencies are limited with respect to how many transactions can occur per second. In this respect, bitcoin may be particularly affected as it relies on the "proof of work" validation, which due to its inherent characteristics may be particularly hard to scale to allow simultaneous processing of multiple daily transactions by users. Participants in the cryptocurrency ecosystem debate potential approaches to increasing the average number of transactions per second that the network can handle and have implemented mechanisms or are researching ways to increase scale, such as "sharding", which is a term for a horizontal partition of data in a database or search engine, which would not require every single transaction to be included in every single miner's or validator's block.

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of cryptocurrency transactions will be effective, how long they will take to become effective or whether such mechanisms will be effective for all cryptocurrencies. If the Bitcoin network is unable to address scaling issues, the price of bitcoin may decrease as users seek alternative networks. There is also a risk that any mechanisms of increasing the scale of cryptocurrency settlement may significantly alter the competitive dynamics in the cryptocurrency market and may adversely affect the value of bitcoin and the price of our common stock. Alternatively, if bitcoin does make changes to its protocol to address scaling issues, these changes may render our business model obsolete. See "*—Risks Related to Bitcoin Mining—There is a possibility of cryptocurrency mining algorithms transitioning to "proof of stake" validation and other mining related risks, which could make us less competitive and ultimately adversely affect our business.*" Any of the foregoing could have a material adverse effect on our business, prospects, financial condition, and operating results.

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or other alternatives.

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or an alternative to distributed ledgers altogether. Our business intends to rely on presently existent digital ledgers and blockchains and we could face difficulty adapting to emergent digital ledgers, blockchains, or alternatives thereto. This may adversely affect us and our exposure to various blockchain technologies and prevent us from realizing the anticipated profits from our investments. Such circumstances could have a material adverse effect on our business, prospects, financial condition, and operating results and potentially the value of any bitcoin or other cryptocurrencies we may potentially acquire or hold in the future.

If a malicious actor or botnet obtains control in excess of 50% of the processing power active on any digital asset network, including the Bitcoin network, it is possible that such actor or botnet could manipulate the blockchain in a manner that may adversely affect our business, prospects, financial condition, and operating results.

If a malicious actor, such as a rogue mining pool or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers), obtains a majority of the processing power dedicated to mining on any digital asset network (the so-called "double-spend" or "51%" attacks), including the Bitcoin network, it may be able to alter the blockchain by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the blockchain can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new digital assets or transactions using such control.

Using alternate blocks, the malicious actor could "double-spend" its own digital assets (i.e., spend the same digital assets in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power or the digital asset community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible.

The approach towards and possible crossing of the 50% threshold indicate a greater risk that a single mining pool could exert authority over the validation of digital asset transactions. To the extent that the cryptocurrency ecosystem does not act to ensure greater decentralization of cryptocurrency mining processing power, the feasibility of a malicious actor obtaining in excess of 50% of the processing power on any digital asset network (e.g., through control of a large mining pool or through hacking such a mining pool) will increase, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

The price of cryptocurrencies may be affected by the sale of such cryptocurrencies by other vehicles investing in cryptocurrencies or tracking cryptocurrency markets.

The global market for cryptocurrency is characterized by supply constraints that differ from those present in the markets for commodities or other assets such as gold and silver. The mathematical protocols under which certain cryptocurrencies are mined permit the creation of a limited, predetermined amount of currency, while others have no limit established on total supply. To the extent that other vehicles investing in cryptocurrencies or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for cryptocurrencies, large redemptions of the securities of those vehicles and the subsequent sale of cryptocurrencies by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the cryptocurrency inventory we hold. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results.

We may face risks of Internet disruptions, which could have a material adverse effect on the price of cryptocurrencies.

A disruption of the Internet may affect the use of cryptocurrencies and subsequently the value of our securities. Generally, bitcoin mining is dependent upon the Internet. A significant disruption in Internet connectivity could disrupt the Bitcoin network operations, or our ability to mine bitcoin, until the disruption is resolved, and could have a material adverse effect on the price of cryptocurrencies and, bitcoin specifically, and consequently, our business, prospects, financial condition, and operating results.

The impact of geopolitical and economic events on the supply and demand for cryptocurrencies is uncertain.

Geopolitical crises may motivate large-scale purchases or sales of bitcoin and other cryptocurrencies, which could increase the price of bitcoin and other cryptocurrencies rapidly. Any significant sharp rise in demand for cryptocurrencies may increase the likelihood of a subsequent price decrease and fluctuations as crisis-driven purchasing behavior dissipates, adversely affecting the value of our inventory following such downward adjustment. Such risks are similar to the risks of purchasing commodities in general uncertain times, such as the risk of purchasing, holding or selling gold. Alternatively, as an emerging asset class with limited acceptance as a payment system or commodity, global crises and general economic downturn may discourage investment in cryptocurrencies as investors focus their investment on less volatile asset classes as a means of hedging their investment risk.

As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to us and our investors.

Furthermore, any potential political, legal and economic instability in the regions with active cryptocurrency trading or mining, may lead to disruptions in cryptocurrency trading or mining activity and have a destabilizing effect on the prices of bitcoin or other cryptocurrencies. For example, in early January 2022, amid political protests in Kazakhstan, the local government ordered a temporary shut down of internet service, which took an estimated 15% of the world's bitcoin miners offline. This, in turn, may have contributed to a decline in the price of the bitcoin from $46,055 on January 3, 2022 to $41,908 on January 7, 2022. Any potential political, legal and economic instability could also increase our domestic competition. See "*—We operate in a highly competitive industry and we compete against companies that operate in less regulated environments as well as companies with greater financial and other resources, and our business, operating results, and financial condition may be adversely affected if we are unable to respond to our competitors effectively.*"

Risks Related to Bitcoin Mining

Bitcoin is the only cryptocurrency that we currently mine and, thus, our success depends in large part upon the value of bitcoin; the value of bitcoin and other cryptocurrencies may be subject to pricing risk and has historically been subject to wide swings.

Our operating results depend in large part upon the value of bitcoin because it is the only cryptocurrency that we mine. Specifically, our revenues from our bitcoin mining operations are based upon two factors: (1) the number of block rewards that we successfully mine and (2) the value of bitcoin. For further details on how our operating

results may be directly impacted by changes in the value of bitcoin, see "*—Our historical financial statements do not reflect the potential variability in earnings that we may experience in the future relating to bitcoin holdings.*"

Furthermore, in our operations we use ASIC chips and mining rigs, which are principally utilized for mining bitcoin. Such miners cannot mine other cryptocurrencies, such as Ether, that are not mined utilizing the "SHA-256 algorithm."

If other cryptocurrencies were to achieve acceptance at the expense of bitcoin, causing the value of bitcoin to decline, or if bitcoin were to switch its "proof of work" algorithm from SHA-256 to another algorithm for which the miners we use are not specialized (see "*—There is a possibility of cryptocurrency mining algorithms transitioning to "proof of stake" validation and other mining related risks, which could make us less competitive and ultimately adversely affect our business*"), or the value of bitcoin were to decline for other reasons, particularly if such decline were significant or over an extended period of time, our business, prospects, financial condition, and operating results would be adversely affected.

Bitcoin and other cryptocurrency market prices have historically been volatile. Our business may be adversely affected if the markets for bitcoin deteriorate or if its prices decline, including as a result of the following factors:

- the reduction in mining rewards of bitcoin, including block reward halving events, which are events that occur after a specific period of time which reduces the block reward earned by miners;
- disruptions, hacks, "forks", 51% attacks, or other similar incidents affecting the Bitcoin blockchain network;
- hard "forks" resulting in the creation of and divergence into multiple separate networks;
- informal governance led by bitcoin's core developers that lead to revisions to the underlying source code or inactions that prevent network scaling, and which evolve over time largely based on self- determined participation, which may result in new changes or updates that affect their speed, security, usability, or value;
- the ability for Bitcoin blockchain network to resolve significant scaling challenges and increase the volume and speed of transactions;
- the ability to attract and retain developers and customers to use bitcoin for payment, store of value, unit of accounting, and other intended uses;
- transaction congestion and fees associated with processing transactions on the Bitcoin network;
- the identification of Satoshi Nakamoto, the pseudonymous person or persons who developed bitcoin, or the transfer of Satoshi's bitcoin assets;
- negative public perception of bitcoin or other cryptocurrencies or their reputation within the fintech influencer community or the general publicity around them;
- development in mathematics, technology, including in digital computing, algebraic geometry, and quantum computing that could result in the cryptography being used by bitcoin becoming insecure or ineffective; and
- laws and regulations affecting the Bitcoin network or access to this network, including a determination that bitcoin constitutes a security or other regulated financial instrument under the laws of any jurisdiction.

Furthermore, bitcoin pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile or creating "bubble" type risks for bitcoin. Some market observers have asserted that the bitcoin market is experiencing a "bubble" and have predicted that, in time, the value of bitcoin will fall to a fraction of its current value, or even to

zero. Bitcoin has not been in existence long enough for market participants to assess these predictions with any precision, but if these observers are even partially correct, it could have a material adverse effect on our business, prospects, financial condition, and operating results.

Our historical financial statements do not reflect the potential variability in earnings that we may experience in the future relating to bitcoin holdings.

Our historical financial statements, including those for the years ended December 31, 2023 and December 31, 2022, do not fully reflect the potential variability in earnings that we may experience in the future from holding or selling significant amounts of bitcoin.

The price of bitcoin has historically been subject to dramatic price fluctuations and is highly volatile. We determine the fair value of our bitcoin based on quoted (unadjusted) prices on the active exchange that we have determined is our principal market for bitcoin.

As a result, any decrease in the fair value of bitcoin will require us to incur losses, and such charge could be material to our financial results for the applicable reporting period, which may create significant volatility in our reported earnings and decrease the carrying value of our digital assets, which in turn could have a material adverse effect on our financial condition and operating results.

Rewards for successful production of bitcoin is negatively impacted by the bitcoin halving protocol expected every four years, including an upcoming expected halving in April 2024, and the supply of bitcoin is limited.

The supply of bitcoin is limited and, once the 21 million bitcoin have been "unearthed", the network will stop producing more. Currently, there are approximately 19.6 million, or approximately 93% of the total supply of, bitcoin in circulation. The halving is an event within the Bitcoin protocol where the bitcoin reward provided upon mining a block is reduced by 50%. Halvings are scheduled to occur once every 210,000 blocks, or roughly every four years, with the latest halving having occurred in May 2020, which revised the block reward to 6.25 bitcoin and the next halving expected in April 2024.

Halving reduces the number of new bitcoin being generated by the network. While the effect is to slow the pace of the release of new coins, it has no impact on the quantity of total bitcoin already outstanding. As a result, the price of bitcoin could rise or fall based on overall investor and consumer demand. Given a stable network hashrate, should the price of bitcoin remain unchanged after the next halving, our revenue related to mining new coins would be reduced by 50%, with a significant impact on profit.

Furthermore, as the number of bitcoin remaining to be mined decreases, the processing power required to record new blocks on the blockchain may increase. Eventually the processing power required to add a block to the blockchain may exceed the value of the reward for adding a block. Additionally, at some point, there will be no new bitcoin to mine. Once the processing power required to add a block to the blockchain exceeds the value of the reward for adding a block, we may focus on other strategic initiatives, which may be complimentary to our mining operations. For further details, see "*Business—Our Strategy—Retain flexibility in considering strategically adjacent opportunities complimentary to our business model.*"

Any periodic adjustments to the digital asset networks, such as bitcoin, regarding the difficulty for block solutions, with reductions in the aggregate hashrate or otherwise, could have a material adverse effect on our business, prospects, financial condition, and operating results. If the award of new bitcoin for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power, or hashrate, to solve blocks and confirmations of transactions on the bitcoin blockchain could be slowed.

Bitcoin miners record transactions when they solve for and add blocks of information to the blockchain. They generate revenue from both newly created bitcoin, known as the "block reward" and from fees taken upon verification of transactions. See "*Business—Revenue Structure.*"

If the aggregate revenue from transaction fees and the block reward is below a miner's cost, the miner may cease operations. If the award of new units of bitcoin for solving blocks declines and/or the difficulty of solving

blocks increases, and transaction fees voluntarily paid by participants are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. For example, the current fixed reward for solving a new block on the Bitcoin network is 6.25 bitcoins per block; the reward decreased from 12.5 bitcoin in May 2020, which itself was a decrease from 25 bitcoin in July 2016. It is estimated that it will "halve" again in April 2024.

This reduction may result in a reduction in the aggregate hashrate of the Bitcoin network as the incentive for miners decreases. Miners ceasing operations would reduce the aggregate hashrate on the Bitcoin network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions).

Moreover, a reduction in the hashrate expended by miners on any digital asset network could increase the likelihood of a malicious actor or botnet obtaining control in excess of fifty percent (50%) of the aggregate hashrate active on such network or the blockchain, potentially permitting such actor to manipulate the blockchain. See "*—If a malicious actor or botnet obtains control in excess of 50% of the processing power active on any digital asset network, including the Bitcoin network, it is possible that such actor or botnet could manipulate the blockchain in a manner that may adversely affect our business, prospects, financial condition, and operating results*."

Periodically, the Bitcoin network has adjusted the difficulty for block solutions so that solution speeds remain in the vicinity of the expected ten (10) minute confirmation time targeted by the Bitcoin network protocol. We believe that from time to time there may be further considerations and adjustments to the Bitcoin network regarding the difficulty for block solutions. More significant reductions in the aggregate hashrate on the Bitcoin network could result in material, though temporary, delays in block solution confirmation time. Any reduction in confidence in the confirmation process or aggregate hashrate of any digital asset network may negatively impact the value of digital assets, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

Transactional fees may decrease demand for bitcoin and prevent expansion.

As the number of bitcoins awarded in the form of block rewards for solving a block in a blockchain decreases, the relative incentive for miners to continue to contribute to the Bitcoin network may transition to place more importance on transaction fees.

If transaction fees paid for bitcoin transactions become too high, the marketplace may be reluctant to accept bitcoin as a means of payment and existing users may be motivated to switch from bitcoin to another cryptocurrency or to fiat currency. Either the requirement from miners of higher transaction fees in exchange for recording transactions in a blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the price of bitcoin, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

Our reliance on any particular model of miner may subject our operations to increased risk of failure.

The performance and reliability of our miners and our technology will be critical to our reputation and our operations. If there are any technological issues with our miners, our entire system could be affected. Any system error or failure may significantly delay response times or even cause our system to fail. Any disruption in our ability to continue mining could result in lower yields and harm our reputation and business. Any exploitable weakness, flaw, or error common to our miners may affects all our miners, and if a defect other flaw is exploited, our entire mine could go offline simultaneously.

Any interruption, delay or system failure could have a material adverse effect on our business, prospects, financial condition, and operating results.

There is a possibility of cryptocurrency mining algorithms transitioning to "proof of stake" validation and other mining related risks, which could make us less competitive and ultimately adversely affect our business.

"Proof of stake" is an alternative method in validating cryptocurrency transactions. Should the Bitcoin network shift from a "proof of work" validation method to a "proof of stake" validation method, mining would require less energy and may render companies, such as ours, that may be perceived as advantageously positioned in the current climate, for example, due to lower priced electricity, processing, real estate, or hosting, less competitive.

Our business model and our strategic efforts are fundamentally based upon the "proof of work" validation method and the assumption that use of lower priced electricity in our cryptocurrency mining operations will make our business model more resilient to fluctuations in bitcoin price and will generally provide us with certain competitive advantage. See "*Business—Our Strengths—Cost leadership with reliable electricity supply and resilient business model with downside protection against drops in bitcoin prices"* and "*—Bitcoin mining activities are energy intensive, which may restrict the geographic locations of miners and have a negative environmental impact. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours.*" Consequently, if the cryptocurrency mining algorithms transition to "proof of stake" validation, we may be exposed to the risk of losing the benefit of our perceived competitive advantage that we hope to gain and our business model may need to be reevaluated. Furthermore, ASIC chips that we intend to use in our operations are also designed for "proof of work" mechanism. Many people within the bitcoin community believe that "proof of work" is a foundation within bitcoin's code that would not be changed. However, there have been debates on mechanism change to avoid the "de facto control" by a great majority of the network computing power. With the possibility of a change in rule or protocol of the Bitcoin network, if our bitcoin mining chips and machines cannot be modified to accommodate any such changes, our results of operations will be significantly affected. Such events could have a material adverse effect on our business, prospects, financial condition, and operating results, including our ability to continue as a going concern.

We may not adequately respond to price fluctuations and rapidly changing technology, which may negatively affect our business.

Competitive conditions within the cryptocurrency industry require that we use sophisticated technology in the operation of our business. The industry for blockchain technology is characterized by rapid technological changes, new product introductions, enhancements and evolving industry standards.

New technologies, techniques or products could emerge that might offer better performance than the software and other technologies we currently utilize, and we may have to manage transitions to these new technologies to remain competitive. We may not be successful, generally or relative to our competitors in the cryptocurrency industry, in timely implementing new technology into our systems, or doing so in a cost-effective manner. During the course of implementing any such new technology into our operations, we may experience system interruptions and failures during such implementation. Furthermore, there can be no assurances that we will recognize, in a timely manner or at all, the benefits that we may expect as a result of our implementing new technology into our operations. As a result, our business, prospects, financial condition and operating results could be adversely affected.

To the extent that the profit margins of bitcoin mining operations are not high, operators of bitcoin mining operations are more likely to immediately sell bitcoin rewards earned by mining in the market, thereby constraining growth of the price of bitcoin that could adversely impact us, and similar actions could affect other cryptocurrencies.

Over the past several years, bitcoin mining operations have evolved from individual users mining with computer processors, graphics processing units and first-generation ASIC servers. Currently, new processing power is predominantly added by incorporated and unincorporated "professionalized" mining operations.

Professionalized mining operations may use proprietary hardware or sophisticated ASIC machines acquired from ASIC manufacturers. They require the investment of significant capital for the acquisition of this hardware, the leasing of operating space (often in data centers or warehousing facilities), incurring of electricity costs and the employment of technicians to operate the mining farms. As a result, professionalized mining operations are of a greater scale than prior miners and have more defined and regular expenses and liabilities. These regular expenses and liabilities require professionalized mining operations to maintain profit margins on the sale of bitcoin.

To the extent the price of bitcoin declines and such profit margin is constrained, professionalized miners are incentivized to more immediately sell bitcoin earned from mining operations, whereas it is believed that individual miners in past years were more likely to hold newly mined bitcoin for more extended periods. The immediate selling of newly mined bitcoin greatly increases the trading volume of bitcoin, creating downward pressure on the market price of bitcoin rewards.

The extent to which the value of bitcoin mined by a professionalized mining operation exceeds the allocable capital and operating costs determines the profit margin of such operation. A professionalized mining operation may be more likely to sell a higher percentage of its newly mined bitcoin rapidly if it is operating at a low profit margin and it may partially or completely cease operations if its profit margin is negative. In a low profit margin environment, a higher percentage could be sold more rapidly, thereby potentially depressing bitcoin prices. Lower bitcoin prices could result in further tightening of profit margins for professionalized mining operations creating a network effect that may further reduce the price of bitcoin until mining operations with higher operating costs become unprofitable forcing them to reduce mining power or cease mining operations temporarily.

The foregoing risks associated with bitcoin could be equally applicable to other cryptocurrencies, whether existing now or introduced in the future. Such circumstances could have a material adverse effect on our business, prospects, financial condition, and operating results.

To the extent that any miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the blockchain until a block is solved by a miner who does not require the payment of transaction fees. Any widespread delays in the recording of transactions could result in a loss of confidence in that digital asset network, which could adversely impact an investment in us.

To the extent that any miners cease to record transactions in solved blocks, such transactions will not be recorded on the blockchain. Currently, there are no known incentives for miners to elect to exclude the recording of transactions in solved blocks; however, to the extent that any such incentives arise (e.g., a collective movement among miners or one or more mining pools forcing bitcoin users to pay transaction fees as a substitute for or in addition to the award of new bitcoins upon the solving of a block), actions of miners solving a significant number of blocks could delay the recording and confirmation of transactions on the blockchain.

Any systemic delays in the recording and confirmation of transactions on the blockchain could result in greater exposure to double-spending transactions and a loss of confidence in certain or all digital asset networks, which could have a material adverse effect on our business, prospects, financial condition, and operating results.

Demand for bitcoin is driven, in part, by its status as one of the most prominent and secure digital assets. It is possible that digital assets, other than bitcoin, could have features that make them more desirable to a material portion of the digital asset user base, resulting in a reduction in demand for bitcoin, which could have a negative impact on the price of bitcoin and have a material adverse effect on our business, prospects, financial condition, and operating results.

Bitcoin, as an asset, holds a "first-to-market" advantage over other digital assets. This first-to-market advantage is driven in large part by having the largest user base and, more importantly, the largest mining power in use to secure its blockchain and transaction verification system. Having a large mining network results in greater user confidence regarding the security and long-term stability of a digital asset's network and its blockchain; as a result, the advantage of more users and miners makes a digital asset more secure, which makes it more attractive to new users and miners, resulting in a network effect that strengthens the first-to-market advantage.

Despite the marked first-mover advantage of the Bitcoin network over other digital asset networks, it is possible that another digital asset could become materially popular due to either a perceived or exposed shortcoming of the Bitcoin network protocol that is not immediately addressed by the bitcoin contributor community or a perceived advantage of an altcoin that includes features not incorporated into bitcoin. If a digital asset obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce bitcoin's market share as well as other digital assets we may become involved in and have a negative impact on the demand for, and price of, such digital assets and could have a material adverse effect on our business, prospects, financial condition, and operating results.

The Bitcoin we hold is not insured and not subject to FDIC or SIPC protections.

The bitcoin we hold is not insured. Therefore, any loss that we may suffer with respect to our bitcoin is not covered by insurance and no person may be liable in damages for such loss, which could adversely affect our operations. We do not hold our bitcoin with a banking institution or a member of the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC") and, therefore, our bitcoin is not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions.

Risks Related to our Common Stock and Warrants

We have identified a material weakness in our internal control over financial reporting which, if not timely remediated, may adversely affect the accuracy and reliability of our future financial statements, and our reputation, business and the price of our common stock, as well as may lead to a loss of investor confidence in us.

As described under Item 9A. "Controls and Procedures" below, as we prepared the consolidated financial statements for the year ended December 31, 2023, management has concluded that a material weakness in our internal control over financial reporting existed as of December 31, 2023. This material weakness is more fully described in Item 9A. Accordingly, internal control over financial reporting and our disclosure controls and procedures were not effective as of such date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, the deficiencies we identified relate to user access controls to ensure appropriate segregation of duties or program change management controls for certain financially relevant systems impacting the Company's processes around revenue recognition and digital assets to ensure that IT program and data changes affecting the Company's (i) financial IT applications, (ii) digital currency mining equipment, and (iii) underlying accounting records, are identified, tested, authorized and implemented appropriately to validate that data produced by its relevant IT system(s) were complete and accurate. Automated process-level controls and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency. In addition, the Company has not effectively designed a manual key control to detect material misstatements in revenue.

Since the material weakness was identified, our management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. We are taking the following actions to remediate this material weakness:

- Enhance our remediation efforts by continuing to devote resources in 2023 in key financial reporting and information technology areas, including hiring additional employees.
- Continue to utilize an external third-party internal audit and SOX 404 implementation firm to work to improve the Company's controls related to our material weaknesses, specifically relating to user access and change management surrounding the Company's IT systems and applications.
- Continue to implement new processes and controls and engage external resources when required in connection with remediating this material weakness, such that these controls are designed, implemented, and operating effectively.
- Continue to formalize our policies and processes over including those over outside service providers with a specific focus on enhancing design and documentation related to (i) developing and communicating additional policies and procedures to govern the areas of IT change management and user access processes and related control activities and (ii) develop robust processes to validate data received from third-parties and relied upon to generate financial statements is complete and accurate.

We cannot assure you the measures we are taking to remediate the material weakness will be sufficient or that they will prevent future material weaknesses. Additional material weaknesses or failure to maintain effective internal control over financial reporting could cause us to fail to meet our reporting obligations as a public company and may result in a restatement of our financial statements for prior periods.

The occurrence of, or failure to remediate, this material weakness and any future material weaknesses in our internal control over financial reporting may adversely affect the accuracy and reliability of our financial statements and have other consequences that could materially and adversely affect our business, including an adverse impact on the market price of our common stock, potential actions or investigations by the SEC or other regulatory authorities, shareholder lawsuits, a loss of investor confidence and damage to our reputation.

We are an emerging growth company and are able take advantage of reduced disclosure requirements applicable to "emerging growth companies," which could make our common stock less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. We will remain an emerging growth company until the earlier of (i) December 31, 2025, the last day of the fiscal year following the fifth anniversary of the date of the first sale of the initial public offering of Good Works Acquisition Corp. ("GWAC"), our predecessor company; (ii) the last day of the fiscal year in which we have total annual gross revenues of $1.235 billion or more; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under applicable SEC rules.

We expect that we will remain an emerging growth company for the foreseeable future but cannot retain our emerging growth company status indefinitely and will no longer qualify as an emerging growth company on or before December 31, 2025. References herein to "emerging growth company" have the meaning associated with it in the JOBS Act.

For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from specified disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the requirement of auditor attestation of our internal controls over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- not being required to hold a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

For as long as we continue to be an emerging growth company, we expect that we will take advantage of the reduced disclosure obligations available to us as a result of that classification. We have taken advantage of certain of those reduced reporting burdens in this Annual Report. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

An emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected to avail ourselves of this extended transition period and, as a result, we will not be required to adopt new or revised accounting standards on the dates on which adoption of such standards is required for other public reporting companies.

We are also a "smaller reporting company" as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and have elected to take advantage of certain of the scaled disclosure available for smaller reporting companies.

Bitfury Group is a significant shareholder and, as such, may be able to exert influence over our strategic direction and matters submitted to our stockholders for approval.

As of March 4, 2024, Bitfury Group holds approximately 40% of our common stock. Accordingly, Bitfury Group may be able to exert influence over matters submitted to our stockholders for approval, such as the election of directors and amendments of our organizational documents. Bitfury Group may have interests that differ from those of the other stockholders and may vote in a way with which the other stockholders disagree and which may be adverse to their interests. This concentrated ownership may have the effect of delaying, preventing or deterring a change in control of Cipher, could deprive Cipher's stockholders of an opportunity to receive a premium for their capital stock as part of a sale of Cipher, and might ultimately affect the market price of shares of our common stock. Thus, the decisions of Bitfury Group as a significant shareholder on certain matters may be contrary to the expectations or preferences of our other common stockholders and could have a material adverse effect on our business, prospects, financial condition, and operating results.

Any offer or sale by Bitfury Group of our common stock could have a negative effect on the price and trading volume of our common stock.

As of March 4, 2024, Bitfury Group holds approximately 40% of our common stock. The market price and trading volume of our common stock could be adversely affected by, among other factors, sales of substantial amounts of common stock in the public market, investor perception that substantial amounts of common stock could be sold or by the fact or perception of other events that could have a negative effect on the market for our common stock.

Any future transactions by Bitfury Group with other investors could decrease the price and trading volume of our common stock. Furthermore, as the cryptocurrency industry is developing and investments in cryptocurrency and cryptocurrency-related securities may still be highly speculative, it can contribute to any potential price volatility of our common stock and exacerbate any effects of the risks discussed above.

Bitfury Group beneficially owns a significant equity interest in Cipher and may take actions that conflict with your interests.

The interests of Bitfury Group may not align with the interests of Cipher and our other stockholders. Bitfury Group is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. Bitfury Group and its affiliates may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Our Certificate of Incorporation provides that certain parties or any of their managers, officers, directors, equity holders, members, principals, affiliates and subsidiaries (other than Cipher and its subsidiaries) do not have any fiduciary duty to refrain from engaging, directly or indirectly, in the same or similar business activities or lines of business as Cipher or any of its subsidiaries.

Exercise of our outstanding warrants for our common stock would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.

As of March 4, 2024, we had 8,613,980 outstanding warrants to purchase our common stock, which became exercisable beginning October 19, 2021. The exercise price of these warrants will be $11.50 per share. To the extent such warrants are exercised, additional shares of our common stock will be issued, which will result in dilution to the holders of our common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the prevailing market price of our common stock. However, there is no guarantee that the public warrants will be in the money at a given time prior to their expiration, and as such, the warrants may expire worthless. See *"—The public warrants may not be in the money at a given time, and they may expire worthless and the terms of the warrants may be amended in a manner adverse to a holder if holders of at least 50% of the then outstanding public warrants approve of such amendment."*

There is no guarantee that our public warrants will ever be in the money, and they may expire worthless.

The exercise price for our public warrants is $11.50 per share of our common stock. There is no guarantee that our public warrants will ever be in the money prior to their expiration, and as such, the warrants may expire worthless.

A market for our securities may not continue, which would adversely affect the liquidity and price of our securities.

An active trading market for our securities may never develop or, if developed, it may not be sustained. In addition, the price of our securities can vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports.

In the absence of a liquid public trading market:

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

Additionally, if our securities become delisted from the Nasdaq for any reason, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on the Nasdaq or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained.

The price of our common stock and warrants has been and may continue to be volatile.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could reduce the market price of our common stock and warrants in spite of our operating performance, which may limit or prevent investors from readily selling their common stock or warrants and may otherwise negatively affect the liquidity of our common stock or warrants. There can be no assurance that the market price of common stock and warrants will not fluctuate widely or decline significantly in the future in response to a number of factors, including, among others, the following:

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

- trading volume of our common stock;
- overall performance of the equity markets;
- publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- general global, political and economic conditions; and
- other events or factors, many of which are beyond our control.

In addition, in the past, stockholders have initiated class action lawsuits against public companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause it to incur substantial costs and divert management's attention and resources from our business.

The requirements of being a public company require significant resources and management attention and affect our ability to attract and retain executive management and qualified board members.

We are subject to the reporting requirements of the Exchange Act, and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations of the SEC and Nasdaq, including the establishment and maintenance of effective disclosure and financial controls, changes in corporate governance practices and required filing of annual, quarterly and current reports with respect to our business and results of operations.

Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations. Compliance with public company requirements will increase costs and make certain activities more time- consuming and costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results.

Furthermore, if any issues in complying with those requirements are identified (for example, if the auditors identify a material weakness or significant deficiency in the internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect our reputation or investor perceptions of it. It may also be more expensive to obtain director and officer liability insurance. See "*—We have identified a material weakness in our internal control over financial reporting which, if not timely remediated, may adversely affect the accuracy and reliability of our future financial statements, and our reputation, business and the price of our common stock, as well as may lead to a loss of investor confidence in us."*

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve or otherwise change over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations, and standards (or changing interpretations of them), and this investment may result in increased selling, general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected. We also expect that being a public company and the associated rules and regulations will make it more expensive for us to obtain director and

officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of the Board, particularly to serve on our audit committee, compensation committee, and nominating and governance committee, and qualified executive officers.

As a result of disclosure of information in this Annual Report and in filings required of a public company, our business and financial condition is more visible, which may result in threatened or actual litigation, including by competitors. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results. In addition, as a result of our disclosure obligations as a public company, we will have reduced flexibility and will be under pressure to focus on short-term results, which may adversely affect our ability to achieve long-term profitability.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or market, or if they change their recommendations regarding our securities adversely, the price and trading volume of our securities could decline.

The trading market for our securities will be influenced by the research and reports that industry or securities analysts may publish about us, our business, market or competitors. Securities and industry analysts do not currently, and may never, publish research on us. If no securities or industry analysts commence coverage of us, our share price and trading volume would likely be negatively impacted. If any of the analysts, who may cover us, change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about its competitors, the price of our common stock would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause its share price or trading volume to decline.

Future sales, or the perception of future sales, by our stockholders in the public market could cause the market price for our common stock to decline.

The sale of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that it deems appropriate.

The shares of our common stock reserved for future issuance under the Incentive Award Plan will become eligible for sale in the public market once those shares are issued.

A total of approximately 7.0% of the fully diluted shares of our common stock was initially reserved for future issuance under the Incentive Award Plan, which amount was increased by 7,478,382 shares on January 1, 2022, by another 7,426,559 shares on January 1, 2023 and again by another 8,728,736 shares on January 1, 2024, and is subject to increase annually or from time to time in the discretion of our compensation committee. Our compensation committee may determine the exact number of shares to be reserved for future issuance under the Incentive Award Plan at its discretion. On November 17, 2021, we filed a registration statement with the SEC on Form S-8, to register 42,104,588 shares of our common stock that we may issue pursuant to the Incentive Award Plan. This, and any similar registration statements filed on Form S-8 in the future, is automatically effective upon filing. Accordingly, shares registered under such registration statements are available for sale in the open market.

In the future, we may also issue its securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

Because there are no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell our common stock for a price greater than that which you paid for it.

We may retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends as a public company in the future will be made at the discretion of the Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that the Board may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness it or its subsidiaries incur. As a result, you may not receive any return on an investment in our common stock unless you sell your shares of common stock for a price greater than that which you paid for it.

We may issue additional shares of our common stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of our common stock.

Pursuant to the Incentive Award Plan, we may issue an aggregate of approximately 7.0% of the fully diluted shares of our common stock, which amount was increased by 7,478,382 shares on January 1, 2022, by another 7,426,559 shares on January 1, 2023, and again by another 8,728,736 shares on January 1, 2024, and will be subject to increase annually or from time to time in the discretion of our compensation committee. For additional information about this plan, please read the discussion under the heading "*Executive Compensation—Incentive Award Plan*." In addition, pursuant to an at-the-market offering agreement with Cantor Fitzgerald & Co., Canaccord Genuity LLC, Needham & Company, LLC and Compass Point Research & Trading, LLC, we may, from time to time, sell shares of our common stock having an aggregate offering price of up to $250.0 million in "at-the-market" offerings, which is included in the $500.0 million of securities that may be offered pursuant to our shelf registration statement on Form S-3 that was declared effective on October 6, 2022. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*." We may also issue additional shares of our common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances.

The issuance of additional shares or other equity securities of equal or senior rank would have the following effects:

- existing stockholders' proportionate ownership interest in us will decrease;
- the amount of cash available per share, including for payment of dividends in the future, may decrease;
- the relative voting strength of each previously outstanding our common stock may be diminished; and
- the market price of our common stock or public warrants may decline.

Anti-takeover provisions in our Certificate of Incorporation and under Delaware law could make an acquisition of Cipher, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Our Certificate of Incorporation contains provisions that may delay or prevent an acquisition of Cipher or a change in its management in addition to the significant rights of Bitfury Group as direct and indirect holder of approximately 40% of our common stock, as of March 4, 2024. These provisions may make it more difficult for stockholders to replace or remove members of the Board. Because the Board is responsible for appointing the members of the management team, these provisions could in turn frustrate or prevent any attempt by stockholders to replace or remove the current management. In addition, these provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. Among other things, these provisions include:

- the limitation of the liability of, and the indemnification of, its directors and officers;
- a prohibition on actions by its stockholders except at an annual or special meeting of stockholders;

- a prohibition on actions by its stockholders by written consent; and
- the ability of the Board to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by the Board.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the DGCL, which prohibits a person who owns 15% or more of its outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired 15% or more of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. This could discourage, delay or prevent a third party from acquiring or merging with us, whether or not it is desired by, or beneficial to, its stockholders. This could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in our stockholders' best interests. Finally, these provisions establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings. These provisions would apply even if the offer may be considered beneficial by some stockholders. For more information, see "*Description of Securities.*"

Our Certificate of Incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit its stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our Certificate of Incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising under the DGCL or the Governing Documents; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine or otherwise related to our internal affairs.

To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, the Certificate of Incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of the Certificate of Incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for potential disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in the Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could harm our business.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our securities may be volatile and, in the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm its business.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, services, and our broader enterprise IT environment;
- individuals, including employees and external third party service providers, who are responsible for managing our cybersecurity risk assessment processes, our security controls, and our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training of our employees, incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for service providers, suppliers, and vendors.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. See "Risk Factors – *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*."

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity and other information technology risks. The Audit Committee oversees management's implementation of our cybersecurity risk management program.

The Audit Committee receives regular reports from management on our cybersecurity risks. In addition, management updates the Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

The Audit Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full Board also receives briefings from management on our cyber risk management program. Board members receive presentations on cybersecurity topics from our Chief Technology Officer (CTO), internal security staff or external experts as part of the Board's continuing education on topics that impact public companies.

Our management team is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants.

Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

Item 2. Properties.

As of December 31, 2023, we leased all of our locations, including our executive offices in New York, New York and data center facilities in Odessa, Texas, near Happy, Texas, near Andrews, Texas and in Winkler County, Texas.

Management believes its leased facilities are adequate for the Company's near-term needs and that should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Item 3. Legal Proceedings.

We are not a party to any material pending legal proceedings.

From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business, but we do not believe that any of these claims or proceedings will have a material effect on our business, consolidated financial condition or results of operations. For example, on November 18, 2022, Luminant filed suit against CMTI in the 95th District Court of Dallas County, Texas, asserting Texas state law claims for declaratory judgment and "money had and received", seeking recoupment and return of money previously paid by Luminant to CMTI in connection with Luminant's (and its affiliates') construction and energization of Cipher's bitcoin mining data center in Odessa, Texas. These prior payments were (i) the sum of $5.1 million paid to CMTI in September 2022 pursuant to a contractual provision requiring such payment in the parties' written and executed August 25, 2022 Third Amendment to the Luminant Power Agreement, and (ii) the sum of $1.7 million also paid to CMTI in September 2022, as agreed by the parties, for electrical power sold by Luminant for CMTI's benefit into the open market prior to the final energization of the Odessa Facility. Luminant contended that such payments were mistaken because, although voluntarily made by Luminant, they were not actually due under the terms of the Luminant Power Agreement, as amended. CMTI filed its answer on January 17, 2023, denying any liability to Luminant. We have not received payment from Luminant for electricity sold in the ERCOT market in September 2022 and October 2022.

We established a $2.0 million accrual for the cost of resolving the claims in the second quarter of 2023, $1.0 million of which has been paid as of December 31, 2023.

On July 11, 2023, CMTI entered into an amendment of the payment schedule to the Luminant Purchase and Sale Agreement, reflecting monthly installments of principal and interest totaling $19.7 million on an undiscounted basis, due over the remaining four-year period starting in July 2023.

On August 23, 2023, we settled the dispute with Luminant (the "Luminant Settlement"). In connection with the Luminant Settlement, through CMTI, we entered into (i) a Fourth Amendment to the Power Purchase Agreement (the "Amended PPA") with Luminant, which amended the Luminant Power Agreement and (ii) a Second

Amendment to the Lease Agreement (the "Amended Lease") with an affiliate of Luminant, which amended the Luminant Lease Agreement.

The Amended PPA, among other items, reduces the notice requirements that CMTI must satisfy in connection with changes to its energy consumption at the Odessa Facility and the Amended Lease provides that the initial term of the agreement shall end on July 31, 2027.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock and public warrants are listed and traded on the Nasdaq Stock Exchange under the symbols "CIFR" and "CIFRW," respectively.

Holders

As of March 4, 2024, there were 22 holders of record of our common stock and 1 holder of record of our public warrants. Such numbers do not include beneficial owners holding our securities through nominee names. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners but whose shares are held in street name by brokers or other nominees.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends for the foreseeable future. We expect to retain future earnings, if any, to fund the development and growth of our business. Any future determination to pay dividends on our common stock will be at the discretion of the Board and will depend upon, among other factors, our financial condition, operating results, current and anticipated cash needs, plans for expansion and other factors that the Board may deem relevant.

Recent Sales of Unregistered Equity Securities

None.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes included elsewhere in this Annual Report. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part 1, Item 1A, "Risk Factors" and other factors set forth in other parts of this Annual Report.

Unless the context otherwise requires, references in this Annual Report to the "Company," "Cipher," "Cipher Mining," "we," "us" or "our" refers to Cipher Mining Inc. and its consolidated subsidiaries, unless otherwise indicated.

Overview

We are an emerging technology company that develops and operates industrial scale bitcoin mining data centers. Cipher Mining Inc., through itself and its consolidated subsidiaries, including CMTI, currently operates four bitcoin mining data centers in Texas. Bitcoin mining is our principal revenue generating business activity.

Our current intention is to continue to expand our bitcoin mining business by developing additional data centers, expanding capacity at our current data centers and entering into other arrangements, such as joint ventures or data center hosting agreements.

Our key mission is to expand and strengthen the Bitcoin network's critical infrastructure. As of February 29, 2024, we operated approximately 80,000 miners, with an aggregate hashrate capacity of approximately 8.4 EH/s, deploying approximately 267 MW of electricity, of which we owned approximately 70,000 miners, with an aggregate hashrate capacity of approximately 7.4 EH/s, deploying approximately 236 MW of electricity.

We currently operate four bitcoin mining data centers in Texas, including one wholly-owned and three partially-owned data centers acquired through investments in joint ventures. Our largest data center is the Odessa Facility which is our wholly-owned 207 MW facility located in Odessa, Texas. We also operate our Alborz, Bear and Chief facilities in different sites across Texas pursuant to a joint venture with WindHQ where we have a 49% membership interest in each facility. Our fifth data center, which is wholly-owned, is expected to commence operations in 2025.

Factors Affecting Our Results of Operations

We believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors also pose risks and challenges, including those discussed in Part I, Item 1A. "Risk Factors" of this Annual Report.

Market Value of Bitcoin.

Our revenues comprise a combination of: (i) block rewards in bitcoin, which are fixed rewards programmed into the bitcoin software that are awarded to a miner or a group of miners for solving the cryptographic problem required to create a new block on a given blockchain and (ii) transaction fees in bitcoin, which are flexible fees earned for verifying transactions in support of the blockchain. For further details, see "*Business—Revenue Structure.*"

Our revenues are directly impacted by changes in the market value of bitcoin. For example, the average bitcoin price for 2021 and 2022 was $47,385 and $16,526, respectively. Bitcoin price generally increased throughout 2023. As at December 31, 2023, the price of bitcoin was $42,288. Furthermore, block rewards are fixed and the Bitcoin network is designed to periodically reduce them through halving. Currently the block rewards are fixed at 6.25 bitcoin per block, and it is estimated that it will halve again to 3.125 bitcoin per block in April 2024. The halving events happen without any regard to ongoing demand, meaning that if the ongoing demand remains the same after a halving event, whatever demand was being met by new supply will be restricted, which may necessitate an adjustment of the price of bitcoin, though there is no definitive evidence of a causal link between bitcoin's

programmatic decrease in supply and broadening demand. Once the halving occurs, we expect that it could have a negative impact on our revenues as the reward for each bitcoin mined will be reduced.

Bitcoin miners also collect transaction fees for each transaction they confirm. Miners validate unconfirmed transactions by adding the previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction confirmation fees, because miners have a very low marginal cost of validating unconfirmed transactions; however, unlike the fixed block rewards, transaction fees may vary, depending on the consensus set within the network.

As the use of the Bitcoin network expands and the total number of bitcoin available to mine and, thus, the block rewards, declines over time, we expect the mining incentive structure to transition to a higher reliance on transaction confirmation fees, and the transaction fees to become a larger proportion of the revenues to miners.

We have expenses denominated primarily in United States dollars. As such, we are likely to need to sell a portion of the bitcoin we mine to generate dollars to meet expenses. This means the market value of bitcoin will always be a significant factor affecting our results of operations.

Capacity and Efficiency of Mining Machines.

Because the number of bitcoin mined is directly related to the size and efficiency of a bitcoin mining company's fleet of miners, we believe miners need to deploy increasingly sophisticated miners in ever greater quantities to remain competitive. To remain competitive, we will need to increase our hashing power to maintain market share as the overall hashrate and difficulty of the Bitcoin network increases.

We believe that our commitment to cost and mining efficiency remains our competitive advantage. The majority of our capital expenditures have been directed towards the latest models of mining machines and technology featuring industry-leading capacity, speed and efficiency. We believe that we operate one of the most efficient mining rig fleets in the global market. In some periods, the industry has experienced, and we expect may experience again in the future, a scarcity of advanced mining rigs. We believe that to maintain our competitive advantage over the long term, we must develop and maintain strong relationships across the mining rig supply chain, and strategically invest in state-of-the art miners at attractive prices, while effectively managing our fleet as it ages along the obsolescence curve.

All of our miners are housed in air-cooled containers and we do not currently have any immersion miners. This means we cannot increase the clock rate to speed up performance of, or "over-clock," our miners, and it is possible that our miners will experience greater wear-and-tear due to environmental factors, including temperature changes and dust, than might other miners housed in immersion cooling containers. See "*Risk Factors—Risks Related to Our Business, Industry and Operations—Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation."*

Additionally, our strategy involves curtailing our mining operations, meaning we turn the miners on and off, for a variety of contractual, economic, weather related, business or other reasons. We do not know how that cycling on and off process will affect the efficiency of our miners over time or whether they will age faster than machines that are not turned on and off as frequently. See "*Risk Factors—Risks Related to Our Business, Industry and Operations —Bitcoin miners and other necessary hardware are subject to malfunction, technological obsolescence and physical degradation*."

Cost and Source of Power.

Mining bitcoin is a highly power-intensive process, with large amounts of electrical power required to operate the mining rigs. We believe that cost efficiency, and particularly, maintaining cost of power efficiency in bitcoin mining over the long term, will be necessary for success. We currently have a portfolio of competitively priced electrical power. However, there is no guarantee that we will be able to negotiate additional power agreements on similar terms, or at all. See "*Risk Factors—Risks Related to Our Business, Industry and Operations—We may be affected by price fluctuations in the wholesale and retail power markets*" and "*—Risks Related to Bitcoin Mining—We may not adequately respond to price fluctuations and rapidly changing technology, which may negatively affect*

our business." Our four data centers are all located in west Texas and the Texas Panhandle, which are areas that we believe have site development potential with access to competitively priced electrical power, whether through grid connection, through solar and wind generation facilities, or otherwise. Where we can, we anticipate that we will, either directly, or through our power providers, participate in demand response programs offered by ERCOT. We believe these strategic investments will generate long-term returns in the form of controlled access to low cost, responsible sources of power and differentiate us from our competitors. However, after the initial terms of our current power purchase arrangements end, we may not be able to secure similarly competitively priced access to the electrical power needed for out data centers to mine bitcoin profitably.

Competition and Network Hashrate.

Our business environment is constantly evolving, and bitcoin miners can range from individual enthusiasts to professional mining operations with dedicated mining facilities. We compete with other companies that focus all or a portion of their activities on mining activities at scale. In the past few years there have been many new entrants and existing competitors in the space and a general increase in the competition for industrial scale bitcoin mining companies.

The number of bitcoin we are able to mine depends on the size of our share of the total network hashrate. It is very difficult to predict changes in network hashrate. To the extent that we are unable to maintain our market share, or in other words, to the extent that the relative portion our network hashrate represents as compared to the total network hashrate decreases, we may mine fewer bitcoin than anticipated and the results of our operations may suffer. See "*Risk Factors — Risks Related to Our Business, Industry and Operations — We operate in a highly competitive industry and we compete against companies that operate in less regulated environments as well as companies with greater financial and other resources, and our business, operating results, and financial condition may be adversely affected if we are unable to respond to our competitors effectively*.

Global Supply Chain Constraints.

The operations of our facilities, including the development of the Black Pearl Facility and our other expansion plans, require specialized equipment, large quantities of construction materials and other component parts that can be difficult to source. We may experience disruptions to our business operations resulting from delays in construction and obtaining necessary equipment in a timely fashion due to global supply chain delays caused by geopolitical unrest, global pandemics like COVID-19 or other factors. Global supply logistics have caused delays across all channels of distribution, and we have also experienced delays in certain of our miner delivery schedules. Additionally, the global supply chain for data center construction equipment, such as transformers and substations, is presently further constrained due to unprecedented demand. Based on our current assessments, we do not expect any material impact on long-term development, operations, or liquidity. However, we continue to monitor developments in the global supply chain and assess their potential impact on our operations and expansion plans. For further discussion, see "*Risk Factors — Risks Related to Our Business, Industry and Operations — We are exposed to risks related to disruptions or other failures in the supply chain for bitcoin mining hardware and related data center hardware, and difficulties in obtaining new hardware.*

Regulation

We operate in a complex and rapidly evolving regulatory environment and we are subject to a wide range of laws and regulations enacted by U.S. federal, state and local governments, governmental agencies and regulatory authorities, including the SEC, the Commodity Futures Trading Commission, the Federal Trade Commission and the Financial Crimes Enforcement Network of the U.S. Department of the Treasury, as well as similar entities in other countries. Other regulatory bodies, governmental or semi-governmental, have shown an interest in regulating or investigating companies engaged in the blockchain or cryptocurrency businesses.

Recently, on January 10, 2024, the SEC approved the listing and trading of spot bitcoin ETPs, the shares of which can be sold in public offerings and are traded on U.S. national securities exchanges. The approved ETPs commenced trading directly to the public on January 11, 2024, with a trading volume of $4.6 billion on the first trading day. It is unclear how the approval of spot bitcoin ETPs will affect the price of bitcoin going forward. Regulations may substantially change in the future and it is presently not possible to know how regulations will apply to our businesses, or when they will be effective. As the regulatory and legal environment evolves, we may

become subject to new laws and further regulation by the SEC and other agencies, which may affect our mining and other activities. For instance, various bills have been proposed in the U.S. Congress related to our business, which may be adopted and have an impact on us. Additionally, governmental agencies and regulatory authorities, such as the SEC, the Commodity Futures Trading Commission, the Federal Trade Commission and the Financial Crimes Enforcement Network of the U.S. Department of the Treasury, may also enact regulations related to our business, which may have an impact on us. For additional discussion regarding our belief about the potential risks existing and future regulation pose to our business, see "*Risk Factors—Risks Related to Regulatory Framework.*"

Furthermore, because we may strategically expand our operations, see "*Business—Our Strategy— Retain flexibility in considering strategically adjacent opportunities complimentary to our business model,*" we may become subject to additional regulatory requirements.

Summary of Bitcoin Mining Results

The following table presents information about our Bitcoin mining activities, including bitcoin production and sales of bitcoin (dollar amounts in thousands):

	Quantity	Amounts
Balance as of January 1, 2023	394	$ 6,283
Cumulative effect upon adoption of ASU 2023-08	-	209
Bitcoin received from equity investees	18	317
Revenue recognized from bitcoin mined, net of receivable	4,324	126,319
Proceeds from sale of bitcoin	(3,957)	(111,188)
Change in fair value of bitcoin	-	11,038
Balance as of December 31, 2023	779	$ 32,978

Components of Our Results of Operations

Revenue

Our revenue consists of bitcoin earned through mining activities at the Odessa Facility. We currently participate in third-party mining pools, including Foundry and Luxor, to mine bitcoin. The provision of computing power in accordance with the mining pool operator's terms of service is the only performance obligation in our contract with the mining pool operator. We are entitled to a fractional share of the fixed cryptocurrency award from the mining pool operator (referred to as a "block reward") and potentially transaction fees generated from blockchain users and distributed to individual miners by the mining pool operator.

Our fractional share of the block reward is based on the proportion of computing power we contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm, over the contract term. The block reward is pre-determined and hard coded into the protocol governing the relevant blockchain. Our proportionate share of transaction fees is based on our contributed share of hashrate as a percentage of total network hashrate during the contract term. The transaction fees are the aggregate fees paid by parties whose transactions are included in the block. Bitcoin earned is measured at fair value at contract inception and is recognized in revenue over the contract term as hashrate is provided.

Cost of revenue

Cost of revenue consists primarily of direct production costs of bitcoin mining operations, consisting mainly of electricity expenses, as well as other facilities costs associated with our wholly-owned Odessa Facility, but excludes depreciation which is separately stated.

General and administrative expenses

General and administrative expenses represent salary and other employee costs including stock-based compensation, insurance expense, rent expense for non-mining locations, professional fees, including accounting and audit, consulting, legal, public relations and/or investor relations expenses, non-income taxes and licenses,

travel, and other expenses. We expect our administrative fees to remain high as we incur the ongoing costs of operating as a public company, including increased director and officer insurance costs, potential increases in the number of employees at the Company, and increased travel and conference participation expenses.

Depreciation

Our depreciation expense consists mainly of depreciation for our miners and mining equipment, as well as depreciation associated with leasehold improvements and other capitalized assets associated with the Odessa Facility. It also includes an immaterial amount of depreciation for other property and equipment not directly associated with our mining activities. We capitalize the cost of our mining machines and record depreciation expense on a straight-line basis over the estimated useful life of the machines, which is generally 5 years. Leasehold improvements include capitalized asset retirement costs, which are amortized over the estimated useful life of the related asset. All other leasehold improvements are depreciated over the lesser of the estimated useful life of the asset or the remaining life of the related lease.

Change in fair value of derivative asset and power sales

The change in fair value of derivative asset primarily represents the initial fair value recorded for the derivative asset related to the Luminant Power Agreement on July 1, 2022, and includes the subsequent changes in fair value recorded during the reporting period.

Equity in losses of equity investees

Equity in losses of equity investees includes our share of the losses recorded by Alborz LLC, Bear LLC and Chief LLC. Additionally, it includes the losses that we recognized upon our contributions of miners to these equity investees, due to the miners having a lower fair value at the time of the contributions than our costs paid to obtain them, which resulted in basis differences between the cost of the investments on our consolidated balance sheet and the amount of our underlying equity in the net assets of the investee attributed to the miners. We are accreting these basis differences and recognizing the accretion as a reduction to our share of the losses recognized by Alborz LLC, Bear LLC and Chief LLC within the equity in losses of equity investees on the consolidated statement of operations over the depreciation period for the miners.

Changes in fair value of bitcoin and realized gain/loss on sale of bitcoin

During 2023, we mined bitcoin and received bitcoin as distributions-in-kind from our equity investees, Alborz LLC, Bear LLC and Chief LLC. All of our bitcoin is recorded as a current asset on our consolidated balance sheet as we expect to begin regularly exchanging our bitcoin held for fiat currency to fund our operating expenses. We adopted of ASU 2023-08 effective January 1, 2023, which requires cryptocurrencies to be measured at fair value each reporting period with changes in fair value being reported in net income. Prior to adoption of this ASU, our bitcoin were accounted for as intangible assets with indefinite useful lives, and as such assessed for impairment on a daily basis. Impairment was recognized when the carrying amount of bitcoin exceeded its fair value, which was determined based on the lowest daily trading price of bitcoin based on quoted prices on the active trading platform that management has determined is our principal market for bitcoin.

The fair value of bitcoin has been highly volatile since we began to obtain bitcoin through our operating activities, which has impacted our operating results and we expect volatility in the fair value of bitcoin to continue for the foreseeable future.

Provision for income taxes

Our provision for income taxes primarily consists of U.S. deferred federal taxes. A valuation allowance is recorded against substantially all of our net deferred tax assets, which are composed primarily of federal and state net operating loss carryforwards, stock-based compensation, non-goodwill intangibles, investments in joint ventures and lease liabilities; in addition, we have deferred tax liabilities resulting from our derivative and right-to-use assets. Our ability to offset our deferred tax liabilities with our deferred tax assets is limited due to restrictions on the ability to offset taxable income by more than eighty percent with federal net operating losses. As a result, we have recorded a deferred tax liability for the amount of future taxable income that is not expected to be covered by net operating

losses. We evaluate our ability to recognize our deferred tax assets annually by considering all positive and negative evidence available as proscribed by the Financial Accounting Standards Board ("FASB") under its general principles of Accounting Standards Codification ("ASC") 740, *Income Taxes*.

Results of Operations

Comparison of the Year Ended December 31, 2023 and the Year Ended December 31, 2022

The following table sets forth our results of operations for the periods indicated (in thousands):

	Years ended December 31,	
	2023	**2022**
Revenue - bitcoin mining	$ 126,842	$ 3,037
Costs and operating expenses (income)		
Cost of revenue	50,309	748
General and administrative	85,195	70,836
Depreciation and amortization	59,093	4,378
Change in fair value of derivative asset	(26,836)	(73,479)
Power sales	(9,941)	(458)
Equity in losses of equity investees	2,530	36,972
Gains on fair value of bitcoin	(11,038)	(6)
Impairment of bitcoin	-	1,467
Other gains	(2,355)	-
Total costs and operating expenses	146,957	40,458
Operating loss	(20,115)	(37,421)
Other income (expense)		
Interest income	164	215
Interest expense	(1,999)	(137)
Change in fair value of warrant liability	(243)	130
Other expense	(17)	-
Total other (expense) income	(2,095)	208
Loss before taxes	(22,210)	(37,213)
Current income tax expense	(201)	-
Deferred income tax expense	(3,366)	(1,840)
Total income tax expense	(3,567)	(1,840)
Net loss	$ (25,777)	$ (39,053)

Revenue

Revenue for the year ended December 31, 2023 was $126.8 million and was generated entirely from bitcoin mining operations at the Odessa Facility, which began mining for bitcoin on November 22, 2022. The increase year over year was primarily driven by 2023 being a full year of mining, coupled with the overall increase in bitcoin price. For the period from November 22, 2022 through December 31, 2022, we recognized revenue of $3.0 million.

Cost of revenue

Cost of revenue for the year ended December 31, 2023 was $50.3 million, compared with $0.7 million for the year ended December 31, 2022, and consisted primarily of power costs at the Odessa Facility under the Luminant Power Agreement, which began operations in November, 2022. The Odessa Facility operated for the full year in 2023, compared to less than two months in the prior year.

General and administrative

General and administrative expenses increased by $14.4 million to $85.2 million during the year ended December 31, 2023 from $70.8 million for the year ended December 31, 2022. The increase was primarily driven by an increase of $14.4 million for compensation and benefits for employees due to increasing headcount from 23 to 36, as well as a $2.0 million accrual related to our legal settlement with Luminant. See additional information in *"*—Note 14 *Commitments and Contingencies."*

Depreciation

Depreciation for the year ended December 31, 2023 was $59.1 million, an increase of $54.7 million compared to depreciation expense of $4.4 million for the year ended December 31, 2022. The increase was primarily due to miners, mining equipment and leasehold improvements at the Odessa Facility being in service for a full year in 2023 compared to less than two months in the prior year.

Change in fair value of derivative asset

Change in fair value of derivative asset was $26.8 million for the year ended December 31, 2023 and was driven by the fair value of the Luminant Power Agreement. The estimated fair value of our derivative asset was derived from Level 2 and Level 3 inputs, and, due to a lack of quoted prices for similar type assets, is classified in Level 3 of the fair value hierarchy. Specifically, the discounted cash flow estimation models contain quoted spot and forward prices for electricity, as well as estimated usage rates consistent with the terms of the Luminant Power Agreement, the initial term of which is five years.

Power sales

After the start of mining operations at the Odessa Facility on November 22, 2022, we sold excess electricity that was available under the Luminant Power Agreement, but not needed in our mining operations at the Odessa Facility, back to the ERCOT market through Luminant. We sold power for proceeds of $9.9 million and $0.5 million for the years ended December 31, 2023, and December 31, 2022, respectively. Power sales increased in 2023 because that year had a full year of operations at the Odessa Facility compared to under two months of operations in the prior year.

Equity in losses of equity investees

Equity in losses of equity investees totaled $2.5 million for the year ended December 31, 2023 compared to $37.0 million for the year ended December 31, 2022. Equity in losses of equity investees for the year ended December 31, 2022 primarily consisted of losses totaling $33.4 million recognized by us in relation to miners contributed between June 2022 and October 2022 to Alborz LLC, Bear LLC and Chief LLC that had fair values at the time of the contributions that were less than the costs we paid to obtain the miners. These losses created basis differences in our investments in the equity investees, which we are accreting over the five-year useful life of the miners. There was no loss on contribution for the year ended December 31, 2023.

Gains on fair value of bitcoin

Pursuant to the adoption of ASC 2023-08, which we adopted as of January 1, 2023, crypto assets are required to be presented at fair value on the balance sheet, with changes in fair value recorded to the statement of operations. On January 1, 2023, upon adoption of ASC 2023-08, we recorded an opening retained earnings adjustment of $0.2 million, which represents the difference between the carrying value (presented as cost less impairment prior to the adoption of ASC 2023-08) and the fair value of our bitcoin holdings. During the year ended December 31, 2023, we recognized a total of $11.0 million of gains on bitcoin earned from our mining activities and received as distributions from our equity investees.

Other income (expense)

Other expense totaled $2.1 million for the year ended December 31, 2023, compared to $0.2 million of Other income for the year ended December 31, 2022. The increase is primarily related to interest expense on finance leases during the year ended December 31, 2023 related to the Odessa Facility.

Provision for income taxes

For the year ended December 31, 2023, we recorded a provision for income taxes of $3.6 million primarily driven by an increase in the valuation allowance resulting from an increase in net operating loss carryforwards generated in the current period. For the year ended December 31, 2022, we recorded a provision for income taxes of $1.8 million.

Liquidity and Capital Resources

We incurred a net loss of $25.8 million and negative cash flows from operations of $94.2 million for the year ended December 31, 2023. As of December 31, 2023, we had cash and cash equivalents of $86.1 million, 780 bitcoin with a fair value of $33.0 million, total stockholders' equity of $491.3 million and an accumulated deficit of $136.8 million. To date, we have relied in large part on proceeds from the consummation of our business combination with GWAC (the "Business Combination"), as well as liquidating our bitcoin inventory, to fund our operations. During the year ended December 31, 2023, we paid approximately $33.9 million as deposits on equipment, primarily for miners, and had $30.8 million of deposits on equipment still on our consolidated balance sheet as of December 31, 2023. We currently have purchase commitments for miners of $98.8 million primarily related to the Black Pearl Facility that will require resources beyond our existing financial resources as of December 31, 2023. Management intends to continue with the infrastructure buildout at the Black Pearl Facility to get the site to full capacity in support of our current business plans. Our management believes that our existing financial resources, combined with projected cash and bitcoin inflows from its data centers and our intent and ability to sell bitcoin received or earned, will be sufficient to enable us to meet our operating and capital requirements for at least 12 months from the date these consolidated financial statements are issued.

On August 14, 2023, we entered into a master loan agreement with Coinbase Credit, Inc., as lender, and Coinbase, Inc., as lending service provider. Pursuant to the master loan agreement, we established a secured line of credit up to $10.0 million (the "Credit Facility"). We will not incur commitment fees for unused portions of the Credit Facility. The borrowing rate on amounts drawn against the Credit Facility is determined on the basis of the Federal Funds Target Rate - Upper Bound, plus 2.5%, calculated daily based on a 365-day year and payable monthly for the duration of the loan. Borrowings under the Credit Facility are available on demand, open term, and collateralized by bitcoin transferred to the lending service provider's platform. As of December 31, 2023, we have not drawn upon the Credit Facility.

Management believes that our existing financial resources, combined with projected cash and bitcoin inflows from our data centers and our intent and ability to sell bitcoin received or earned, will be sufficient to enable us to meet our operating and capital requirements for at least 12 months from the date these unaudited condensed consolidated financial statements are issued.

On September 21, 2022, we filed the Registration Statement with the SEC. In connection with the filing of the Registration Statement, we also entered into an at-the market offering agreement (the "Prior Sales Agreement") with H.C. Wainwright & Co., LLC (the "Prior Agent"), under which we may, from time to time, sell shares of our Common Stock having an aggregate offering price of up to $250.0 million in "at-the-market" offerings through the Agent, which is included in the $500.0 million of securities that may be offered pursuant to the Registration Statement. Effective August 1, 2023, the Company terminated the Prior Sales Agreement.

On August 3, 2023, the Company entered into a Controlled Equity Offering SM Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co., Canaccord Genuity LLC, Needham & Company, LLC and Compass Point Research & Trading, LLC (each, an "Agent" and, together, the "Agents"), pursuant to which the Company may offer and sell, from time to time through or to the Agents, shares of its Common Stock, for aggregate gross proceeds of up to $250.0 million. As of December 31, 2023, we received gross proceeds on sales of 37,433,923 shares of common stock under the Prior Sales Agreement and the Sales Agreement of approximately $135.8 million at a weighted average price of $3.79.

Cash Flows

The following table summarizes our sources and uses of cash for the periods indicated (in thousands):

	Years ended December 31,	
	2023	**2022**
Net cash used in operating activities	$ (94,241)	$ (20,915)
Net cash provided by (used in) investing activities	52,755	(173,909)
Net cash provided by (used in) financing activities	115,664	(3,090)
Net increase (decrease) in cash and cash equivalents	$ 74,178	$ (197,914)

Operating Activities

Net cash used in operating activities increased by $73.3 million to $94.2 million for the year ended December 31, 2023 compared to $20.9 million for the year ended December 31, 2022. This was primarily driven by a $68.2 million change in non-cash items year-over-year, specifically a $57.7 million negative impact of non-cash adjustments in 2023 compared to a $10.5 million positive impact in 2022. The negative impact of non-cash adjustments in 2023 consisted primarily of $126.3 million of bitcoin received as payment for services, representing a $123.4 million increase over the prior year due to increased operations at the Odessa Facility, where we began mining in November 2022, as well as a decrease of $34.4 million of equity in losses of equity investees which was comprised mainly of the $33.4 million of losses recognized upon our contributions of equipment during the prior year. These negative non-cash adjustments were partially offset by the positive impact of $54.6 million of additional depreciation and a $46.6 million decrease in the unrealized gain resulting from the revaluation of our derivative asset. Additionally, changes in assets and liabilities resulted in a $18.4 million increase in cash used in operating activities, including a $13.2 million decrease in accounts payable and accounts payable, related party.

Investing Activities

Net cash provided by investing activities increased by $226.7 million to $52.8 million for the year ended December 31, 2023 compared to net cash used in investing activities of $173.9 million for the year ended December 31, 2022. This was primarily due to a decrease of $154.0 million of deposits paid for miners and mining equipment, and an increase of $111.2 million in proceeds from sale of bitcoin, partially offset by a decrease of $50.2 million of capital distributions from equity investees.

Financing Activities

Net cash provided by financing activities increased by $118.8 million to $115.7 million for the year ended December 31, 2023 from net cash used in financing activities of $3.1 million for the year ended December 31, 2022. The increase was primarily due to the cash proceeds from common stock issuances in the year ended December 31, 2023.

Limited Business History; Need for Additional Capital

There is limited historical financial information about the Company upon which to base an evaluation of our performance. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, possible delays in exploration and/or development, and possible cost overruns due to price and cost increases in services. We have no current intention of entering into a merger or acquisition within the next 12 months. We may require additional capital to pursue certain business opportunities or respond to technological advancements, competitive dynamics or technologies, customer demands, challenges, acquisitions or unforeseen circumstances. Additionally, we have incurred and expect to continue to incur significant costs related to being a public company. Accordingly, we may in engage in equity or debt financings or enter into credit facilities for the above-mentioned or other reasons; however, we may not be able to timely secure additional debt or equity financings on favorable terms, if at all. If we raise additional funds through equity financing, our existing stockholders could experience significant dilution. Furthermore, any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If we are unable to obtain adequate financing on terms that are satisfactory to us, when we require it, our ability to continue to grow or support the business and to respond to business challenges could be significantly limited, which may adversely affect our business plan. For risks associated with this, see "*Risks Factors—Risks Related to Our Business, Industry and Operations—We may need to raise additional capital, which may not be available on terms acceptable to us, or at all.*"

Contractual Obligations and Other Commitments

Leases

On December 17, 2021, we entered into a lease agreement for executive office space, with an effective term commencing on February 1, 2022 and monthly rent payments of approximately $0.1 million commencing on June 1, 2022. The initial lease term is for a period of five years and four months.

We also entered into a series of agreements with affiliates of Luminant, including the Lease Agreement dated June 29, 2021, with amendment and restatement on July 9, 2021, with amendment and restatement on July 9, 2021 and August 23, 2023 (as amended and restated, the "Luminant Lease Agreement"). The Luminant Lease Agreement leases a plot of land to us where our data center, ancillary infrastructure and electrical system (the "Interconnection Electrical Facilities" or "substation") have been set up for the Odessa Facility. We entered into the Luminant Lease Agreement and the Luminant Purchase and Sale Agreement to build the infrastructure necessary to support our planned operations. Management determined that the Luminant Lease Agreement and the Luminant Purchase and Sale Agreement should be combined for accounting purposes under ASC 842 (collectively, the "Combined Luminant Lease Agreement") and that amounts exchanged under the combined contract should be allocated to the various components of the overall transaction based on relative fair values.

Our management determined that the Combined Luminant Lease Agreement contains two lease components; and the components should be accounted for together as a single lease component, because the effect of accounting for the land lease separately would be insignificant. Despite the lease commencement in November 2022, the Company had not been required by Luminant to make any lease payments for the substation prior to July 2023, therefore the Company accrued amounts due under the Combined Luminant Lease Agreement in accrued expenses and other current liabilities on its consolidated balance sheet.

On July 11, 2023, the Company entered into an amendment of the payment schedule to the Luminant Purchase and Sale Agreement, reflecting monthly installments of principal and interest totaling $19.7 million on an undiscounted basis, due over the remaining four-year period starting in July 2023. On August 23, 2023, the Company entered into a second amendment of the Luminant Lease Agreement, the terms of which included confirming the initial term will end on July 31, 2027. These amendments did not have a material impact on the Company's consolidated financial statements.

Financing for use of the land and substation is provided by Luminant affiliates, with monthly installments of principal and interest due over a five-year period starting upon transfer of legal title of the substation to us (estimated total undiscounted principal payments of $15.0 million).

The Combined Luminant Lease Agreement commenced on November 22, 2022 and has an initial term of five years, with renewal provisions that are aligned with the Luminant Power Agreement. At the end of the lease term for the Interconnection Electrical Facilities, the substation will be sold back to Luminant's affiliate, Vistra Operations Company, LLC at a price to be determined based upon bids obtained in the secondary market.

On December 8, 2023, we entered into an agreement with Trinity Mining Group, Inc. ("Trinity") to assume a lease for a 70 acre plot of land in Winkler County, Texas, for the purpose of constructing a data center, and ancillary infrastructure to construct the Black Pearl Facility. The initial term of the lease is ten years, and includes four consecutive renewal provisions.

Mining and Mining Equipment

At December 31, 2023, we had the following contractual obligations and other commitments for miners and other mining equipment (in thousands):

Vendor	Agreement Dates	Open Purchase Commitment	Deposit Balance	Expected Shipping for Open Purchase Commitments
Bitmain	October 4, 2023 and December 18, 2023	$ 98,759	$ 29,672	January 2024 - April 2025
Other vendors	Various	-	1,140	
Total		$ 98,759	$ 30,812	

On October 4, 2023, the we entered into an agreement with Bitmain to purchase 1.2 EH/s worth of Bitmain's new HASH Super Computing Servers (Antminer S21-200.0T model) for a total purchase price of $24.0 million to be paid in cash and coupons, or $16.8 million in cash after applying coupons. We expect to make periodic payments in accordance with the payment schedule under this agreement, with the final payment expected to occur one year after the delivery of the last batch of miners. Related to this agreement, we have made installment payments of $7.6 million, which is included in deposits on equipment as of December 31, 2023. Batches of the Antminer S21 miners are expected to be delivered between January and June 2024.

On December 18, 2023, we entered into a second agreement with Bitmain to purchase 37,396 units of the latest generation Antminer T21 miners to be delivered in the first half of 2025. We paid a deposit of $9.9 million upon execution of the agreement. The agreement has an option to purchase an additional 45,706 miners in 2024. We paid an additional $12.2 million as a deposit, which can be used towards purchases under this option.

Non-GAAP Financial Measures

We are providing supplemental financial measures for Adjusted Earnings that excludes the impact of depreciation and amortization, the non-cash change in fair value of derivative asset, the non-cash change in fair value of the warrant liability, nonrecurring gains and losses, deferred income taxes, and share-based compensation expense. This supplemental financial measure are not measurements of financial performance under accounting principles generally accepted in the United Stated ("GAAP") and, as a result, these supplemental financial measures may not be comparable to similarly titled measures of other companies. Management uses these non-GAAP financial measures internally to help understand, manage, and evaluate our business performance and to help make operating decisions. We believe the use of these non-GAAP financial measures can also facilitate comparison of our operating results to those of our competitors.

Non-GAAP financial measures are subject to material limitations as they are not in accordance with, or a substitute for, measurements prepared in accordance with GAAP. For example, we expect that share-based compensation expense, which is excluded from the non-GAAP financial measures, will continue to be a significant recurring expense over the coming years and is an important part of the compensation provided to certain employees, officers and directors. Similarly, we expect that depreciation and amortization will continue to be a recurring expense over the term of the useful life of the related assets. Our non-GAAP financial measures are not meant to be considered in isolation and should be read only in conjunction with our consolidated financial statements included elsewhere in this Annual Report, which have been prepared in accordance with GAAP. We rely primarily on such consolidated financial statements to understand, manage and evaluate our business performance and use the non-GAAP financial measures only supplementally.

The following are reconciliations of our Adjusted Earnings to the most directly comparable GAAP measures for the periods indicated (in thousands):

	Years ended December 31,	
	2023	2022
Reconciliation of Adjusted Earnings:		
Net loss	$ (25,777)	$ (39,053)
Change in fair value of derivative asset	(26,836)	(73,479)
Share-based compensation expense	38,470	41,504
Depreciation and amortization	59,093	4,378
Deferred income tax expense	3,366	1,840
Other gains - nonrecurring	(2,355)	-
Change in fair value of warrant liability	243	(130)
Adjusted earnings	46,204	(64,940)

Critical Accounting Policies, Significant Judgments and Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the

reporting period. As of and for the year ended December 31, 2023, the most significant estimates inherent in the preparation of our consolidated financial statements include, but are not limited to, those related to equity instruments issued in share-based compensation arrangements, valuations of the derivative asset, determination of our asset retirement obligation and the valuation allowance associated with our deferred tax assets. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

While our significant accounting policies are described in the notes to our consolidated financial statements included elsewhere in this Annual Report, we believe that the following critical accounting policies are most important to understanding and evaluating our reported and future financial results.

Fair value of financial instruments

Our financial assets and liabilities are accounted for in accordance with ASC 820, *Fair Value Measurement*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs when measuring fair value and classifies those inputs into three levels:

Level 1 – Observable inputs, such as quoted prices in active markets for identical assets and liabilities.

Level 2 – Inputs other than Level 1 inputs that are either directly or indirectly observable, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the instrument's anticipated life.

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair values requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized as Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying values reported in our consolidated balance sheets for cash (excluding cash equivalents which are recorded at fair value on a recurring basis), accounts payable and accrued expenses and other current liabilities are reasonable estimates of their fair values due to the short-term nature of these items.

Bitcoin

Bitcoin are included in current assets on our consolidated balance sheets. Bitcoin received through our wholly-owned mining activities are accounted for in connection with our revenue recognition policy. Bitcoin awarded to us as distributions-in-kind from equity investees are accounted for in accordance with ASC 845, *Nonmonetary Transactions*, and recorded at fair value upon receipt.

For the year ended December 31, 2023, bitcoin we held are accounted for as intangible assets under ASC 350-60, *Crypto Assets,* issued by the FASB in December 2023. Intangible assets under the scope of this subtopic are measured at fair value on our consolidated balance sheet. We determine the fair value of our bitcoin on a nonrecurring basis in accordance with ASC 820 based on quoted prices on the active trading platform (Level 1 inputs). Prior to the adoption of ASU 2023-08, bitcoin was accounted for as an intangible asset subject to impairment. Upon adoption of ASC 350-60 on January 1, 2023, we recorded an opening adjustment to retained earnings of $0.2 million.

Bitcoin awarded to us through our mining activities are included as an adjustment to reconcile net loss to cash used in operating activities on the consolidated statements of cash flows. Proceeds from sales of bitcoin sold nearly immediately are included within cash flows from operating activities, and proceeds from bitcoin held for over one week are included within cash flow from investing activities on the consolidated statements of cash flows and any realized gains or losses from such sales are included in costs and operating expenses (income) on the consolidated statements of operations. The receipt of bitcoin as distributions-in-kind from equity investees are included within investing activities on the consolidated statements of cash flows. Bitcoin are sold on a first-in-first-out ("FIFO") basis.

Derivative asset

Management determined that, as of July 1, 2022, the Luminant Power Agreement meets the definition of a derivative under ASC 815, *Derivatives and Hedging*. Because we have the ability to sell our electricity rather than take physical delivery, physical delivery is not probable through the entirety of the contract and therefore, management does not believe the normal purchases and normal sales scope exception applies to the Luminant Power Agreement. Accordingly, the Luminant Power Agreement (the non-hedging derivative contract) is recorded at an estimated fair value each reporting period with the change in the fair value recorded in change in fair value of derivative asset in the consolidated statements of operations.

The estimated fair value of our derivative asset was derived from Level 2 and Level 3 inputs (i.e., unobservable inputs) due to a lack of quoted prices for similar type assets and as such, is classified in Level 3 of the fair value hierarchy. Specifically, the discounted cash flow estimation models contain quoted spot and forward prices for electricity, as well as estimated usage rates consistent with the terms of the Luminant Power Agreement, the initial term of which is five years. The valuations performed by the third-party valuation firm engaged by management utilized pre-tax discount rates of 6.11% and 6.83% as of December 31, 2023 and December 31, 2022, respectively, and include observable market inputs, but also include unobservable inputs based on qualitative judgment related to company-specific risk factors. Unrealized gains associated with the derivative asset within the Level 3 category include changes in fair value that were attributable to amendments to the Luminant Power Agreement, changes to the quoted forward electricity rates, as well as unobservable inputs (e.g., changes in estimated usage rates and discount rate assumptions).

Asset retirement obligation

Asset retirement obligations relate to the legal obligations associated with the retirement of long-lived assets that result from the construction, development and/or normal operation of a long-lived asset. We currently have one asset retirement obligation ("ARO") related to the construction of the data center and installation of the related electrical infrastructure at the Odessa Facility. ASC 410, *Asset Retirement and Environmental Obligations,* requires an entity to record the fair value of a liability for an ARO in the period in which it is incurred if a reasonable estimate of fair value can be made. Due to the long lead time involved until decommissioning activities occur, we use a present value technique to estimate the liability. A liability for the fair value of the ARO based on the expected present value of estimated future decommissioning costs with a corresponding increase to the carrying value of the related long-lived asset (leasehold improvements) was recorded upon commencement of the lease in November 2022. The estimated capitalized asset retirement costs are depreciated using the straight-line method over the estimated remaining useful life of the related long-lived asset, with such depreciation included in depreciation expense in the consolidated statements of operations. The ARO is accreted based on the original discount rate and is recognized as an increase in the carrying amount of the liability and as a charge to accretion expense, which is included in depreciation expense in the consolidated statements of operations. Annually, or more frequently if an event occurs that would dictate a change in assumptions or estimates underlying the obligation, management reassesses the ARO to determine whether any revisions to the obligation are necessary. Revisions to the estimated ARO for items such as (i) new liabilities incurred, (ii) liabilities settled during the period and (iii) revisions to estimated future cash flow requirements (if any), will result in adjustments to the related capitalized asset and corresponding liability.

In order to determine the fair value of the ARO, management made certain estimates and assumptions including, among other things, projected cash flows, the borrowing interest rate and an assessment of market conditions that could significantly impact the estimated fair value. These estimates and assumptions are subjective.

Investment in equity investees

We account for investments using the equity method of accounting if the investments provide us with the ability to exercise significant influence, but not control, over our investees. Significant influence is generally deemed to exist if we have an ownership interest in the voting stock of an investee of between 20 percent and 50 percent, or an ownership interest greater than three to five percent in certain partnerships, unincorporated joint ventures and limited liability companies, although other factors are considered in determining whether the equity method of accounting is appropriate. Under this method, an investment in the common stock of an investee (including a joint venture) shall be initially measured and recorded at cost; however, an investor shall initially measure at fair value an investment in the common stock of an investee (including a joint venture) recognized upon the derecognition of a distinct nonfinancial asset at the time that control over the distinct nonfinancial asset is transferred to the equity investee, such as that which occurs upon our transfer of miners and mining equipment to a joint venture.

Our investments are subsequently adjusted to recognize our share of net income or losses as they occur. We also adjust our investments upon receipt of bitcoin from an equity investee, which is accounted for as a distribution-in-kind. Our share of investees' earnings or losses is recorded, net of taxes, within equity in losses of equity investees on the consolidated statements of operations. Additionally, our interest in the net assets of our equity method investees is reflected on the consolidated balance sheets. If, upon our contribution of nonfinancial assets to a joint venture, there is any difference between the cost of the investment and the amount of the underlying equity in the net assets of the investee, the difference is required to be accounted for as if the investee were a consolidated subsidiary. If the difference is assigned to depreciable or amortizable assets or liabilities, then the difference should be amortized or accreted in connection with the equity earnings based on our proportionate share of the investee's net income or loss. If we are unable to relate the difference to specific accounts of the investee, the difference should be considered goodwill.

We consider whether the fair value of our equity method investments have declined below their carrying values whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. If we considered any such decline to be other than temporary (based on various factors, including historical financial results, success of the mining operations and the overall health of the investee's industry), then we would record a write-down to the estimated fair value.

Impairment of long-lived assets

Management reviews long-lived assets, including leases and investments, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset, asset group, or investment may not be recoverable.

Recoverability of assets to be held and used are measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. Because the impairment test for long-lived assets held in use is based on estimated undiscounted cash flows, there may be instances where an asset or asset group is not considered impaired, even when its fair value may be less than its carrying value, because the asset or asset group is recoverable based on the cash flows to be generated over the estimated life of the asset or asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Leases

We account for leases in accordance with ASC 842, *Leases*. Accordingly, management determines whether an arrangement contains a lease at the inception of the arrangement. If a lease is determined to exist, the term of such lease is assessed based on the date on which the underlying asset is made available for our use by the lessor. Management's assessment of the lease term reflects the non-cancelable term of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options which we are reasonably certain of not exercising, as well as periods covered by renewal options which we are reasonably certain of exercising. We also determine lease classification as either operating or finance at lease commencement, which governs the pattern of expense recognition and the presentation reflected in the consolidated statements of operations over the lease term.

For leases with a term exceeding 12 months, a lease liability is recorded on our consolidated balance sheet at lease commencement reflecting the present value of our fixed minimum payment obligations over the lease term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, adjusted for any accrued or prepaid rents and/or unamortized initial direct costs incurred in connection with execution of the lease and reduced by any lease incentives received. For purposes of measuring the present value of our fixed payment obligations for a given lease, we use our incremental borrowing rate, determined based on information available at lease commencement, if rates implicit in our leasing arrangements are not readily determinable. Our incremental borrowing rate reflects the rate we would pay to borrow on a secured basis and incorporates the term and economic environment of the associated lease. ROU assets will be reviewed for impairment, consistent with other long-lived assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense while the expense for finance leases is recognized as depreciation expense and interest expense using the interest method of recognition. For leases with a term of 12 months or less, any fixed payments are recognized on a straight-line basis over the lease term and are not recognized on the Company's consolidated balance sheet as an accounting policy election. Leases qualifying for the short-term lease exception are insignificant. Variable lease costs are expensed as incurred and are not included in the measurement of ROU assets and lease liabilities.

ASC 842 provides practical expedients for an entity's ongoing accounting. The Company elected the practical expedient not to separate lease and non-lease components for all leases, which means all consideration that is fixed, or in-substance fixed, relating to the non-lease components will be captured as part of the Company's lease components for balance sheet purposes.

Revenue recognition

We recognize revenue under ASC 606, *Revenue from Contracts with Customers*. The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the company satisfies a performance obligation

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met: The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct), and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

If a good or service is not distinct, the good or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price, an entity must consider the effects of all of the following:

- Variable consideration

- Constraining estimates of variable consideration
- The existence of a significant financing component in the contract
- Noncash consideration
- Consideration payable to a customer

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The standalone selling price is the price at which we would sell a promised service separately to a customer. The relative selling price for each performance obligation is estimated using observable objective evidence if it is available. If observable objective evidence is not available, we use our best estimate of the selling price for the promised service. In instances where we do not sell a service separately, establishing standalone selling price requires significant judgment. We estimate the standalone selling price by considering available information, prioritizing observable inputs such as historical sales, internally approved pricing guidelines and objectives, and the underlying cost of delivering the performance obligation. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate.

Management judgment is required when determining the following: when variable consideration is no longer probable of significant reversal (and hence can be included in revenue); whether certain revenue should be presented gross or net of certain related costs; when a promised service transfers to the customer; and the applicable method of measuring progress for services transferred to the customer over time.

We entered into a bitcoin mining pool by executing a contract, which may be amended from time to time, with a mining pool operator to provide computing power to the mining pool. Specifically, in November 2022, we entered into a mining pool contract with Foundry. Providing computing power to a mining pool operator for the purpose of cryptocurrency transaction verification is an output of our ordinary activities. The contract is terminable at any time by either party with no substantive termination penalty. Our enforceable right to compensation begins when, and lasts for as long as, we provide computing power to the mining pool operator; our performance obligation extends over the contract term given our continuous provision of hashrate. This period of time corresponds with the period of service for which the mining pool operator determines compensation due to us. Given cancellation terms of the contract, and our customary business practice, the contract effectively provides us with the option to renew for successive contract terms of 24 hours. The options to renew are not material rights because they are offered at the standalone selling price of computing power. We elected the optional exemption to not disclose the transaction price allocated to remaining performance obligations that are part of a contract that has an original expected duration of one year or less.

The provision of computing power in accordance with the mining pool operator's terms of service is the only performance obligation in our contract with the mining pool operator, our customer. In exchange for providing computing power pursuant to Foundry's terms of service, we are entitled to noncash consideration in the form of bitcoin, measured under the Full Pay Per Share ("FPPS") approach. Under the FPPS approach, we are entitled to a fractional share of the fixed bitcoin award from the mining pool operator (referred to as a "block reward") and potentially transaction fees generated from (paid by) blockchain users and distributed (paid out) to individual miners by the mining pool operator. Our fractional share of the block reward is based on the proportion of computing power we contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm, over the contract term. We are entitled to our relative share of consideration even if a block is not successfully placed. In other words, we receive consideration once after the end of each 24-hour contract period, regardless of whether the pool successfully places a block. Our proportionate share of transaction fees is based on our contributed share of hashrate as a percentage of total network hashrate during the contract term.

The mining pool operator calculates block rewards under the FPPS approach described above and may charge a pool fee for maintenance of the pool that reduces the amount of block rewards to which we are entitled. Foundry did not claim a fee for any block rewards earned by us in 2023. After every 24-hour contract term, we receive a payout and the pool transfers the bitcoin consideration to our designated bitcoin wallet.

Noncash consideration is measured at fair value at contract inception. Fair value of the bitcoin consideration is determined using the quoted price on our principal market for bitcoin at the beginning of the contract period at the single bitcoin level (one bitcoin). This amount is recognized in revenue over the contract term as hashrate is provided. Changes in the fair value of the noncash consideration due to form of the consideration (changes in the market price of bitcoin) are not included in the transaction price and hence are not included in revenue. Changes in fair value of the noncash consideration post-contract inception that are due to reasons other than form of consideration (other than changes in the market value of bitcoin) are measured based on the guidance on variable consideration, including the constraint on estimates of variable consideration.

Because the consideration to which we expect to be entitled for providing computing power is entirely variable, as well as being noncash consideration, we assess the estimated amount of the variable noncash consideration at contract inception and subsequently, to determine when and to what extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty associated with the variable consideration is subsequently resolved (the "constraint"). Only when significant revenue reversal is concluded probable of not occurring can estimated variable consideration be included in revenue. Based on evaluation of likelihood and magnitude of a reversal in applying the constraint, the estimated variable noncash consideration is constrained from inclusion in revenue until the end of the contract term, when the underlying uncertainties have been resolved and number of bitcoin to which we are entitled becomes known.

There is no significant financing component in these transactions.

Our ability to satisfy the performance obligation under our contract with a mining pool operator to provide computing power may be contracted to various third parties and there is a risk that if these parties are unable to perform or curtail their operations, our revenue and operating results may be affected. Please see "*Business— Business Agreements—Luminant Power Agreement*" for additional information about our power arrangements.

Share-based compensation

We account for all share-based payments to employees, consultants and directors, which may include grants of stock options, stock appreciation rights, restricted stock awards, and restricted stock units ("RSUs") to be recognized in the consolidated financial statements, based on their respective grant date fair values. As of December 31, 2023, we have awarded only RSUs with service-based vesting conditions ("Service- Based RSUs") and performance-based RSUs with market-based vesting conditions ("Performance-Based RSUs"). Compensation expense for all awards is amortized based upon a graded vesting method over the estimated requisite service period. All share-based compensation expenses are recorded in general and administrative expense in the consolidated statements of operations. Forfeitures are recorded as they occur.

The fair value of Service-Based RSUs is the closing market price of our common stock on the date of the grant. We employ a Monte Carlo simulation technique to calculate the fair value of the Performance-Based RSUs on the date granted based on the average of the future simulated outcomes. The Performance-Based RSUs contain different market-based vesting conditions that are based upon the achievement of certain market capitalization milestones. Under the Monte Carlo simulation model, a number of variables and assumptions are used including, but not limited to, the underlying price of our common stock, the expected stock price volatility over the term of the award, a correlation coefficient, and the risk-free rate. The Performance-Based RSUs awarded do not have an explicit requisite service period, therefore compensation expense is recorded over a derived service period based upon the estimated median time it will take to achieve the market capitalization milestone using a Monte Carlo simulation.

Weighted average assumptions used in the November 17, 2021 Monte Carlo valuation model for Performance-Based RSUs awarded on that date were: expected volatility of 96.1% and a risk-free rate of 1.60% based upon a remaining term of 10 years. These assumptions were used to estimate share-based compensation expense related to our Performance-Based RSUs, which was recognized in our consolidated financial statements years ended December 31, 2023 and December 31, 2022, and which will continue to impact our consolidated financial results over the remaining weighted average derived service period of the Performance-Based RSUs, which, as of December 31, 2023 is expected to occur over the next 0.5 years.

Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our unaudited condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

Item 8. Financial Statements and Supplementary Data.

The financial statements required to be filed pursuant to this Item 8 are appended to this report. An index of those financial statements is found in Item 15 of Part IV of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of our "disclosure controls and procedures" ("Disclosure Controls"), as defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of December 31, 2023, the end of the period covered by this Annual Report. The Disclosure Controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, with the goal being that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2023.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management is also required to assess and report on the effectiveness of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Our internal control over financial reporting is a process designed

to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

Our management, with the participation of our principal executive officer and principal financial officer, 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 in the 2013 COSO framework. Based on this evaluation, management identified a weakness in internal control over financial reporting related to Information Technology General Controls ("ITGC"). Specifically, the Company did not design and/or implement user access controls to ensure appropriate segregation of duties or program change management controls for certain financially relevant systems impacting the Company's processes around revenue recognition and digital assets to ensure that IT program and data changes affecting the Company's (i) financial IT applications, (ii) digital currency mining equipment, and (iii) underlying accounting records, are identified, tested, authorized and implemented appropriately to validate that data produced by its relevant IT system(s) were complete and accurate. Automated process-level controls and manual controls that are dependent upon the information derived from such financially relevant systems were also determined to be ineffective as a result of such deficiency. In addition, the Company has not effectively designed a manual key control to detect material misstatements in revenue.

The material weakness described above did not result in a material misstatement to the Company's previously issued consolidated financial statements, nor in the consolidated financial statements included in this Annual Report.

Remediation

As noted above, during management's assessment of internal controls over financial reporting ("ICFR") a material weakness was identified related to certain ITGCs over user access, segregation of duties and change management controls.

As management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, we understand the importance of developing a resolution plan aligned with management and overseen by the Audit Committee of our Board of Directors. Since the material weakness was identified, management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. Our remediation plan includes the following:

- Enhance our remediation efforts by continuing to devote resources in 2024 in key financial reporting and information technology areas, including hiring additional employees.
- Continue to utilize an external third-party internal audit and SOX 404 implementation firm to work to improve the Company's controls related to our material weaknesses, specifically relating to user access and change management surrounding the Company's IT systems and applications.
- Continue to implement new processes and controls and engage external resources when required in connection with remediating this material weakness, such that these controls are designed, implemented, and operating effectively.
- Continue to formalize our policies and processes over including those over outside service providers with a specific focus on enhancing design and documentation related to (i) developing and communicating additional policies and procedures to govern the areas of IT change management and user access processes and related control activities and (ii) develop robust processes to validate data received from third-parties and relied upon to generate financial statements is complete and accurate.

We recognize that the material weaknesses in our internal control over financial reporting will not be considered remediated until the remediate controls operate for a sufficient period of time and can be tested and concluded by management to be designed and operating effectively. Because our remediation efforts involve our outsource service providers, we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts.

We continue to evaluate and work to improve our internal control over financial reporting related to the identified material weaknesses and management may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above. In addition, we report the progress and status of the above remediation efforts to the Audit Committee on a periodic basis.

Changes in Internal Control Over Financial Reporting

Other than what is disclosed above there were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

Item 9B. Other Information.

(a) Disclosure in lieu of reporting on a Current Report on Form 8-K.

None.

(b) Insider Trading Arrangements and Policies.

During the three months ended December 31, 2023, no director or "officer" (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table provides information regarding our executive officers and members of our board of directors (ages as of the date of this Annual Report):

Name	Age	Title
Tyler Page	48	Chief Executive Officer and Director
Edward Farrell	63	Chief Financial Officer
Patrick Kelly	45	Co-President and Chief Operating Officer
William Iwaschuk	48	Co-President, Chief Legal Officer and Corporate Secretary
James Newsome	64	Chairman of the Board
Robert Dykes	74	Director
Holly Morrow Evans	48	Director
Robert Flatley	63	Director
Cary Grossman	70	Director
Caitlin Long	54	Director
Wesley (Bo) Williams	47	Director

Executive Officers

Tyler Page has served as Cipher's Chief Executive Officer and as a member of the Board since August 2021. From 2020 to 2021, Mr. Page served as Head of Business Development for digital asset infrastructure at Bitfury Holding, where he was responsible for business development and strategic planning work of the Bitfury Group. He brings more than 20 years of experience in institutional finance and fintech, including as a member of the Management Committee and Head of Client Strategies at New York Digital Investment Group (NYDIG), from 2017 to 2019, and as Head of Institutional Sales at Stone Ridge Asset Management, from 2016 to 2019. Previously, he served as Global Head of Business Development for Fund Solutions at Guggenheim Partners in New York and London, as well as in various roles on derivatives teams at Goldman Sachs and Lehman Brothers. He began his career as an attorney at Davis Polk & Wardwell LLP. He holds a J.D. from the University of Michigan Law School and a B.A. from the University of Virginia.

Edward Farrell has served as Cipher's Chief Financial Officer since August 2021. Prior to Cipher, from 2003 to 2018, Mr. Farrell held several senior positions at AllianceBernstein, L.P., including Controller, Chief Accounting Officer and Chief Financial Officer. Mr. Farrell brings more than 35 years of financial administration and leadership experience in the financial services industry, including his prior positions at Nomura Securities International and Salomon Brothers. Mr. Farrell started his career at PricewaterhouseCoopers LLP. Mr. Farrell currently serves on the board of directors Arbor Realty Trust, Inc. where he is a member to both their Audit and Compensation Committees. He received his B.B.A. in Business Administration from St. Bonaventure University.

Patrick Kelly has served as Cipher's Chief Operating Officer since August 2021, and as Co-President since March 2023. Prior to Cipher, from 2012 to 2019, Mr. Kelly served as Chief Operating Officer at Stone Ridge Asset Management, LLC. Between 2012 and 2018, he also held several directorship positions with several trusts of Stone Ridge Asset Management. From 2009 to 2012, Mr. Kelly served as Chief Operating Officer of Quantitative Strategies at Magnetar Capital. Prior to that, he served as Head of Portfolio Valuation at D. E. Shaw & Co. Mr. Kelly is a Chartered Financial Analyst (CFA) and received his B.S. in Finance from DePaul University.

William Iwaschuk has served as Cipher's Chief Legal Officer since August 2021, as Corporate Secretary since May 2022 and as Co-President since March 2023. Prior to Cipher, from 2014 to 2020, Mr. Iwaschuk held senior positions at Tower Research Capital LLC, including serving as General Counsel and Secretary (2016-2020) and Counsel (2014-2016). From 2013 to 2014, Mr. Iwaschuk was a Partner in the Investment Management Group of Morgan, Lewis & Bockius LLP in New York. Mr. Iwaschuk also previously served as a Vice-President in the legal department at Goldman Sachs & Co. from 2005 until 2012. He started his career as an equity derivatives associate at Davis Polk & Wardwell LLP in New York. Mr. Iwaschuk also currently serves on the board of directors of Futures and Options, a non-profit organization. Mr. Iwaschuk received his LL.B. and B.A. degrees from The University of British Columbia.

Non-Employee Directors

James Newsome has served as a member of our board of directors since August 2021. Mr. Newsome served on the advisory board of Bitfury Top HoldCo from 2015 until 2021. Mr. Newsome served as president of the New York Mercantile Exchange from August of 2004 until it was acquired by the CME Group in 2009. He subsequently served on the board of CME Group from 2009 until 2011. Mr. Newsome has also previously served on the board of directors of the Dubai Mercantile Exchange and is a former director of the National Futures Association. From 1998 until 2004, Mr. Newsome held various senior roles at the U.S. Commodity Futures Trading Commission ("CFTC") from Commissioner (1998 to 2000) to a Chairman of CFTC (2000 to 2004). As a Chairman of CFTC, Mr. Newsome guided the regulation of the nation's futures markets and led the CFTC's regulatory implementation of the Commodity Futures Modernization Act of 2000. He also served as one of four members of the President's Working Group for Financial Markets, along with the Secretary of the Treasury and the Chairmen of the Federal Reserve and the SEC. Mr. Newsome is also presently a founding partner of Delta Strategy Group, a full-service government affairs firm based in Washington, D.C. He earned a B.S. in Economics from the University of Florida, a Masters in Genetics from Mississippi State University and a Ph.D. in Economics from Mississippi State University. We believe that Mr. Newsome is well qualified to serve on our board of directors due to his extensive corporate finance and management experience.

Robert Dykes has served on our board of directors since August 2021. Prior to Cipher, Mr. Dykes served as Director of Bitfury Group Limited (UK) from 2014 until 2020 and was on the advisory board of Bitfury Top HoldCo from 2020 until 2021. From 2008 to 2013, Mr. Dykes served as the Chief Financial Officer, Executive Vice President and Principal Accounting Officer of VeriFone Systems, Inc., a company specializing in retail credit card payment systems. He has more than 30 years of operational management experience, and an established reputation in building world-class organizations. He served as the Chief Financial Officer and Executive Vice President, Business Operations of Juniper Networks Inc., from 2005 to 2007. Mr. Dykes served as the Chief Financial Officer of Flextronics International Ltd., from 1997 to 2004. From 1988 to 1997, Mr. Dykes served as the Executive Vice President of Worldwide Operations and Chief Financial Officer of Symantec Corporation. Mr. Dykes holds a Bachelor of Commerce and Administration Degree from Victoria University in Wellington, New Zealand. We believe that Mr. Dykes is well qualified to serve on our board of directors due to his extensive corporate finance and management experience and his overall public company experience.

Holly Morrow Evans has served on our board of directors since August 2021. Since 2015, Ms. Evans has been a partner at Hakluyt and Company, where she currently serves as the firm's Head of Risk and Deputy Managing Partner. From 2007 to 2013, she was a senior adviser for ExxonMobil. She also served as director on the National Security Council from 2005 to 2007 and as China advisor to the office of the Vice President from 2003 to 2005. Mrs. Evans holds a B.A. in Political Science from Georgetown and an M.A. in Asian Studies from Harvard University. We believe that Mrs. Evans is well qualified to serve on our board of directors due to her extensive advisory experience.

Robert Flatley has served on our board of directors since August 2023. Since 2021, Mr. Flatley has served as a director, the Chief Executive Officer and founder of TS Imagine, which was formed following the merger of Trading Screen and Imagine Software. From 2018 to 2019, Mr. Flatley served as a director and as President, Chief Financial Officer and Chief Operating Officer at New York Digital Investment Group (NYDIG). From 2010 to 2018, he served as a director and Chief Executive Officer of CoreOne Technologies. Earlier in his career, Mr. Flatley was a Managing Director at both Deutsche Bank Securities, and at Banc of America Securities. He has hands-on experience in various capital markets roles, including trading, securities and prime finance, building SaaS business models, market structure, quantitative trading, software development, and software M&A. He founded

successful companies as a technology entrepreneur using both software and data-as-a-service models, and he was a founding employee of two statistically driven trading businesses at bulge bracket financial institutions. He earned a B.B.A. in Accounting from the University of Iowa in 1985. We believe that Mr. Flatley is well qualified to serve on our board of directors due to his extensive experience in regulated financial services institutions and as a founder of four successful fintech companies.

Cary Grossman has served as a member of our board of directors since August 2021. Mr. Grossman co-founded GWAC in 2020 and served as its President and a member of its board of directors from June 2020 through August 2021. Mr. Grossman also served as CEO, President, Chief Financial Officer and a member of the board of directors of Good Works II Acquisition Corp. during the period from February 2021 through February 2023. Mr. Grossman is a veteran corporate finance professional with a combination of executive management, investment banking and public accounting experience. In 2010, Mr. Grossman co-founded Shoreline Capital Advisors, Inc., an advisory firm focused on providing financial advisory services to middle-market companies. Prior to Shoreline Capital Advisors, from 1991 to 2002, Mr. Grossman co-founded and was the CEO of another investment banking firm, McFarland, Grossman & Company. Earlier in his career, he practiced public accounting for 15 years. Mr. Grossman also held a number of executive positions, including: President of XFit, Inc. from 2019 to 2020; Chief Financial Officer of Blaze Metals, LLC from 2007 to 2010; Executive Vice President, Chief Financial Officer and Chief Operating Officer of Gentium, S.P.A. from 2004 to 2006; Chief Executive Officer of ERP Environmental Services, Inc. and Chief Financial Officer of U.S. Liquids, Inc. from 2001 to 2003. He also co-founded Pentacon, Inc. (NYSE: JIT) and served as a board member and Executive Chairman from 1998 until 2002, and as a director of Metalico (NYSE: MEA) from 2014 until 2015 and INX Inc. (Nasdaq: INXI) from 2004 until 2011. Mr. Grossman is a Certified Public Accountant and earned a B.B.A. in Business Administration from the University of Texas. We believe that Mr. Grossman is well qualified to serve on our board of directors due to his extensive corporate finance and management experience and his overall public company experience.

Caitlin Long has served as a member of our board of directors since August 2021. Ms. Long has extensive experience in both traditional financial services and cryptocurrencies. She is the Founder and Chief Executive Officer of Custodia Bank, Inc. (formerly Avanti Financial Group, Inc.), a chartered bank that she founded in 2020 to serve as a compliant bridge between the U.S. dollar and cryptocurrency financial systems. From 2016 to 2018, Ms. Long served as the Chairman and President of Symbiont.io, an enterprise fintech company that utilizes blockchain technology. Beginning in 2017 she helped lead the charge in her native state of Wyoming to enact more than 20 blockchain-enabling laws during consecutive legislative sessions, and in 2018 she was appointed by two Wyoming Governors to serve on related legislative committees. She worked at investment banks in New York and Zurich from 1994 to 2016, where she held senior roles as a Managing Director at Morgan Stanley and Credit Suisse. Ms. Long earned a B.A. from the University of Wyoming and a joint J.D./ M.P.P. degree from Harvard Law School and Harvard Kennedy School of Government. We believe that Ms. Long is well qualified to serve on our board of directors due to her extensive digital asset experience, her legal and regulatory expertise, and her prior experience working with public companies.

Wesley Williams has served on our board of directors since August 2021. Mr. Williams brings over 20 years of experience in corporate finance. Since 2021, Mr. Williams has served as the Head of Aquarian Credit Partners. Since 2017, he has served as Portfolio Manager, Chief Operating Officer, and a member of the Board of Managers of Gallatin Loan Management, a high yield credit investment management firm. From 2013 until 2016, Mr. Williams was a founding partner of Hildene Leveraged Credit, until its sale to affiliates of Fortress Investment Group. From 2010 through 2012, he worked as a turnaround Operating Partner, Interim CFO, and Shareholder Representative for Goldman Sachs portfolio companies. From 2006 until 2008, Mr. Williams worked as a Vice President of specialty finance and leveraged credit at Marathon Asset Management, a high yield credit investment manager. From 1999 through 2005, Mr. Williams also held various roles in the Investment Banking and Merchant Banking Divisions of Goldman Sachs. He holds an AB in Sociology from Harvard College and an MBA from Harvard Business School. We believe that Mr. Williams is well qualified to serve on our board of directors due to his extensive corporate finance and overall management experience.

Family Relationships

There are no family relationships among our directors or executive officers.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our code of business conduct and ethics is available under the Corporate Governance section of our website at *https://investors.ciphermining.com*. In addition, we intend to post on our website all disclosures that are required by law or the Nasdaq rules concerning any amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this Annual Report.

The remaining information required by this item will be included in our definitive proxy statement for our 2024 Annual Meeting of Stockholders (the "2024 Proxy Statement"), to be filed with the SEC no later than 120 days after December 31, 2023, and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item will be included in the 2024 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item will be included in the 2024 Proxy Statement and is incorporated herein by reference

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be included in the 2024 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this item will be included in the 2024 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

(a) (1) Financial Statements.

The following documents are included on pages F-1 through F-40 attached hereto and are filed as part of this Annual Report on Form 10-K.

Index to Consolidated Financial Statements

(a) (2) Financial Statement Schedules.

All financial statement schedules have been omitted because they are not applicable, not material or because the information required is already included in the consolidated financial statements or the notes thereto.

(a) (3) Exhibits.

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		From	File No	Exhibit	Filing Date	
2.1†	Agreement and Plan of Merger, dated as of March 4, 2021, by and among Good Works Acquisition Corp., Currency Merger Sub, Inc. and Cipher Mining Technologies Inc.	8-K	001-39625	2.1	3/5/21	
3.1	Second Amended and Restated Certificate of Incorporation of Cipher Mining Inc.	8-K	001-39625	3.1	8/31/21	
3.2	Amended and Restated Bylaws of Cipher Mining Inc.	8-K	001-39625	3.2	8/31/21	
4.1	Specimen Warrant Certificate of Good Works Acquisition Corp.	S-1/A	333-248333	4.3	10/9/21	
4.2	Warrant Agreement, dated as of October 19, 2020, by and between Continental Stock Transfer & Trust Company and Good Works Acquisition Corp.	8-K	001-39625	4.1	10/28/20	
4.3	Description of Capital Stock	10-K	001-39625	4.3	3/4/22	
10.1	Amended and Restated Registration Rights Agreement among Good Works Acquisition Corp., Good Works Acquisition Corp.' directors, Bitfury Top HoldCo and others, dated August 26, 2021	8-K	001-39625	10.2	8/31/21	
10.2#	Form of Indemnification and Advancement Agreement for Cipher Mining Inc.	S-4/A	333-256115	10.16	6/15/21	
10.3#	Form of Indemnification and Advancement Agreement for Cipher Mining Technologies Inc.	S-4/A	333-256115	10.17	6/15/21	

10.4#	Cipher Mining Incentive Award Plan	8-K	001-39625	10.8	8/31/21
10.5#	Form of Cipher Mining Inc. Restricted Stock Grant Notice and Restricted Stock Agreement under Incentive Award Plan	8-K	001-39625	10.8(a)	8/31/21
10.6#	Form of Cipher Mining Inc. Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under Incentive Award Plan	8-K	001-39625	10.8(b)	8/31/21
10.7#	Form of Cipher Mining Inc. Stock Option Grant Notice and Stock Option Agreement under Incentive Award Plan	8-K	001-39625	10.8(c)	8/31/21
10.8	Form of Cipher Mining Inc. Executive Officer Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Double Trigger) under Incentive Award Plan	8-K	001-39625	10.1	9/15/22
10.9	Power Purchase Agreement, dated June 23, 2021, by and between Luminant ET Services Company LLC and Cipher Mining Technologies Inc.	S-4/A	333-256115	10.22	7/9/21
10.10	First Amendment to the Power Purchase Agreement, dated July 9, 2021, by and between Luminant ET Services Company LLC and Cipher Mining Technologies Inc.	S-4/A	333-256115	10.23	7/9/21
10.11	Second Amendment to the Power Purchase Agreement, dated February 28, 2022, by and between Luminant ET Services Company LLC and Cipher Mining Technologies Inc.	10-K	001-39625	10.35	3/4/22
10.12	Third Amendment to the Power Purchase Agreement, dated August 26, 2022, by and between Luminant ET Services Company LLC and Cipher Mining Technologies Inc.	8-K	001-39625	10.1	9/1/22
10.13	Fourth Amendment to the Power Purchase Agreement, dated August 23, 2023, by and between Luminant ET Services Company LLC and Cipher Mining Technologies Inc.	8-K	001-39625	10.1	8/29/23
10.14	Lease Agreement, dated June 29, 2021, by and between an affiliate of Luminant and Cipher Mining Technologies Inc.	S-4/A	333-256115	10.24	7/9/21
10.15	First Amendment to the Lease Agreement, dated July 9, 2021, by and between an affiliate of Luminant and Cipher Mining Technologies Inc.	S-4/A	333-256115	10.25	7/9/21
10.16	Second Amendment to the Lease Agreement, dated August 23, 2023, by and between an affiliate of Luminant and Cipher Mining Technologies Inc.	8-K	001-39625	10.2	8/29/23
10.17	Purchase and Sale Agreement, dated June 28, 2021, by and between Vistra Operations Company LLC and Cipher Mining Technologies Inc.	S-4/A	333-256115	10.26	7/9/21
10.18	First Amendment to the Purchase and Sale Agreement, dated July 9, 2021, by and between Vistra Operations Company LLC and Cipher Mining Technologies Inc.	S-4/A	333-256115	10.27	7/9/21
10.19	Framework Agreement, dated June 10, 2021, by and between WindHQ LLC and Cipher Mining Technologies Inc.	S-4/A	333-256115	10.24	6/15/21
10.20	Non-Fixed Price Sales and Purchase Agreement, dated August 20, 2021	8-K	001-39625	10.1	9/2/21
10.21	Supplemental Agreement to Non-Fixed Price Sales and Purchase Agreement, dated August 30, 2021	8-K	001-39625	10.2	9/2/21
10.22	Amended and Restated Framework Agreement on Supply of Blockchain Servers, dated May 6, 2022	8-K	001-39625	10.1	5/10/22
10.23	Supplementary Agreement of the Framework Agreement on Supply of Blockchain Servers, dated November 4, 2022	8-K	001-39625	10.1	11/8/22

10.24#	Employment Agreement, dated as of May 11, 2021, by and between Tyler Page and Cipher Mining Technologies Inc.	S-4	333-256115	10.23	5/14/21	
10.25#	Employment Agreement, dated as of May 11, 2021, by and between Edward Farrell and Cipher Mining Technologies Inc.	S-4	333-256115	10.24	5/14/21	
10.26#	Employment Agreement, dated as of May 11, 2021, by and between William Iwaschuk and Cipher Mining Technologies Inc.	S-4	333-256115	10.25	5/14/21	
10.27#	Employment Agreement, dated as of May 11, 2021, by and between Patrick Kelly and Cipher Mining Technologies Inc.	S-4	333-256115	10.26	5/14/21	
10.28	Purchase Order No. 21-041, dated December 29, 2021	8-K	001-39625	10.1	1/04/22	
10.29#	Amended and Restated Non-Employee Directors Compensation Policy.	10-Q	001-39625	10.2	8/8/23	
10.30	Form of LLC Agreement	10-K	001-39625	10.34	3/4/22	
10.31	Controlled Equity OfferingSM Sales Agreement by and between Cipher Mining Inc. and Cantor Fitzgerald & Co., Canaccord Genuity LLC, Needham & Company, LLC and Compass Point Research & Trading, LLC, dated August 3, 2023.	8-K	001-39625	1.1	8/4/23	
10.32	Board Observer Agreement, dated as of April 8, 2022.	8-K	001-39625	99.2	4/14/22	
10.33†	Purchase and Sale agreement, dated as of November 6, 2023, by and between Cipher Black Pearl LLC and Trinity Mining Group, Inc.					*
10.34†	Data Center Lease, dated as of December 6, 2023.					*
10.35†	Assignment and Assumption Agreement, dated as of December 8, 2023, by and between Cipher Black Pearl LLC and Trinity Mining Group, Inc.					*
10.36†	Future Sales and Purchase Agreement, dated as of December 16, 2023, by and between Cipher Mining Infrastructure LLC and Bitmain Technologies Delaware Limited.					*
21.1	List of Subsidiaries of Cipher Mining Inc.					*
23.1	Consent of Marcum LLP, Independent Registered Public Accounting Firm.					*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**
97.1	Compensation Recoupment Policy					*
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

# Indicates management contract or compensatory plan.

† Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

CIPHER MINING INC.

Date: March 5, 2024	By:	/s/ Tyler Page **Tyler Page** **Chief Executive Officer**
Date: March 5, 2024	By:	/s/ Edward Farrell **Edward Farrell** **Chief Financial Officer**

SIGNATURES AND POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Tyler Page, Edward Farrell and William Iwaschuk, and each of them, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, authorizing said persons and granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all said attorneys-in-fact and agents, or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Tyler Page Tyler Page	Director, Chief Executive Officer *(Principal Executive Officer)*	March 5, 2024
/s/ Edward Farrell Edward Farrell	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 5, 2024
/s/ James Newsome James Newsome	Chairman of the Board	March 5, 2024
/s/ Robert Dykes Robert Dykes	Director	March 5, 2024
/s/ Holly Morrow Evans Holly Morrow Evans	Director	March 5, 2024
/s/ Robert Flatley Robert Flatley	Director	March 5, 2024
/s/ Cary Grossman Cary Grossman	Director	March 5, 2024
/s/ Caitlin Long Caitlin Long	Director	March 5, 2024
/s/ Wesley Williams Wesley Williams	Director	March 5, 2024

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Cipher Mining Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cipher Mining Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for the years ended December 31, 2023 and 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 in the accompanying financial statements, the Company changed its method of accounting for digital assets during the year ended December 31, 2023 by early adopting ASU 2023-08, Intangibles - Goodwill and Other - Crypto Assets (Topic 350-60): Accounting for and Disclosure of Crypto Assets, effective January 1, 2023 using the modified retrospective method.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2021.

San Francisco, CA
March 5, 2024

CIPHER MINING INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except for share and per share amounts)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 86,105	$ 11,927
Accounts receivable	622	98
Receivables, related party	245	1,102
Prepaid expenses and other current assets	3,670	7,254
Bitcoin	32,978	6,283
Derivative asset	31,878	21,071
Total current assets	155,498	47,735
Property and equipment, net	243,815	191,188
Deposits on equipment	30,812	73,018
Intangible assets, net	8,109	596
Investment in equity investees	35,258	37,478
Derivative asset	61,713	45,631
Operating lease right-of-use asset	7,077	5,087
Security deposits	23,855	17,730
Total assets	**$ 566,137**	**$ 418,463**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 4,980	$ 14,286
Accounts payable, related party	1,554	3,083
Accrued expenses and other current liabilities	22,439	19,353
Finance lease liability, current portion	3,404	2,567
Operating lease liability, current portion	1,166	1,030
Warrant liability	250	7
Total current liabilities	33,793	40,326
Asset retirement obligation	18,394	16,682
Finance lease liability	11,128	12,229
Operating lease liability	6,280	4,494
Deferred tax liability	5,206	1,840
Total liabilities	74,801	75,571
Commitments and contingencies (*Note 14*)		
Stockholders' equity		
Preferred stock, $0.001 par value; 10,000,000 shares authorized, none issued and outstanding as of December 31, 2023 and December 31, 2022	-	-
Common stock, $0.001 par value, 500,000,000 shares authorized, 296,276,536 and 251,095,305 shares issued as of December 31, 2023 and December 31, 2022, respectively, and 290,957,862 and 247,551,958 shares outstanding as of December 31, 2023, and December 31, 2022, respectively	296	251
Additional paid-in capital	627,822	453,854
Accumulated deficit	(136,777)	(111,209)
Treasury stock, at par, 5,318,674 and 3,543,347 shares at December 31, 2023 and December 31, 2022, respectively	(5)	(4)
Total stockholders' equity	491,336	342,892
Total liabilities and stockholders' equity	**$ 566,137**	**$ 418,463**

The accompanying notes are an integral part of these consolidated financial statements.

CIPHER MINING INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for share and per share amounts)

	Years ended December 31,	
	2023	**2022**
Revenue - bitcoin mining	$ 126,842	$ 3,037
Costs and operating expenses (income)		
Cost of revenue	50,309	748
General and administrative	85,195	70,836
Depreciation and amortization	59,093	4,378
Change in fair value of derivative asset	(26,836)	(73,479)
Power sales	(9,941)	(458)
Equity in losses of equity investees	2,530	36,972
Gains on fair value of bitcoin	(11,038)	(6)
Impairment of bitcoin	-	1,467
Other gains	(2,355)	-
Total costs and operating expenses (income)	146,957	40,458
Operating loss	(20,115)	(37,421)
Other income (expense)		
Interest income	164	215
Interest expense	(1,999)	(137)
Change in fair value of warrant liability	(243)	130
Other expense	(17)	-
Total other (expense) income	(2,095)	208
Loss before taxes	(22,210)	(37,213)
Current income tax expense	(201)	-
Deferred income tax expense	(3,366)	(1,840)
Total income tax expense	(3,567)	(1,840)
Net loss	$ (25,777)	$ (39,053)
Net loss per share - basic and diluted	$ (0.10)	$ (0.16)
Weighted average shares outstanding - basic and diluted	252,439,461	248,227,458

The accompanying notes are an integral part of these consolidated financial statements.

CIPHER MINING INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except for share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of January 1, 2023	**251,095,305**	**$ 251**	**$ 453,854**	**$ (111,209)**	**(3,543,347)**	**$ (4)**	**$ 342,892**
Cumulative effect upon adoption of ASU 2023-08	-	-	-	209	-	-	209
Issuance of common shares, net of offering costs - At-the-market offering	37,433,923	37	132,406	-	-	-	132,443
Issuance of common shares - Black Pearl asset acquisition	2,397,424	2	6,998	-	-	-	7,000
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	4,942,906	5	(3,906)	-	(1,775,327)	(1)	(3,902)
Share-based compensation	406,978	1	38,470	-	-	-	38,471
Net loss	-	-	-	(25,777)	-	-	(25,777)
Balance as of December 31, 2023	**296,276,536**	**$ 296**	**$ 627,822**	**$ (136,777)**	**(5,318,674)**	**$ (5)**	**$ 491,336**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance as of January 1, 2022	**252,131,679**	**$ 252**	**$ 425,438**	**$ (72,156)**	**(2,852,259)**	**$ (3)**	**$ 353,531**
Delivery of common stock underlying restricted stock units, net of shares settled for tax withholding settlement	1,853,779	2	(3,091)	-	(691,088)	(1)	(3,090)
Warrants exercised	20	-	-	-	-	-	-
Common stock cancelled	(2,890,173)	(3)	(9,997)	-	-	-	(10,000)
Share-based compensation	-	-	41,504	-	-	-	41,504
Net loss	-	-	-	(39,053)	-	-	(39,053)
Balance as of December 31, 2022	**251,095,305**	**$ 251**	**$ 453,854**	**$ (111,209)**	**(3,543,347)**	**$ (4)**	**$ 342,892**

The accompanying notes are an integral part of these consolidated financial statements.

CIPHER MINING INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Years ended December 31,	
	2023	**2022**
Cash flows from operating activities		
Net loss	$ (25,777)	$ (39,053)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	58,972	4,378
Amortization of intangible assets	121	-
Amortization of operating right-of-use asset	822	772
Share-based compensation	38,470	41,504
Equity in losses of equity investees	2,530	36,972
Impairment of bitcoin	-	1,467
Non-cash lease expense	1,940	137
Deferred income taxes	3,366	1,840
Bitcoin received as payment for services	(126,319)	(2,939)
Change in fair value of derivative asset	(26,836)	(73,479)
Change in fair value of warrant liability	243	(130)
Gains on fair value of bitcoin	(11,038)	(6)
Changes in assets and liabilities:		
Accounts receivable	(524)	(98)
Receivables, related party	(1,203)	(1,102)
Prepaid expenses and other current assets	3,531	6,433
Security deposits	(6,125)	(7,378)
Accounts payable	(9,306)	892
Accounts payable, related party	(1,529)	1,530
Accrued expenses and other current liabilities	5,311	748
Lease liabilities	(890)	(203)
Proceeds from power sales	-	1,721
Proceeds from reduction of scheduled power	-	5,056
Proceeds from sale of Bitcoin	-	23
Net cash used in operating activities	(94,241)	(20,915)
Cash flows from investing activities		
Proceeds from sale of bitcoin	111,188	-
Deposits on equipment	(33,906)	(188,103)
Purchases of property and equipment	(20,480)	(39,219)
Purchases and development of software	(634)	(596)
Capital distributions from equity investees	3,808	54,009
Investment in equity investees	(3,545)	-
Prepayments on financing lease	(3,676)	-
Net cash provided by (used in) investing activities	52,755	(173,909)
Cash flows from financing activities		
Proceeds from the issuance of common stock	135,848	-
Offering costs paid for the issuance of common stock	(3,404)	-
Repurchase of common shares to pay employee withholding taxes	(3,902)	(3,090)
Principal payments on financing lease	(12,878)	-
Net cash provided by (used in) financing activities	115,664	(3,090)
Net increase (decrease) in cash and cash equivalents	74,178	(197,914)
Cash and cash equivalents, beginning of the period	11,927	209,841
Cash and cash equivalents, end of the period	$ 86,105	$ 11,927

The accompanying notes are an integral part of these consolidated financial statements

CIPHER MINING INC.
CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED
(in thousands)

	Years ended December 31,	
	2023	**2022**
Supplemental disclosure of noncash investing and financing activities		
Reclassification of deposits on equipment to property and equipment	$ 74,186	$ 105,904
Right-of-use asset obtained in exchange for finance lease liability	$ 14,212	$ 14,998
Issuance of common stock in exchange for intangible assets	$ 7,000	$ -
Right-of-use asset obtained in exchange for operating lease liability	$ 2,812	$ -
Reclassification of receivables, related party to investment in equity investees	$ 2,060	$ -
Equity method investment acquired for non-cash consideration	$ 1,926	$ 127,796
Sales tax accrual on machine purchases	$ 1,209	$ -
Bitcoin received from equity investees	$ 317	$ 4,828
Common stock cancelled	$ -	$ 10,000
Property and equipment purchases in accounts payable, accounts payable, related party and accrued expenses	$ -	$ 13,994
Right-of-use asset obtained in exchange for operating lease liability	$ -	$ 5,859
Investment in equity investees in accrued expenses	$ -	$ 5,316
Deposits on equipment in accounts payable, accounts payable, related party and accrued expenses	$ -	$ 13,403
Initial estimate of asset retirement obligation and related capitalized costs	$ -	$ 16,509
Reclassification of deferred investment costs to investment in equity investees	$ -	$ 174
Finance lease cost in accrued expenses	$ -	$ 339
Prepaid rent reclassified to operating lease liability	$ -	$ 132

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1. ORGANIZATION AND BUSINESS

Organization

On August 27, 2021 (the "Closing Date"), Good Works Acquisition Corp. ("GWAC"), a special purpose acquisition company, consummated the Agreement and Plan of Merger dated as of March 4, 2021 (the "Merger Agreement"), by and among GWAC, Currency Merger Sub, Inc. ("Merger Sub"), a wholly-owned direct subsidiary of GWAC, and Cipher Mining Technologies Inc. ("CMTI").

Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into CMTI, the separate corporate existence of Merger Sub ceasing and CMTI being the surviving corporation and a wholly-owned subsidiary of GWAC (the "Merger" and, together with the other transactions contemplated by the Merger Agreement, the "Business Combination"). Following the Business Combination, the combined company was named Cipher Mining Inc. ("Cipher" or the "Company"). The Company comprises all of GWAC's and CMTI's operations.

Upon the Business Combination, the Company's certificate of incorporation was amended and restated to, among other things, increase the total number of authorized shares of all classes of capital stock to 510,000,000 shares, $0.001 par value per share, of which, 500,000,000 shares are designated as Common Stock and 10,000,000 shares are designated as preferred stock ("Preferred Stock"). The holder of each share of Common Stock is entitled to one vote.

In connection with the execution of the Merger Agreement, GWAC also entered into: (i) subscription agreements to sell to certain investors (the "PIPE Investors"), an aggregate of 32,235,000 shares of Common Stock, immediately following the Closing, for a purchase price of $10.00 per share and aggregate gross proceeds of $322.4 million (the "PIPE Financing") and (ii) a subscription agreement with Bitfury Top HoldCo to sell to Bitfury Top HoldCo (or an affiliate of Bitfury Top HoldCo) an aggregate of 6,000,000 shares of Common Stock following the Closing, for a purchase price of $10.00 per share and Bitfury Top HoldCo's payment in cash and/or forgiveness of outstanding indebtedness for aggregate gross proceeds of $60.0 million (the "Bitfury Private Placement").

At Closing, each share of CMTI common stock was canceled and converted into the right to receive 400,000 shares (the "Exchange Ratio") of Common Stock, $0.001 par value per share resulting in 200,000,000 shares of Common Stock to be immediately issued and outstanding to Bitfury Top HoldCo (in addition to 8,146,119 shares of Common Stock held by GWAC), 32,235,000 shares of Common Stock held by the PIPE Investors and 6,000,000 shares of Common Stock received by Bitfury Holding under the Bitfury Private Placement, based on the following events contemplated by the Merger Agreement:

- the cancellation of each issued and outstanding share of CMTI common stock; and
- the conversion into the right to receive a number of shares of Common Stock based upon the Exchange Ratio.

The following table reconciles the elements of the Business Combination to the consolidated statement of cash flows and the consolidated statement of changes in stockholders' equity (deficit) for the eleven months ended December 31, 2021 (in thousands):

		Recapitalization
Cash - GWAC trust and cash, net of redemptions	$	43,197
Cash - PIPE Financing		322,350
Cash, subscription receivable and/or debt forgiveness - Bitfury Private Placement		60,000
Add: Non-cash net assets assumed from GWAC		433
Less: Fair value of private warrants		(261)
Less: Transaction costs and advisory fees allocated to equity		(40,552)
Net Business Combination		385,167
Less: Non-cash net assets assumed from GWAC		(433)
Less: Transaction costs and advisory fees allocated to warrants		(102)
Add: Fair value of private warrants		261
Net cash contributions from Business Combination	$	384,893

The Company recorded transaction costs and advisory fees allocated to the Private Placement Warrants as a component of change in fair value of warrant liability in the consolidated statement of operations.

The number of shares of Common Stock issued immediately following the consummation of the Business Combination was as follows:

Common stock of GWAC, net of redemptions	4,345,619
GWAC founder shares	3,572,500
GWAC private placement shares	228,000
Shares issued in PIPE Financing	32,235,000
Shares issued in the Bitfury Private Placement	6,000,000
Business Combination, PIPE Financing and Bitfury Private Placement shares - Common Stock	46,381,119
Cipher common shares issued in Business Combination [(1)]	200,000,000
Shares outstanding	246,381,119

(1) The number of CMTI common shares outstanding immediately prior to the Business Combination was 500 shares converted at the Exchange Ratio.

On December 15, 2022, the Company received a letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") indicating that, since the Company's common stock ("Common Stock") had closed below Nasdaq's $1.00 per share minimum bid price requirement for 30 consecutive days, the Company was no longer in compliance with Nasdaq Listing Rule 5450(a)(1) (the "Minimum Bid Price Requirement") for continued listing. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company had a period of 180 calendar days, or until June 13, 2023 (the "Compliance Date"), to regain compliance with the Minimum Bid Price Requirement. If at any time before the Compliance Date the bid price for the Common Stock closed at $1.00 per share or more for a minimum of 10 consecutive business days (unless Nasdaq exercised its discretion to extend this ten-day period pursuant to Nasdaq Listing Rule 5810(c)(3)(H)), Nasdaq would provide written notification to the Company that it had regained compliance with the Minimum Bid Price Requirement. The Company received written notification from Nasdaq that it had regained compliance on February 3, 2023.

Business

CMTI was established on January 7, 2021, in Delaware, by Bitfury Top Holdco B.V. and its subsidiaries ("Bitfury Top Holdco" and, with its subsidiaries, the "Bitfury Group"). Bitfury Top HoldCo (together with Bitfury Holding B.V., a subsidiary of Bitfury Top HoldCo, and referred to herein as "Bitfury Holding") beneficially owned approximately 66.0% of the Company's Common Stock as of December 31, 2023, with sole voting and sole dispositive power over those shares and, as a result, Bitfury Top HoldCo had control of the Company as defined in Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 810, *Consolidation* ("ASC 810").

The Company is an emerging technology company that develops and operates industrial scale bitcoin mining data centers. The Company operates or jointly operates four bitcoin mining data centers in Texas including one wholly-owned data center and three partially-owned data centers that were acquired through investments in joint ventures. Bitcoin mining is the Company's principal revenue generating business activity. The Company began deployment of capacity in the first quarter of 2022, with mining operations beginning at the partially-owned Alborz facility in February 2022 (the "Alborz Facility"). In August 2022, installation of the last mining rigs delivered to the Alborz Facility was completed. In October 2022, installation at the partially-owned Bear facility (the "Bear Facility") and the partially-owned Chief facility (the "Chief Facility") was also completed. In November 2022, the Company began bitcoin mining operations at the wholly-owned Odessa facility (the "Odessa Facility") and is continuing to expand those operations. In December 2023, the Company announced the acquisition of a site for a new wholly-owned data center in Winkler County, Texas, the "Black Pearl Facility", which is expected to commence operations in 2025.

Risks and uncertainties

Liquidity, capital resources and limited business history

The Company has historically experienced net losses and negative cash flows from operations. As of December 31, 2023, the Company had approximate balances of cash and cash equivalents of $86.1 million, working capital of $121.7 million, total stockholders' equity of $491.3 million and an accumulated deficit of $136.8 million. For fiscal years ended December 31, 2022 and 2021, the Company, in large part, relied on proceeds from the consummation of the Business Combination to fund its operations.

During the years ended December 31, 2023 and December 31, 2022, the Company paid $33.9 million and $188.1 million, respectively, of deposits for miners and mining equipment. As of December 31, 2023, the Company had contributed equipment with a total cost of $127.8 million related to its contributions of miners and other mining equipment to the Alborz Facility, Bear Facility, and Chief Facility. The deposits for the contributed equipment were reclassified to investment in equity investees on the Company's consolidated balance sheet, with the exception of losses totaling $33.4 million that were recognized by the Company in relation to miners contributed between June 2022 and October 2022 that had fair values at the time of the contributions that were less than the costs paid by the Company to obtain them. These losses were recognized in equity in losses of equity investees on the consolidated statement of operations during the year ended December 31, 2022. The Company also reclassified $74.2 million of deposits on equipment to property and equipment during the year ended December 31, 2023 in connection with the receipt of miners at the Odessa Facility.

As of December 31, 2023, the Company had $30.8 million of deposits on equipment on its consolidated balance sheet, primarily for deposits on miners. The Company currently has $98.8 million in commitments associated with purchase commitments for miners and, the Company expects to incur ongoing capital expenditures related to building out the Black Pearl Facility that will require resources beyond the Company's existing financial resources as of December 31, 2023. Management intends to continue to build out the infrastructure at the Black Pearl Facility to get the site to 150 megawatts ("MW") in 2025, and full capacity in 2026, in support of the Company's current business plans. Management believes that the Company's existing financial resources, combined with projected cash and bitcoin inflows from its data centers and its intent and ability to sell bitcoin received or earned, will be sufficient

to enable the Company to meet its operating and capital requirements for at least 12 months from the date these consolidated financial statements are issued.

There is limited historical financial information about the Company upon which to base an evaluation of its performance. The business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, possible delays in exploration and/or development, and possible cost overruns due to price and cost increases in services. The Company's management has no current intention of entering into a merger or acquisition within the next 12 months. The Company may require additional capital to pursue certain business opportunities or respond to technological advancements, competitive dynamics or technologies, customer demands, challenges, acquisitions or unforeseen circumstances. Additionally, the Company has incurred and expects to continue to incur significant costs related to being a public company. Accordingly, the Company may engage in equity or debt financings or enter into credit facilities for the above-mentioned or other reasons; however, the Company may not be able to timely secure additional debt or equity financings on favorable terms, if at all. If the Company raises additional funds through equity financing, its existing stockholders could experience significant dilution. Furthermore, any debt financing obtained by the Company in the future could involve restrictive covenants relating to the Company's capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities. If the Company is unable to obtain adequate financing on terms that are satisfactory to the Company, when the Company requires it, the Company's ability to continue to grow or support the business and to respond to business challenges could be significantly limited, which may adversely affect the Company's business plan.

On August 14, 2023, the Company entered into a master loan agreement with Coinbase Credit, Inc., as lender, and Coinbase, Inc., as lending service provider. Pursuant to the master loan agreement, the Company established a secured line of credit up to $10.0 million (the "Credit Facility"). The Company will not incur commitment fees for unused portions of the Credit Facility. The borrowing rate on amounts drawn against the Credit Facility is determined on the basis of the Federal Funds Target Rate - Upper Bound, plus 2.5%, calculated daily based on a 365-day year and payable monthly for the duration of the loan. Borrowings under the Credit Facility are available on demand, open term, and collateralized by bitcoin transferred to the lending service provider's platform. As of December 31, 2023 the Company had not drawn upon the Credit Facility.

As disclosed in Note 15, *Stockholders' Equity*, on September 21, 2022, the Company entered into an at-the-market offering agreement (the "Sales Agreement") with H.C. Wainwright & Co., LLC (the "Agent"), pursuant to which the Company may, from time to time, sell up to $250.0 million in shares of Common Stock through the Agent. During the year ended December 31, 2023, the Company received gross proceeds of approximately $135.8 million, from the sale of 37,433,923 shares of its Common Stock under the Sales Agreement.

Macroeconomic conditions: COVID-19 and other economic, business and political conditions

The Company's results of operations could be adversely affected by general conditions in the global economy and in the global financial markets, including conditions that are outside of the Company's control, such as any epidemics, pandemics or disease outbreaks or other public health conditions. For example, the COVID-19 pandemic ("COVID-19") that was declared on March 11, 2020 has caused significant economic dislocation in the United States ("U.S.") and globally as governments across the world, including the U.S., introduced measures aimed at preventing the spread of COVID-19. While most policies and regulations implemented by governments in response to COVID-19 have been lifted, they have had a significant impact, both directly and indirectly, on global business and commerce.

The Company may experience disruptions to its business operations resulting from supply interruptions, quarantines, self-isolations, or other movement and restrictions on the ability of its employees or its counterparties to perform their jobs. The Company may also experience delays in construction and obtaining necessary equipment in a timely fashion. For example, in early January 2022, construction at the Alborz Facility was temporarily shut down in response to employees being impacted by COVID-19. The temporary shutdown was less than a week, and construction resumed at the site immediately after. If the Company is unable to effectively set up and service its miners, its ability to mine bitcoin will be adversely affected. There is no assurance that COVID-19 or any other pandemic, or other unfavorable global economic, business or political conditions, such as a rise in energy prices, a slowdown in the U.S. or international economy, high inflation rates or other factors, will not materially and adversely affect the Company's business, prospects, financial condition' and operating results.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the FASB and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission ("SEC").

The Merger was accounted for as a reverse recapitalization in accordance with GAAP (the "Reverse Recapitalization"). Under this method of accounting, GWAC was treated as the acquired company and CMTI was treated as the acquirer for financial statement reporting purposes.

Accordingly, for accounting purposes, the Reverse Recapitalization was treated as the equivalent of CMTI issuing stock for the net assets of GWAC, accompanied by a recapitalization. The net assets of GWAC are stated at historical cost, with no goodwill or other intangible assets recorded, see Note 1, *Organization and Business*.

CMTI was determined to be the accounting acquirer based on an evaluation of the following facts and circumstances:

- CMTI's existing shareholder has the greatest voting interest in the Company;
- the majority of the members of the board of directors of the Company ("Board") are primarily composed of individuals associated with CMTI;
- CMTI's senior management is the senior management of the Company; and
- CMTI's operations prior to the Reverse Recapitalization comprise the only ongoing operations of the Company after the consummation of the Business Combination.

The consolidated assets, liabilities and results of operations prior to the Reverse Recapitalization are those of CMTI. The shares and corresponding capital amounts and losses per share prior to the Business Combination have been retroactively restated based on shares reflecting the exchange ratio established in the Business Combination, see Note 1, *Organization and Business*.

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All intercompany transactions and balances have been eliminated.

Certain reclassifications have been made to the prior periods' consolidated financial statements in order to conform to the current period presentation. Such reclassifications are immaterial, individually and in the aggregate, to both current and all previously issued financial statements taken as a whole. Effective for the year ended December 31, 2023, the Company reclassified $0.6 million of capitalized software previously included in Property and equipment, net into Intangible assets, net.

Emerging growth company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the

Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company, which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. The most significant estimates inherent in the preparation of the Company's consolidated financial statements include, but are not limited to, those related to equity instruments issued in share-based compensation arrangements, valuations of its derivative asset and warrant liability, useful lives of property and equipment, the asset retirement obligation and the valuation allowance associated with the Company's deferred tax assets, among others. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. The Company's cash equivalents consist of funds held in money market accounts. The Company had $86.1 million and $11.9 million in cash equivalents as of December 31, 2023 and 2022, respectively.

Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. Periodically, the Company maintains deposits in financial institutions in excess of government insured limits. Management believes that the Company is not exposed to significant credit risk as the Company's deposits are held at financial institutions that management believes to be of high credit quality. The Company has not experienced any losses on these deposits.

Accounts receivable

The Company's accounts receivable balance consists of amounts due from its only customer, a mining pool operator. Amounts recorded in accounts receivable as of December 31, 2023 consist of the block rewards and transaction fees earned the last day (last contract period) of the year, but not yet received from the mining pool operator. No allowance was recorded as of December 31, 2023.

Fair value of financial instruments

The Company's financial assets and liabilities are accounted for in accordance with ASC 820, *Fair Value Measurement* ("ASC 820"), which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs when measuring fair value and classifies those inputs into three levels:

Level 1 – Observable inputs, such as quoted prices in active markets for identical assets and liabilities.

Level 2 – Inputs other than Level 1 inputs that are either directly or indirectly observable, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the instrument's anticipated life.

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair values requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized as Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying values reported in the Company's consolidated balance sheets for cash (excluding cash equivalents which are recorded at fair value on a recurring basis), accounts payable and accrued expenses and other current liabilities are reasonable estimates of their fair values due to the short-term nature of these items.

As of December 31, 2023, the Company had an embedded derivative asset in the accounts receivable recorded for the amount of block rewards and transaction fees earned the last day (last contract period) of the year. The derivative asset is classified within Level 1 of the fair value hierarchy because fair value is based on quoted prices in an active market. Changes in fair value of the derivative asset are presented within operating expense (income) in the consolidated statement of operations.

Refer to Note 16, *Fair Value Measurements*, for further information about the Level 3 asset and liability rollforwards of activity and Level 3 inputs.

Bitcoin

Bitcoin are included in current assets on the consolidated balance sheets. Bitcoin that are temporarily held for the Company's joint venture partner are included in prepaid and other current assets on the consolidated balance sheet. Bitcoin received through the Company's wholly-owned mining activities are accounted for in connection with the Company's revenue recognition policy. Bitcoin awarded to the Company as distributions-in-kind from equity investees are accounted for in accordance with ASC 845, *Nonmonetary Transactions*, and recorded at fair value upon receipt.

For the year ended December 31, 2023, bitcoin held by the Company are accounted for as intangible assets under ASC 350-60, *Crypto Assets,* issued by the FASB in December 2023. Intangible assets under the scope of this subtopic are measured at fair value on the Company's consolidated balance sheet. The Company determines the fair value of its bitcoin on a nonrecurring basis in accordance with ASC 820 based on quoted prices on the active trading platform that the Company has determined is its principal market for bitcoin (Level 1 inputs). The Company recognized fair value adjustments of $11.0 million on its bitcoin holdings during the year ended December 31, 2023.

Prior to the adoption of ASU 2023-08, bitcoin was accounted for as an intangible asset subject to impairment. Upon adoption of ASC 350-60 on January 1, 2023, the company recorded an opening adjustment to retained earnings of $0.2 million.

Bitcoin awarded to the Company through its mining activities are included as an adjustment to reconcile net loss to cash used in operating activities on the consolidated statements of cash flows. Proceeds from sales of bitcoin are included within cash flows from operating activities on the consolidated statements of cash flows to the extent bitcoin are sold within seven days of being awarded, and investing cash flows if sold after that period. Any realized gains or losses from such sales are included in costs and operating expenses (income) on the consolidated statements of operations. The receipt of bitcoin as distributions-in-kind from equity investees are included within investing activities on the consolidated statements of cash flows. Bitcoin are sold on a first-in-first-out ("FIFO") basis.

Property and equipment, net

Property and equipment consists primarily of miners and mining equipment, leasehold improvements and construction-in-progress at the Odessa Facility and is stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets, which ranges from three to seven years. Leasehold improvements include capitalized asset retirement costs (see the related *Asset Retirement Obligation* policy below) and the substation right-of-use asset (further discussed in Note 13, *Leases)*, both of which are amortized over the estimated useful life of the related assets. All other leasehold improvements are depreciated over the lesser of the estimated useful life of the asset or the remaining life of the related lease. Costs of maintenance, repairs and minor replacements are expensed when incurred. Construction-in-progress is comprised of assets which have not been placed into service and is not depreciated until the related assets or improvements are ready to be placed into service.

The estimated useful lives for all property and equipment are as follows:

	Useful lives (in years)
Office and computer equipment	3
Autos	5
Leasehold improvements	5
Miners and mining equipment	5
Furniture and fixtures	7

Intangible assets, net

Intangible assets, net primarily includes strategic contracts acquired as part of asset acquisitions and relate to certain regulatory approvals related to our mining operations. Intangible assets also includes capitalized software, which consists of consulting costs related to development of internal-use software. Intangible assets are presented net of the associated accumulated amortization.

The Company accounts for the costs of software developed for internal use by capitalizing costs incurred during the application development stage to property and equipment, net on its consolidated balance sheets. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. The Company plans to amortize the capitalized costs of internal-use software on a straight-line basis over the estimated useful life of the asset, which is expected to be three years. The Company will recognize the amortization of software in depreciation expense on the consolidated statements of operations once the software is technologically feasible.

The estimated useful lives for all intangible assets are as follows:

	Useful lives (in years)
Strategic contract	20
Software	3

Impairment of long-lived assets

Management reviews long-lived assets, including leases and investments, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset, asset group or investment may not be recoverable.

Recoverability of assets to be held and used are measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. Because the impairment test for long-lived assets held in use is based on estimated undiscounted cash flows, there may be instances where an asset or asset group is not considered impaired, even when its fair value may be less than its carrying value, because the asset or asset group is recoverable based on the cash flows to be generated over the estimated life of the asset or asset group.

If such assets are considered to be impaired, the impairment to be recognized will be measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

There was no indication that the Company's long-lived assets might be impaired as of December 31, 2023.

Investment in equity investees

The Company accounts for investments using the equity method of accounting if the investments provide the Company the ability to exercise significant influence, but not control, over its investees. Significant influence is generally deemed to exist if the Company has an ownership interest in the voting stock of an investee of between 20 percent and 50 percent, or an ownership interest greater than three to five percent in certain partnerships, unincorporated joint ventures and limited liability companies, although other factors are considered in determining whether the equity method of accounting is appropriate. Under this method, an investment in the common stock of an investee (including a joint venture) shall be initially measured and recorded at cost; however, an investor shall initially measure at fair value an investment in the common stock of an investee (including a joint venture) recognized upon the derecognition of a distinct nonfinancial asset at the time that control over the distinct nonfinancial asset is transferred to the equity investee, such as that which occurs upon the transfer of miners and mining equipment to a joint venture from the Company.

The Company's investments are subsequently adjusted to recognize its share of net income or losses as they occur. The Company also adjusts its investment upon receipt of bitcoin from an equity investee, which is accounted for as a distribution-in-kind that is measured as of time of receipt. The Company's share of investees' earnings or losses is recorded, net of taxes, within equity in losses of equity investees on the Company's consolidated statement of operations. Additionally, the Company's interest in the net assets of its equity method investees is reflected on its consolidated balance sheet. If, upon the Company's contribution of nonfinancial assets to a joint venture, there is any difference between the cost of the investment and the amount of the underlying equity in the net assets of the investee, the difference is required to be accounted for as if the investee were a consolidated subsidiary. If the difference is assigned to depreciable or amortizable assets or liabilities, then the difference should be amortized or accreted in connection with the equity earnings based on the Company's proportionate share of the investee's net income or loss. If the Company is unable to relate the difference to specific accounts of the investee, the difference should be considered goodwill.

The Company considers whether the fair value of its equity method investments have declined below their carrying values whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. If the Company considered any such decline to be other than temporary (based on various factors, including historical financial results, success of the mining operations and the overall health of the investee's industry), then the Company would record a write-down to the estimated fair value.

Deferred investment costs

Deferred investment costs consist of legal fees incurred through the balance sheet date that were directly related to the formation of a joint venture and which were capitalized as part of the Company's total investment in the joint venture upon consummation of the joint venture agreement, see Note 7, *Investment in Equity Investees*.

Asset retirement obligation

Asset retirement obligations relate to the legal obligations associated with the retirement of long-lived assets that result from the construction, development and/or normal operation of a long-lived asset. The Company currently has one asset retirement obligation ("ARO") related to the construction of the data center and installation of the related electrical infrastructure at the Odessa Facility. ASC 410, *Asset Retirement and Environmental Obligations* ("ASC 410") requires an entity to record the fair value of a liability for an ARO in the period in which it is incurred if a reasonable estimate of fair value can be made. Due to the long lead time involved until decommissioning activities occur, the Company uses a present value technique to estimate the liability. A liability for the fair value of the ARO based on the expected present value of estimated future decommissioning costs with a corresponding increase to the carrying value of the related long-lived asset (leasehold improvements) was recorded upon commencement of the lease in November 2022. The estimated capitalized asset retirement costs are depreciated using the straight-line

method over the estimated remaining useful life of the related long-lived asset, with such depreciation included in depreciation expense in the consolidated statements of operations. The ARO is accreted based on the original discount rate and is recognized as an increase in the carrying amount of the liability and a charge to accretion expense, which is included in depreciation expense in the consolidated statements of operations. Annually, or more frequently if an event occurs that would dictate a change in assumptions or estimates underlying the obligation, the Company reassesses its ARO to determine whether any revisions to the obligation are necessary. Revisions to the estimated ARO for items such as (i) new liabilities incurred, (ii) liabilities settled during the period and (iii) revisions to estimated future cash flow requirements (if any), will result in adjustments to the related capitalized asset and corresponding liability.

In order to determine the fair value of the ARO, the Company's management made certain estimates and assumptions including, among other things, projected cash flows, the borrowing interest rate and an assessment of market conditions that could significantly impact the estimated fair value. These estimates and assumptions are subjective. See additional information regarding the ARO in Note 12, *Asset Retirement Obligation*.

Leases

The Company accounts for leases in accordance with ASC 842, *Leases* ("ASC 842"). Accordingly, the Company determines whether an arrangement contains a lease at the inception of the arrangement. If a lease is determined to exist, the term of such lease is assessed based on the date on which the underlying asset is made available for the Company's use by the lessor. The Company's assessment of the lease term reflects the non-cancelable term of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options which the Company is reasonably certain of not exercising, as well as periods covered by renewal options which the Company is reasonably certain of exercising. The Company also determines lease classification as either operating or finance at lease commencement, which governs the pattern of expense recognition and the presentation reflected in the consolidated statements of operations over the lease term.

For leases with a term exceeding 12 months, a lease liability is recorded on the Company's consolidated balance sheet at lease commencement reflecting the present value of its fixed minimum payment obligations over the lease term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, adjusted for any accrued or prepaid rents and/or unamortized initial direct costs incurred in connection with execution of the lease and reduced by any lease incentives received. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Company generally uses its incremental borrowing rate, determined based on information available at lease commencement, if rates implicit in its leasing arrangements are not readily determinable. The Company's incremental borrowing rate reflects the rate it would pay to borrow on a secured basis and incorporates the term and economic environment of the associated lease. ROU assets will be reviewed for impairment, consistent with other long-lived assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense while the expense for finance leases is recognized as depreciation expense and interest expense using the interest method of recognition. For leases with a term of 12 months or less, any fixed payments are recognized on a straight-line basis over the lease term and are not recognized on the Company's consolidated balance sheet as an accounting policy election. Leases qualifying for the short-term lease exception are insignificant. Variable lease costs are expensed as incurred and are not included in the measurement of ROU assets and lease liabilities.

ASC 842 provides practical expedients for an entity's ongoing accounting. The Company elected the practical expedient not to separate lease and non-lease components for all leases, which means all consideration that is fixed, or in-substance fixed, relating to the non-lease components will be captured as part of the Company's lease components for balance sheet purposes.

Common stock warrants

Upon the consummation of the Business Combination, the Company assumed common stock warrants that were originally issued in GWAC's initial public offering (the "Public Warrants"), as well as warrants that were issued in a

private placement that closed concurrently with GWAC's initial public offering (the "Private Placement Warrants"). See Note 16, *Warrants* for additional information on the Public Warrants and Private Placement Warrants.

The Company is capitalized as a single class of common stock, accordingly, a qualifying cash tender offer of more than 50% of the Common Stock will always result in a change-in-control, and in accordance with ASC 815-40-55-3, this would not preclude permanent equity classification of the Public Warrants; therefore, the Public Warrants are equity classified.

The Private Placement Warrants are accounted for as a liability under ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*, as they are a freestanding financial instrument that require the Company to transfer assets upon exercise. The Company recorded the Private Placement Warrants as a liability in the consolidated balance sheet at fair value on the Closing Date, with subsequent changes in fair value recognized in the change in fair value of warrant liability within the consolidated statements of operations. The Private Placement Warrants were valued using a Black-Scholes option-pricing model as described in Note 18, *Fair Value Measurements*.

Treasury stock

Treasury share purchases obtained through share withholdings for taxes are recorded at par value.

Revenue recognition

The Company recognizes revenue under ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The core principle of the revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the company satisfies a performance obligation

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met: The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct), and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

If a good or service is not distinct, the good or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price, an entity must consider the effects of all of the following:

- Variable consideration
- Constraining estimates of variable consideration
- The existence of a significant financing component in the contract

- Noncash consideration
- Consideration payable to a customer

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The standalone selling price is the price at which the Company would sell a promised service separately to a customer. The relative selling price for each performance obligation is estimated using observable objective evidence if it is available. If observable objective evidence is not available, the Company uses its best estimate of the selling price for the promised service. In instances where the Company does not sell a service separately, establishing standalone selling price requires significant judgment. The Company estimates the standalone selling price by considering available information, prioritizing observable inputs such as historical sales, internally approved pricing guidelines and objectives, and the underlying cost of delivering the performance obligation. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate.

Management judgment is required when determining the following: when variable consideration is no longer probable of significant reversal (and hence can be included in revenue); whether certain revenue should be presented gross or net of certain related costs; when a promised service transfers to the customer; and the applicable method of measuring progress for services transferred to the customer over time.

The Company entered into a bitcoin mining pool by executing a contract, as amended from time to time, with a mining pool operator to provide computing power to the mining pool. Specifically, in November 2022, the Company entered into a mining pool contract with Foundry USA Pool (“Foundry”). Providing computing power to a mining pool operator for the purpose of cryptocurrency transaction verification is an output of the Company’s ordinary activities. The contract is terminable at any time by either party with no substantive termination penalty. The Company’s enforceable right to compensation begins when, and lasts for as long as, the Company provides computing power to the mining pool operator; the Company’s performance obligation extends over the contract term given the Company’s continuous provision of hashrate. This period of time corresponds with the period of service for which the mining pool operator determines compensation due the Company. Given cancellation terms of the contract, and the Company’s customary business practice, the contract effectively provides the Company with the option to renew for successive contract terms of 24 hours. The options to renew are not material rights because they are offered at the standalone selling price of computing power. The Company elected the optional exemption to not disclose the transaction price allocated to remaining performance obligations that are part of a contract that has an original expected duration of one year or less.

The provision of computing power in accordance with the mining pool operator’s terms of service is the only performance obligation in the Company’s contract with the mining pool operator, its customer. In exchange for providing computing power pursuant to Foundry’s terms of service, the Company is entitled to noncash consideration in the form of bitcoin, measured under the Full Pay Per Share (“FPPS”) approach. Under the FPPS approach, the Company is entitled to a fractional share of the fixed bitcoin award from the mining pool operator (referred to as a “block reward”) and potentially transaction fees generated from (paid by) blockchain users and distributed (paid out) to individual miners by the mining pool operator. The Company’s fractional share of the block reward is based on the proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm, over the contract term. The Company is entitled to its relative share of consideration even if a block is not successfully placed. In other words, the Company receives consideration once after the end of each 24-hour contract period, regardless of whether the pool successfully places a block. The Company proportionate share of transaction fees is based on the Company’s contributed share of hashrate as a percentage of total network hashrate during the contract term.

The mining pool operator calculates block rewards under the FPPS approach described above and may charge a pool fee for maintenance of the pool that reduces the amount of block rewards to which the Company is entitled. Foundry did not claim a fee for any block rewards earned by the Company in 2023. After every 24-hour contract term, the Company receives a payout and the pool transfers the bitcoin consideration to the Company’s designated bitcoin wallet.

Noncash consideration is measured at fair value at contract inception. Fair value of the bitcoin consideration is determined using the quoted price on the Company's principal market for bitcoin at the beginning of the contract period at the single bitcoin level (one bitcoin). This amount is recognized in revenue over the contract term as hashrate is provided. Changes in the fair value of the noncash consideration due to form of the consideration (changes in the market price of bitcoin) are not included in the transaction price and hence are not included in revenue. Changes in fair value of the noncash consideration post-contract inception that are due to reasons other than form of consideration (other than changes in the market value of bitcoin) are measured based on the guidance on variable consideration, including the constraint on estimates of variable consideration.

Because the consideration to which the Company expects to be entitled for providing computing power is entirely variable, as well as being noncash consideration, the Company assesses the estimated amount of the variable noncash consideration at contract inception and subsequently, to determine when and to what extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty associated with the variable consideration is subsequently resolved (the "constraint"). Only when significant revenue reversal is concluded probable of not occurring can estimated variable consideration be included in revenue. Based on evaluation of likelihood and magnitude of a reversal in applying the constraint, the estimated variable noncash consideration is constrained from inclusion in revenue until the end of the contract term, when the underlying uncertainties have been resolved and number of bitcoin to which the Company is entitled becomes known.

There is no significant financing component in these transactions.

During the year ended December 31, 2023, the Company earned revenue of $126.8 million from Foundry, its only customer, representing 100% of total consolidated revenue.

The Company's ability to satisfy its performance obligation under its contract with the mining pool operator to provide computing power may be contracted to various third parties and there is a risk that if these parties are unable to perform or curtail their operations, the Company's revenue and operating results may be affected. Please see Note 4, *Derivative Asset*, for additional information about the Company's power arrangements.

Cost of revenue

Cost of revenue consists primarily of direct production costs of bitcoin mining operations, which for the year ended December 31, 2023 consisted mainly of electricity expenses, but excludes depreciation which is separately stated.

Share-based compensation

The Company accounts for all share-based payments to employees, consultants and directors, which may include grants of stock options, stock appreciation rights, restricted stock awards and restricted stock units ("RSUs") to be recognized in the consolidated financial statements, based on their respective grant date fair values. As of December 31, 2023, the Company has awarded only RSUs with service-based vesting conditions ("Service-Based RSUs") and performance-based RSUs with market-based vesting conditions ("Performance-Based RSUs"). Compensation expense for all awards is amortized based upon a graded vesting method over the estimated requisite service period. All share-based compensation expenses are recorded in general and administrative expense in the consolidated statements of operations. Forfeitures are recorded as they occur. See also Note 17, *Share-Based Compensation* below.

The fair value of Service-Based RSUs is the closing market price of Common Stock on the date of the grant. The Company employs a Monte Carlo simulation technique to calculate the fair value of the Performance-Based RSUs on the date granted based on the average of the future simulated outcomes. The Performance-Based RSUs contain different market-based vesting conditions that are based upon the achievement of certain market capitalization milestones. Under the Monte Carlo simulation model, a number of variables and assumptions are used including, but not limited to, the underlying price of Common Stock, the expected stock price volatility over the term of the award, a correlation coefficient, and the risk-free rate. The Performance-Based RSUs awarded do not have an explicit requisite service period, therefore compensation expense is recorded over a derived service period based upon the estimated median time it will take to achieve the market capitalization milestone using a Monte Carlo simulation.

Income taxes

The Company complies with the accounting and reporting requirements of FASB ASC Topic 740, *Income Taxes* ("ASC 740"), which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. As of December 31, 2023 and December 31, 2022, the Company did not have any significant uncertain tax positions. The Company will recognize interest and penalties related to uncertain tax positions in income tax expense. The Company did not have any accrued interest or penalties related to uncertain tax positions recorded as of December 31, 2023 or December 31, 2022, and no amounts have been recognized in the Company's consolidated statements of operations. The Company does not anticipate a material change to unrecognized tax benefits in the next 12 months.

The Company files income tax returns in the United States federal tax jurisdiction and various state jurisdictions. The Company did not have any foreign operations during any periods presented in these consolidated financial statements. All of the Company's tax years since inception are open for examination by the federal and state tax authorities and will remain open to the extent that the Company's tax attributes are utilized in future years to offset income or income taxes. The Company is not aware of any tax examinations currently taking place.

Segment information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one segment.

Net loss per share

Basic net loss per share is computed by dividing net loss allocable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share adjusts net loss and net loss per common share for the effect of all potentially dilutive shares of Common Stock. Basic net loss per common share is the same as dilutive net loss per common share for all periods presented as the inclusion of all potential common shares would have been antidilutive. Potential common shares consist of the Public Warrants and the Private Placement Warrants to purchase Common Stock (using the treasury stock method), as well as unvested RSUs.

The following table presents the common shares that are excluded from the computation of diluted net income (loss) per common share at December 31, 2023 and 2022, because including them would have been antidilutive.

	December 31,	
	2023	**2022**
Public warrants	8,499,980	8,499,980
Private placement warrants	114,000	114,000
Unvested RSUs	21,304,952	18,698,755
	29,918,932	27,312,735

Recently issued and adopted accounting pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes to determine the consequences of the change to its consolidated financial statements and assures that there are proper controls in place to ascertain that the Company's consolidated financial statements properly reflect the change.

Recently adopted accounting pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which was codified with its subsequent amendments as ASC Topic 326, *Financial Instruments – Credit Losses* ("ASC 326"). ASC 326 seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments, including trade receivables, and other commitments to extend credit held by a reporting entity at each reporting date. The amendments require an entity to replace the incurred loss impairment methodology in other GAAP with a methodology that reflects current expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The adoption of this guidance on January 1, 2023 did not have a material impact on the Company's consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-08, *Intangibles-Goodwill and Other-Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* ("ASU 2023-08"). ASU 2023-08 seeks to provide financial statement users with more decision-useful information about the underlying economics of crypto assets, and a reporting entity's financial position. The amendment requires an entity to present crypto assets at fair value on the balance sheet, present these assets separate from other intangible assets, and record changes from remeasurements of crypto assets separately from changes in carrying amounts from other intangible assets on the income statement. The amendment also requires entities to disclose by crypto asset the name, fair value, cost basis, and number of units, as well as changes crypto holdings over the periods presented. The updated guidance is effective for the company for January 1, 2025, however the company has chosen to early adopt the amendments as of January 1, 2023, resulting in an opening adjustment to retained earnings of $0.2 million for the year ended December 31, 2023.

Recently issued accounting pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 seeks to improve disclosures about a public entity's reportable segments and add disclosures around a reportable segment's expenses. The updated guidance is effective for the Company for annual periods beginning January 1, 2024, and interim periods within fiscal years beginning January 1, 2025. As the Company has one reportable segment, the Company does not expect the adoption of this ASU to have a material impact on its financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 seeks to improve transparency if income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disclosures. The updated guidance is effective for the Company on January 1, 2025. The Company does not expect the adoption of ASU 2023-09 to have a material impact on its financial statements and disclosures.

NOTE 3. BITCOIN

The following table presents information about the Company's bitcoin (in thousands):

	December 31,	
	2023	2022
Opening balance	$ 6,283	$ -
Cumulative effect upon adoption of ASU 2023-08	209	-
Bitcoin received from equity investees	317	4,828
Revenue recognized from bitcoin mined, net of receivable	126,319	2,939
Proceeds from sale of bitcoin	(111,188)	(17)
Change in fair value of bitcoin	11,038	-
Impairment of bitcoin	-	(1,467)
Ending balance	$ 32,978	$ 6,283

The Company held approximately 780 and 394 bitcoin at December 31, 2023, and December 31, 2022, respectively. The associated fair value and cost basis of bitcoin held was $33.0 million, and $30.9 million, respectively, at December 31, 2023, and $6.5 million, and $7.7 million, respectively at December 31, 2022. Fair value of bitcoin is estimated using the closing price, which is a Level 1 input (i.e., an observable input such as a quoted price in an active market for an identical asset). The Company accounts for bitcoin on a FIFO basis.

As of December 31, 2023, 10 bitcoin with a fair value of $0.4 million were pledged as collateral related to bitcoin trading strategies. Restrictions on the collateral lapse on January 26, 2024 or upon closing trading positions. No bitcoin were pledged as collateral as of December 31, 2022.

NOTE 4. DERIVATIVE ASSET

Luminant Power Agreement

On June 23, 2021, the Company entered into a power purchase agreement with Luminant ET Services Company LLC ("Luminant"), which was subsequently amended and restated on July 9, 2021, and further amended on February 28, 2022, August 26, 2022, and August 23, 2023 (as amended, the "Luminant Power Agreement"), for the supply of a fixed amount of electric power to the Odessa Facility at a fixed price for a term of five years, subject to certain early termination exemptions. The Luminant Power Agreement provides for subsequent automatic annual renewal unless either party provides written notice to the other party of its intent to terminate the agreement at least six months prior to the expiration of the then current term. Starting from July 1, 2022, and prior to the receipt of interconnection approval from the Electric Reliability Council of Texas ("ERCOT"), under the take or pay framework of the Luminant Power Agreement and pursuant to the ramp-up schedule agreed to between Luminant and Cipher, Luminant began sales of the scheduled energy in the ERCOT market.

Because ERCOT allows for net settlement, the Company's management determined that, as of July 1, 2022, the Luminant Power Agreement met the definition of a derivative under ASC 815, *Derivatives and Hedging* ("ASC 815"). Because the Company has the ability to sell its electricity in the ERCOT market rather than take physical delivery, physical delivery is not probable through the entirety of the contract and therefore, the Company's management does not believe the normal purchases and normal sales scope exception applies to the Luminant Power Agreement. Accordingly, the Luminant Power Agreement (the non-hedging derivative contract) is recorded at an estimated fair value each reporting period with the change in the fair value recorded in change in fair value of derivative asset in the consolidated statements of operations. See additional information regarding valuation of the Luminant Power Agreement derivative in Note 18, *Fair Value Measurements*.

Depending on the spot market price of electricity, the Company may opportunistically sell electricity in the ERCOT market in exchange for cash payments, rather than utilizing the power to mine for bitcoin at the Odessa Facility during peak times in order to most efficiently manage the Company's operating costs. The Company, through Luminant, sold $1.7 million in electricity, net of the costs under the Luminant Power Agreement, prior to the start of bitcoin mining at the Odessa Facility, which it recorded as part of the change in the fair value of the derivative asset in the consolidated statement of operations during the year ended December 31, 2022. On November 22, 2022, the Company began bitcoin mining at the Odessa Facility, and subsequent to this date, the costs under the Luminant

Power Agreement are recorded in cost of revenue in the Company's consolidated statements of operations. The Company sold $9.9 million and $0.5 million in electricity, net of the costs under the Luminant Power Agreement, during the years ended December 31, 2023 and 2022, respectively, and recorded this amount as income from power sales in operating income on the consolidated statement of operations, with the corresponding costs of the power sold recorded in cost of revenue.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Miners and mining equipment	$ 163,523	$ 79,909
Leasehold improvements	138,883	94,807
Office and computer equipment	279	88
Autos	73	73
Furniture and fixtures	88	69
Construction-in-progress	49	20,437
Total cost of property and equipment	302,895	195,383
Less: accumulated depreciation	(59,080)	(4,195)
Property and equipment, net	$ 243,815	$ 191,188

During the years ended December 31, 2023 and 2022, the Company placed approximately $40.7 million and $37.4, respectively, of construction-in-progress into service at the Odessa Facility. Depreciation expense was $59.0 million for the year ended December 31, 2023, and $4.4 million for the year ended December 31, 2022. There were no impairment charges recorded during either year.

During the year ended December 31, 2023, the Company received the remaining 17,094 MicroBT M30S, M30S+ and M30S++ miners ("MicroBT miners") related to the framework agreement of September 2021 with SuperAcme Technology (Hong Kong) Limited ("SuperAcme"), which was amended and restated by the Amended and Restated Framework Agreement on Supply of Blockchain Servers (the "Amended and Restated Framework Agreement"), dated as of May 6, 2022, and subject to the Supplementary Agreement of the Framework Agreement on Supply of Blockchain Servers (the "Supplementary Agreement). These MicroBT miners received during the first quarter of fiscal year 2023 had an aggregate cost of approximately $50.7 million and were purchased by the Company at the new fixed and floating price terms set forth in the Supplementary Agreement. The Company also received 4,622 Antminer S19j Pro (100 TH/s) ("S19j Pro") miners from Bitmain with a cost basis of approximately $1.6 million during the first quarter of fiscal year 2023. As of December 31, 2023, the Company had a total of approximately 61,000 miners at the Odessa Facility.

NOTE 6. DEPOSITS ON EQUIPMENT

Under the August 2021 purchase agreement with Bitmain Technologies Limited ("Bitmain"), the Company purchased a total of 27,000 Antminer S19j Pro (100 TH/s) ("S19j Pro") miners and had received 27,035 miners from Bitmain at our data centers in Texas as of December 31, 2022. The Company has no further payment obligations under this agreement with Bitmain. In November and December 2022, the Company agreed to purchase an additional 5,000 and 2,200 S19j Pros, respectively, from Bitmain. The Company utilized accumulated Bitmain credits and coupons for the majority of the purchase price for these miners and has no further payments due in respect of these orders as of December 31, 2023.

Under the framework agreement of September 2021 with SuperAcme Technology (Hong Kong) Limited ("SuperAcme"), which was amended and restated by the Amended and Restated Framework Agreement on Supply of Blockchain Servers (the "Amended and Restated Framework Agreement"), dated as of May 6, 2022, the Company agreed to purchase 60,000 MicroBT M30S, M30S+ and M30S++ miners. On November 4, 2022, the Company entered into a Supplementary agreement of the Framework Agreement on Supply of Blockchain Servers (the "Supplementary Agreement") with SuperAcme, which amended and supplemented the Amended and Restated Framework Agreement by changing the previously agreed fixed and floating price terms for miners that had yet to be delivered. As of the date of the Supplementary Agreement and December 31, 2022, SuperAcme had delivered 17,833 miners to the Company in Texas, with an aggregate cost of approximately $51.1 million, and the Company

had paid a total of $101.8 million to SuperAcme. The Company applied the remaining balance of $50.7 million to purchase miners at the new fixed and floating price terms set forth in the Supplementary Agreement, and had no balance due as of December 31, 2023.

The Company entered into two agreements with Bitfury USA Inc. ("Bitfury USA"), a subsidiary of Bitfury Top HoldCo, made under, and as a part of, the Master Services and Supply Agreement between the Company and Bitfury Top HoldCo dated August 26, 2021, to purchase a total of 240 units of BlockBox air-cooled containers (each a "BBAC"), the modular data centers that house mining machines. The Company received delivery of all of the BBACs during the year ended December 31, 2022. See Note 10, *Related Party Transactions*, for more information on the Master Services and Supply Agreement.

The Company previously had an agreement for the purchase of between 28,000 to 56,000 mining rigs from Bitfury Top HoldCo, also made under, and as a part of, the Master Services and Supply Agreement. Upon execution of this agreement, the Company paid a $10.0 million deposit to Bitfury Top HoldCo which was included in deposits on equipment in the Company's consolidated balance sheet as of December 31, 2022; however, the agreement for the purchase of mining rigs was a non-binding commitment unless and until confirmed by a mutually executed order confirmation. No order confirmations were executed under this agreement and, as further described in Note 10, *Related Party Transactions*, shares of Common Stock held by Bitfury Top HoldCo were returned to the Company as consideration for, or repayment of, the $10.0 million deposit. As further described in Note 20, *Subsequent Events*, the Company and Bitfury Top HoldCo terminated the Master Services and Supply Agreement on February 28, 2024.

On October 4, 2023, the Company entered into an agreement with Bitmain to purchase 1.2 EH/s worth of Bitmain's new HASH Super Computing Servers (Antminer S21-200.0T model) for a total purchase price of $24.0 million to be paid in cash and coupons, or $16.8 million in cash after applying coupons. The Company expects to make periodic payments in accordance with the payment schedule under this agreement, with the final payment expected to occur one year after the delivery of the last batch of miners. Related to this agreement, the Company has made installment payments of $7.6 million, which is included in the balance of deposits on equipment as of December 31, 2023. Batches of the Antminer S21 miners are expected to be delivered between January and June 2024.

On December 18, 2023, the Company entered into a second agreement with Bitmain to purchase 37,396 units of the latest generation Antminer T21 miners to be delivered in the first half of 2025. The Company paid a deposit of $9.9 million upon execution of the agreement. The agreement has an option to purchase an additional 45,706 miners in 2024. The Company paid $12.2 million as a deposit, which can be used towards purchases under this option.

The open purchase agreement commitments, deposits paid and expected delivery timing are summarized below as of December 31, 2023 (in thousands):

Vendor	Agreement Dates	Open Purchase Commitment	Deposit Balance	Expected Shipping for Open Purchase Commitments
Bitmain	October 4, 2023 and December 18, 2023	$ 98,759	$ 29,672	January 2024 - April 2025
Other vendors	Various	-	1,140	
Total		$ 98,759	$ 30,812	

NOTE 7. INVESTMENT IN EQUITY INVESTEES

On June 10, 2021, the Company and WindHQ LLC ("WindHQ") signed a binding definitive framework agreement with respect to the construction, buildout, deployment and operation of one or more data centers ("Data Centers") in the United States (the "WindHQ Joint Venture Agreement"). The WindHQ Joint Venture Agreement provides that the parties shall collaborate to fund the construction and buildout of certain specified Data Centers at locations already identified by the parties ("Initial Data Centers"). Each Initial Data Center will be owned by a separate limited liability company (each, an "Initial Data Center LLC"), and WindHQ and the Company will each own 51% and 49%, respectively, of the initial membership interests of each Initial Data Center LLC.

The WindHQ Joint Venture Agreement includes a development schedule for additional electrical power capacity through the joint identification, procurement, development and operation of additional Data Centers ("Future Data Centers"). Each Future Data Center will be owned by a separate limited liability company (each, a "Future Data Center LLC", and collectively with the Initial Data Center LLCs, the "Data Center LLCs"), and the Company and WindHQ, or respective affiliates of the Company or WindHQ, shall become a member of each Data Center LLC by entering into a limited liability company agreement for each such Data Center LLC ("LLC Agreement"). WindHQ will own at least 51% of the initial membership interests of each Data Center LLC and the Company will own a maximum of 49% of the initial membership interests of each Data Center LLC. Furthermore, under the WindHQ Joint Venture Agreement, WindHQ is required to procure energy for Future Data Centers at the most favorable pricing then available. Similarly, the Company is required to procure the applicable equipment needed for the Future Data Centers at the most favorable pricing then available.

Under the WindHQ Joint Venture Agreement, WindHQ agrees to provide a series of services to each of the Data Centers, including but not limited to: (i) the design and engineering of each of the Data Centers; (ii) the procurement of energy equipment and other related services such as logistics for each of the Data Centers; and (iii) the construction work for each of the Data Centers. Furthermore, the Company is required to support and monitor (remotely) the operations of the hardware at each Data Center (particularly the mining servers) as required under the WindHQ Joint Venture Agreement.

A development fee equal to 2% of capital expenditures in respect of the initial development of each Data Center shall be paid 50% to WindHQ and 50% to the Company. Furthermore, a fee equal to 2% of the gross revenues of each of the Data Center LLCs will be payable monthly, based on the immediately prior month gross revenue of such Data Center, 50% to WindHQ and 50% to the Company.

For each Data Center, WindHQ and the Company will cooperate to prepare a financial model incorporating the relevant economic factors of each Data Center, and both WindHQ and the Company will provide the initial funding required for each Data Center on a pro rata basis in accordance with the parties' respective ownership interests in the applicable Data Center LLC.

In the absence of any material breaches by either party, the WindHQ Joint Venture Agreement may only be terminated by mutual written consent of both parties.

Currently, the Company's investment in the individual Data Center LLCs does not meet the definition of a variable interest entity in accordance with ASC 810, and the Company does not have a controlling voting interest in any of the Data Center LLCs. The Company does have significant influence over the operations and major decisions of the Data Center LLCs, therefore, the Company's 49% ownership in each individual Data Center LLC is separately accounted for under the equity method of accounting, as the Company does not expect to exercise control over the Data Center LLCs.

On January 28, 2022, in connection with the WindHQ Joint Venture Agreement, CMTI and Alborz Interests DC LLC (a subsidiary of WindHQ), as members, entered into the Amended and Restated Limited Liability Company Agreement of Alborz LLC (the "Alborz LLC Agreement"). On May 16, 2022, in connection with the WindHQ Joint Venture Agreement, CMTI and Bear Interests DC LLC (a subsidiary of WindHQ), as members, entered into the Amended and Restated Limited Liability Company Agreement of Bear LLC (the "Bear LLC Agreement"). Effective October 7, 2022, in connection with the WindHQ Joint Venture Agreement, CMTI and Chief Interests DC LLC (a subsidiary of WindHQ), as members, entered into the Limited Liability Company Agreement of Chief Mountain LLC (the "Chief LLC Agreement"). The Alborz, Bear and Chief LLC Agreements delineate the rights and obligations of the members related to the construction, operation and management, respectively, of the Alborz, Bear and Chief Facilities. The Company is required to support and monitor (remotely) the operations of the hardware at the three facilities (particularly the mining servers) under the WindHQ Joint Venture Agreement.

The Company uses the equity method of accounting to account for its 49% equity interest in the Data Center LLCs. The Company recognized a total of $2.5 million, and $37.0 million of equity in the net losses of its equity investees, consisting of Alborz LLC, Bear LLC and Chief LLC, in the consolidated statement of operations during the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2023, the Company had contributed equipment with a total cost of $127.8 million related to its contributions of 12,953, 3,254, and 3,254 miners and other mining equipment to the Alborz, Bear, and Chief Facilities, respectively. The majority of the contributed miners had a fair value that was lower than the cost paid by the Company to obtain them, and the Company recognized losses at the time of the contributions, which totaled $33.4 million for the year ended December 31, 2022. These losses were recorded within equity in losses of equity investees on the consolidated statement of operations and represent basis differences related to the Company's investments in Alborz LLC, Bear LLC and Chief LLC which recorded the contribution of the equipment from the Company at the historical cost paid by the Company to obtain the equipment. As Alborz LLC, Bear LLC, and Chief LLC depreciate the historical cost of the miners on their respective financial statements over the expected depreciation period of five years, the Company will accrete these basis differences over the same period and will record the accretion amount for each reporting period within equity in losses of equity investees on its consolidated statements of operations until the miners are fully depreciated and the corresponding basis differences are fully accreted. As of December 31, 2023 and 2022, the Company had remaining basis differences totaling $24.7 million and $31.4 million, respectively, that have not yet been accreted. See accretion recorded by the Company during the year ended December 31, 2023 in the table below.

Activity in the Company's investment in equity investees during the years ended December 31, 2023 and 2022 consisted of the following (in thousands):

Balance as of January 1, 2022	$ -
Cost of contributed mining equipment and other capital contributions	94,380
Sales taxes to be paid by Cipher on behalf of equity investees	5,316
Accretion of basis differences related to miner contributions	2,006
Legal costs related to formation of joint ventures reclassified from deferred investment costs	174
Capital distributions	(54,009)
Bitcoin received from equity investees	(4,828)
Equity in net losses of equity investees	(5,561)
Balance as of December 31, 2022	$ 37,478
Cost of contributed mining equipment and other capital contributions	4,435
Accretion of basis differences related to miner contributions	6,683
Capital distributions	(3,808)
Bitcoin received from equity investees	(317)
Equity in net losses of equity investees	(9,213)
Balance as of December 31, 2023	$ 35,258

NOTE 8. INTANGIBLE ASSETS

The Company's intangible assets consisted of the following (in thousands):

	December 31, 2023		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**
Strategic contract	$ 7,000	$ (28)	$ 6,972
Capitalized software	1,230	(93)	1,137
Total	$ 8,230	$ (121)	$ 8,109

	December 31, 2022		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**
Capitalized software	$ 596	$ -	$ 596
Total	$ 596	$ -	$ 596

The Company expects to record amortization expense as follows over the next five subsequent years:

(in thousands)	
Year Ended December 31, 2024	$ 441
Year Ended December 31, 2025	441
Year Ended December 31, 2026	441
Year Ended December 31, 2027	441
Year Ended December 31, 2028	396

NOTE 9. SECURITY DEPOSITS

The Company's security deposits consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Luminant Power Purchase Agreement collateral	$ 12,554	$ 12,554
Luminant Purchase and Sale Agreement collateral	3,063	3,063
Operating lease security deposits	960	960
Oncor Facility Extension security deposit	6,269	-
Other deposits	1,009	1,153
Total security deposits	$ 23,855	$ 17,730

Under the Luminant Power Agreement (defined above in Note 4, *Derivative Asset*), the Company was required to provide Luminant with collateral of approximately $12.6 million (the "Independent Collateral Amount"). Half, or approximately $6.3 million, of the Independent Collateral Amount was paid to Luminant on September 1, 2021 and the other half was paid on November 14, 2022. The Independent Collateral Amount will remain in place throughout the term of the Luminant Power Agreement. Details of the construction of the Interconnection Electrical Facilities, including collateral arrangements that are in addition to the Independent Collateral Amount, are set out in the Purchase and Sale Agreement dated June 28, 2021, with amendment and restatement on July 9, 2021 (as amended and restated, the "Luminant Purchase and Sale Agreement") with another Luminant affiliate. Under the Luminant Purchase and Sale Agreement, the Company provided approximately $3.1 million as collateral separate from the Independent Collateral Amount, which is also recorded in security deposits as of December 31, 2023 and 2022.

During the year ended December 31, 2023, as associated with the Company's buildout of the Black Pearl Facility, the Company entered into an agreement with Oncor Electric Delivery Company LLC ("Oncor") to construct infrastructure to energize the data center (the "Facility Extension Agreement"). As part of the agreement, the Company was required to provide a security deposit of $6.3 million to be returned to the Company if the Black Pearl Facility uses 135 MW by May 15, 2026.

NOTE 10. SUPPLEMENTAL FINANCIAL INFORMATION

As of December 31, 2023 and 2022, the Company had $3.7 million and $7.3 million, respectively, of prepaid expenses and other current assets on its consolidated balance sheet, which was almost entirely related to prepaid insurance in both periods, other than $1.2 million of bitcoin temporarily held for the Company's joint venture partner, WindHQ, as of December 31, 2022.

The Company's accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Taxes (primarily sales tax)	$ 15,184	$ 18,798
Power costs	139	-
Employee compensation	5,800	-
Finance lease [1]	-	339
Legal settlement [2]	1,000	-
Other	316	216
Total accrued expenses and other current liabilities	$ 22,439	$ 19,353

[1] See Note 13. *Leases* for additional information regarding the Company's finance leases.
[2] See Note 14. *Commitments and Contingencies* for additional information regarding the legal settlement.

NOTE 11. RELATED PARTY TRANSACTIONS

Related party receivables

The Company recorded related party receivables of approximately $0.2 million and $1.1 million, as of December 31, 2023 and 2022, respectively, representing additional expenses paid on behalf of the Data Center LLCs.

Waiver, Lock-up and Board Observer Agreements

On April 8, 2022, the Company entered into a waiver agreement with Bitfury Top HoldCo (the "Waiver Agreement"), pursuant to which the Company waived certain restrictions on transfer of Common Stock under (a) that certain Lock-up Agreement, dated as of August 26, 2021, by and between GWAC and Bitfury Top HoldCo and (b) those certain Lock-up Agreements, dated August 26, 2021, by and between GWAC and each of (i) I-B Goodworks, LLC, (ii) Magnetar Financial LLC, (iii) Mint Tower Capital Management B.V., (iv) Periscope Capital, Inc. and (v) Polar Asset Management Partners Inc., respectively (the stockholders contemplated by clauses (a)-(b), the "Stockholders") imposing similar restrictions on the Stockholders (collectively, the "Lock-up Agreements" and each a "Lock-up Agreement").

The Waiver Agreement was negotiated and approved by an independent committee of the Board. The Waiver Agreement permits each Stockholder to (i) pledge or otherwise hypothecate the Lock-up Shares (as defined in the Lock-up Agreements) held by such Stockholder as of the date of the Waiver Agreement (the shares that are actually pledged or otherwise hypothecated, the "Pledged Shares") as collateral or security in connection with any loan meeting certain criteria set forth in the Waiver Agreement and (ii) transfer the Pledged Shares upon foreclosure by such pledgee in accordance with the terms of the applicable pledge or hypothecation; provided that such waiver will only apply and be effective if certain conditions specified in the Waiver Agreement are satisfied or waived. Additionally, effective as of the date of consummation of any pledge or hypothecation, and solely in regard to any pledged shares, the Lock-up Period, as defined in the applicable Lock-up Agreement, was extended an additional three months to November 26, 2023. Furthermore, the Waiver Agreement provided for the cancellation of 2,890,173 shares of Common Stock held by Bitfury Top HoldCo and subject to the Lock-up Agreements as consideration for the $10.0 million deposit paid by the Company for Bitfury Top HoldCo mining rigs under the agreement dated October 11, 2021, for which no order confirmation was made.

On April 8, 2022, the Company also entered into an observer agreement (the "Board Observer Agreement") with Bitfury Holding and Bitfury Top HoldCo (together with Bitfury Holding, the "Investors"), which provides that the Investors have the right to designate a representative to serve as an observer of the Board and any committees thereof (subject to exceptions and limitations specified in the Board Observer Agreement). The Board Observer Agreement was negotiated and approved by an independent committee of the Board.

Master Services and Supply Agreement

On August 26, 2021, Bitfury Top HoldCo and the Company entered into the Master Services and Supply Agreement. The initial term of the agreement is 84 months, with automatic 12-month renewals thereafter (unless either party provides sufficient notice of non-renewal). Pursuant to this agreement, the Company can request and Bitfury Top HoldCo is required to use commercially reasonable efforts to provide, or procure the provision of, certain equipment and/or services, such as construction, engineering and operations, in each case as may be required to launch and maintain the Company's bitcoin mining data centers in the United States. As further described in Note 20, *Subsequent Events*, the Company and Bitfury Top HoldCo terminated the Master Services and Supply Agreement on February 28, 2024 for which no order confirmation was made.

Purchase commitments, deposits on equipment and related party payables

The Company entered into two agreements with Bitfury USA Inc. ("Bitfury USA"), made under, and as a part of, the Master Services and Supply Agreement to purchase BBACs. Additionally, Bitfury USA contracted with third-party vendors for the purchase of equipment and the receipt of services related to Cipher's future mining operations.

Pursuant to one of these arrangements between Bitfury USA and a third-party vendor, Paradigm Controls of Texas, LLC ("Paradigm"), the Company made payments directly to Paradigm in place of Bitfury USA, in respect of manufacturing services for BBACs, totaling approximately $5.8 million during the year ended December 31, 2023, and the Company's obligations to Bitfury USA under the Master Services and Supply Agreement were reduced by the same amount. As of December 31, 2023, there were no remaining amounts due under the Master Services and Supply Agreement, and the agreement was terminated on February 28, 2024. Refer to Note 20, *Subsequent Events* for more details on the termination.

As of December 31, 2022, in relation to the Company assisting WindHQ with the liquidation of some of WindHQ's bitcoin holdings, the Company had approximately $1.2 million of bitcoin and approximately $0.3 million of proceeds received, but not yet transferred to WindHQ, respectively, recorded in accounts payable, related party on its consolidated balance sheet. During the year ended December 31, 2023, all of the bitcoin held by the Company on behalf of WindHQ was liquidated and all proceeds received from the liquidation were forwarded to WindHQ, leaving no remaining amount payable to WindHQ in accounts payable, related party as of December 31, 2023 on the Company's consolidated balance sheet.

NOTE 12. ASSET RETIREMENT OBLIGATION

The following is a summary of the changes in the Company's ARO (in thousands):

Balance as of January 1, 2022	$	-
Initial estimate of ARO liability		16,509
Accretion expense		173
Balance as of December 31, 2022	$	16,682
Accretion expense		1,712
Balance as of December 31, 2023	$	18,394

NOTE 13. LEASES

Combined Luminant Lease Agreement

The Company entered into a series of agreements with affiliates of Luminant, including the Lease Agreement dated June 29, 2021, with amendment and restatement on July 9, 2021 (as amended and restated, the "Luminant Lease Agreement"). The Luminant Lease Agreement leases a plot of land to the Company for the data center, ancillary infrastructure and electrical system (the "Interconnection Electrical Facilities" or "substation") of the Odessa Facility. The Company entered into the Luminant Lease Agreement and the Luminant Purchase and Sale Agreement to build the infrastructure necessary to support its Odessa Facility operations. The Company determined that the Luminant Lease Agreement and the Luminant Purchase and Sale Agreement should be combined for accounting purposes under ASC 842 (collectively, the "Combined Luminant Lease Agreement") and that amounts exchanged under the combined contract should be allocated to the various components of the overall transaction based on relative fair values.

The Company's management determined that the Combined Luminant Lease Agreement contains two lease components; and the components should be accounted for together as a single lease component, because the effect of accounting for the land lease separately would be insignificant. Financing for use of the land and substation is provided by Luminant affiliates, with monthly installments of principal and interest due over a five-year period starting upon transfer of legal title of the substation to the Company (estimated total undiscounted principal payments of $15.0 million).

The Combined Luminant Lease Agreement commenced on November 22, 2022 and has an initial term of five years, with renewal provisions that are aligned with the Luminant Power Agreement. At the end of the lease term for the Interconnection Electrical Facilities, the substation will be sold back to Luminant's affiliate, Vistra Operations Company, LLC at a price to be determined based upon bids obtained in the secondary market.

Black Pearl Lease Agreement

The Company and its wholly-owned subsidiary, Cipher Black Pearl LLC ("Black Pearl"), entered into an agreement with Trinity Mining Group, Inc. ("Trinity") on December 8, 2023 to assume a lease for a 70 acre plot of land in Winkler County, Texas, for the purpose of constructing a data center, and ancillary infrastructure to construct the Black Pearl Facility. The initial term of the lease is ten years, and includes four consecutive renewal options for ten years each.

Office headquarters lease

The Company entered into an operating lease for office space located in New York. The lease has an initial term of 64 months, commencing on February 1, 2022. The lease does not provide the Company with renewal options.

Additional lease information

Components of the Company's lease expenses are as follows (in thousands):

	Years ended December 31,	
	2023	2022
Finance leases:		
Amortization of ROU assets [(1)]	$ 3,110	$ 526
Interest on lease liability	1,940	137
Total finance lease expense	5,050	663
Operating leases:		
Operating lease expense	$ 1,955	1,359
Variable lease cost	-	103
Total operating lease expense	1,955	1,462
Total lease expense	$ 7,005	$ 2,125

(1) Amortization of finance lease ROU asset is included within depreciation expense.

The Company did not incur any variable lease costs during the year ended December 31, 2023.

Other information related to the Company's leases is shown below (dollar amounts in thousands):

	Years ended December 31,	
	2023	2022
Operating cash flows - operating lease	$ 1,655	$ 790
Right-of-use asset obtained in exchange for finance lease liabilities	$ 14,212	$ 14,998
Right-of-use assets obtained in exchange for operating lease liabilities	$ 2,812	$ 5,859

	December 31, 2023	December 31, 2022
Weighted-average remaining lease term – finance lease (in years)	3.7	4.7
Weighted-average remaining lease term – operating lease (in years)	5.8	4.4
Weighted-average discount rate – finance lease	11.0%	11.0%
Weighted-average discount rate – operating lease	10.0%	10.9%
Finance lease ROU assets [1]	$ 11,160	$ 14,471

(1) As of December 31, 2023, the Company recorded accumulated amortization of $1.3 million for the finance lease ROU asset. Finance lease ROU assets are recorded within property and equipment, net on the Company's consolidated balance sheets.

As of December 31, 2023, future minimum lease payments during the next five years are as follows (in thousands):

	Finance Lease	Operating Lease	Total
Year Ended December 31, 2024	$ 4,834	$ 1,829	$ 6,663
Year Ended December 31, 2025	4,834	3,383	8,217
Year Ended December 31, 2026	4,834	1,668	6,502
Year Ended December 31, 2027	3,223	699	3,922
Year Ended December 31, 2028	-	-	-
Thereafter	-	2,520	2,520
Total lease payments	17,725	10,099	27,824
Less present value discount	(3,193)	(2,653)	(5,846)
Total	$ 14,532	$ 7,446	$ 21,978

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is not a party to any material legal proceedings and is not aware of any pending or threatened claims. From time to time, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of its business activities.

Luminant Power Agreement

On November 18, 2022, Luminant filed suit against CMTI in the 95th District Court of Dallas County, Texas, asserting Texas state law claims for declaratory judgment and "money had and received", seeking recoupment and return of money previously paid by Luminant to CMTI in connection with Luminant's (and its affiliates') construction and energization of Cipher's bitcoin mining data center in Odessa, Texas. These prior payments were (i) the sum of $5.1 million paid to CMTI in September 2022 pursuant to a contractual provision requiring such payment in the parties' written and executed August 25, 2022 Third Amendment to the Luminant Power Agreement, and (ii) the sum of $1.7 million also paid to CMTI in September 2022, as agreed by the parties, for electrical power sold by Luminant for CMTI's benefit into the open market prior to the final energization of the Odessa Facility. Luminant contended that such payments were mistaken because, although voluntarily made by Luminant, they were not actually due under the terms of the Luminant Power Agreement, as amended. The Company filed its answer on January 17, 2023, denying any liability to Luminant. Cipher has not received payment from Luminant for electricity sold in the ERCOT market in September 2022 and October 2022.

The Company established a $2.0 million accrual for the cost of resolving the claims in the second quarter of 2023, $1.0 million of which has been paid as of December 31, 2023.

On July 11, 2023, the Company entered into an amendment of the payment schedule to the Luminant Purchase and Sale Agreement, reflecting monthly installments of principal and interest totaling $19.7 million on an undiscounted basis, due over the remaining four-year period starting in July 2023.

On August 23, 2023, the Company settled the dispute with Luminant (the “Luminant Settlement”). In connection with the Luminant Settlement, the Company, through CMTI, entered into (i) a Fourth Amendment to the Power Purchase Agreement (the “Amended PPA”) with Luminant, which amended the Luminant Power Agreement and (ii) a Second Amendment to the Lease Agreement (the "Amended Lease") with an affiliate of Luminant, which amended the Luminant Lease Agreement.

The Amended PPA, among other items, reduces the notice requirements that CMTI must satisfy in connection with changes to its energy consumption at the Odessa Facility and the Amended Lease provides that the initial term of the agreement shall end on July 31, 2027.

Commitments

In the normal course of business, the Company enters into contracts that contain a variety of indemnifications with its employees, licensors, suppliers and service providers. The Company's maximum exposure under these arrangements, if any, is unknown as of December 31, 2023. The Company does not anticipate recognizing any significant losses relating to these arrangements.

Bitmain miner purchase agreements

On October 4, 2023, the Company entered into an agreement with Bitmain to purchase 1.2 EH/s worth of Bitmain’s new HASH Super Computing Servers (Antminer S21-200.0T model) for a total purchase price $16.8 million in cash after applying coupons. On December 18, 2023, the Company entered into a second agreement with Bitmain to purchase 37,396 Antminer T21 miners to be delivered in the first half of 2025. Refer to Note 6. *Deposits on Equipment* for more details on these agreements.

NOTE 15. STOCKHOLDERS’ EQUITY

As of December 31, 2023, 510,000,000 shares with a par value of $0.001 per share are authorized, of which, 500,000,000 shares are designated as Common Stock and 10,000,000 shares are designated as Preferred Stock.

Common Stock

Holders of each share of Common Stock are entitled to dividends when, as and if declared by the Board. As of the issuance of these consolidated financial statements, the Company had not declared any dividends. The holder of each share of Common Stock is entitled to one vote. The voting, dividend, liquidation and other rights and powers of the Common Stock are subject to and qualified by the rights, powers and preferences of any outstanding series of Preferred Stock, for which there currently are none outstanding.

The Company repurchased 1,775,327 shares and 691,088 shares of its Common Stock related to tax withholding settlements for RSUs that vested during the year ended December 31, 2023 and December 31, 2022, respectively.

As disclosed above in Note 6, *Deposits on Equipment*, and Note 11, *Related Party Transactions*, on April 8, 2022, the Company accepted the return of 2,890,173 shares of its Common Stock held by Bitfury Top HoldCo as consideration for the $10.0 million deposit paid to Bitfury Top HoldCo for mining rigs under the agreement dated October 11, 2021. The returned shares were cancelled by the Company upon their return.

Shelf Registration and At-The-Market Offering Agreement

On September 21, 2022, the Company filed with the SEC a shelf registration statement on Form S-3, which was declared effective on October 6, 2022 (the “Registration Statement”). The Registration Statement covers: (i) the offer and sale by the Company, from time to time in one or more offerings, securities having an aggregate public offering price of up to $500.0 million, (ii) the offer and sale from time to time by the selling securityholders identified therein of up to 23,265,565 shares of Common Stock and the offer and sale from time to time by the selling securityholders of up to 85,500 of the Company’s warrants and (iii) the offer and sale of (A) up to 8,499,978 shares of Common Stock that are issuable by the Company upon the exercise of 8,499,978 public warrants that were previously registered and (B) up to 114,000 shares of Common Stock that are issuable by the Company upon the exercise of 114,000 private placement warrants.

In connection with the filing of the Registration Statement, the Company also entered into the Sales Agreement with H.C. Wainwright & Co., LLC as the Agent, under which the Company may, from time to time, sell shares of its Common Stock having an aggregate offering price of up to $250.0 million in "at-the-market" offerings through the Agent, which is included in the $500.0 million of securities that may be offered pursuant to the Registration Statement. Sales of the shares of Common Stock, if any, will be made at prevailing market prices at the time of sale, or as otherwise agreed with the Agent. Pursuant to the Sales Agreement, the Company will pay the Agent a commission of up to 3.0% of the gross proceeds from the sale of any shares of Common Stock under the Sales Agreement. The Company is not obligated to make any sales of shares of its Common Stock under the Sales Agreement. As of December 31, 2023, the Company received gross proceeds on sales of 37,433,923 shares of Common Stock under the Prior Sales Agreement and the Sales Agreement of approximately $135.8 million at a weighted average price of $3.79.

NOTE 16. WARRANTS

The Company assumed the Public and Private Placement Warrants, as mentioned above in Note 2, *Summary of Significant Accounting Policies*, upon consummation of the Business Combination. The Public and Private Placement Warrants entitle the holder to purchase one share of Common Stock at an exercise price of $11.50 per share, subject to adjustment. There were 8,499,980 Public Warrants and 114,000 Private Placement Warrants outstanding as of December 31, 2023 and December 31, 2022. The exercise price and number of shares of Common Stock issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or the Company's recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of shares of Common Stock at a price below their respective exercise prices. Additionally, in no event will the Company be required to net cash settle the warrants.

Public Warrants

The Public Warrants are exercisable, provided in each case that the Company has an effective registration statement covering the shares of Common Stock issuable upon exercise of the Public Warrants and a current prospectus relating to such shares of Common Stock is available (or the Company permits holders to exercise their Public Warrants on a cashless basis under the circumstances specified in the warrant agreement) and such shares of Common Stock are registered, qualified or exempt from registration under the securities or blue sky laws of the state of residence of the holder. The Public Warrants will expire five years after the completion of the Business Combination or earlier upon redemption or liquidation.

The Company may redeem the outstanding warrants (except as described below with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption to each warrant holder;
- if, and only if, the closing price of Common Stock equals or exceeds $18.00 per share (as adjusted for share splits, stock capitalizations, reorganizations, recapitalizations and the like), for any 20 trading days within a 30-trading day period ending three trading days before the Company sends notice of redemption to warrant holders.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement.

Private Placement Warrants

The Private Placement Warrants have terms and provisions that are identical to the Public Warrants, except that the Private Placement Warrants and the shares of Common Stock issuable upon the exercise of the Private Placement Warrants did not become transferable, assignable or salable until September 27, 2021, subject to certain limited exceptions. Additionally, the Private Placement Warrants are exercisable for cash or on a cashless basis, at the

holder's option, and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants are redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants.

NOTE 17. SHARE-BASED COMPENSATION

The Cipher Mining Inc. 2021 Incentive Award Plan (the "Incentive Award Plan") provides for the grant of stock options, including incentive stock options and nonqualified stock options, stock appreciation rights, RSUs and other stock or cash-based awards to employees, consultants and directors. Upon vesting of an award, the Company may either issue new shares or reissue treasury shares.

Initially, up to 19,869,312 shares of Common Stock were available for issuance under awards granted pursuant to the Incentive Award Plan. In addition, the number of shares of Common Stock available for issuance under the Incentive Equity Plan is increased on January 1 of each calendar year beginning in 2022 and ending in 2031 by an amount equal to the lesser of (a) three percent (3%) of the total number of shares of Common Stock outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares determined by the Board. On January 1, 2023 and 2022, this resulted in increases of 7,426,559 shares and 7,478,382 shares, respectively, of Common Stock available for issuance under the Incentive Award Plan. However, as of December 31, 2023, 5,833,744 shares of Common Stock were available for issuance under the Incentive Award Plan.

The Company recognized total share-based compensation in general and administrative expenses on the consolidated statements of operations for the following categories of awards as follows (in thousands):

	Years ended December 31,	
	2023	2022
Service-based RSUs	$ 24,936	$ 27,952
Performance-based RSUs	12,630	13,552
Common stock, fully-vested	904	-
Total share-based compensation expense	$ 38,470	$ 41,504

Service-Based RSUs

A summary of the Company's unvested Service-Based RSU activity for the year ended December 31, 2023 is shown below:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at January 1, 2023	14,441,044	$ 3.96
Granted	7,549,105	$ 2.31
Vested	(4,942,907)	$ 3.97
Unvested at December 31, 2023	17,047,242	$ 3.23

There was approximately $21.0 million of unrecognized compensation expense related to unvested Service-Based RSUs, which is expected to be recognized over a weighted-average vesting period of approximately 1.3 years.

On November 10, 2021, the Board approved grants of RSUs under the Incentive Award Plan to the Company's Chief Executive Officer ("CEO"), as well as to directors, which grants were effective November 17, 2021. The RSUs awarded to the directors and a grant of 5,676,946 RSUs made to the CEO were fully vested upon grant on November 17, 2021. Additionally, effective November 17, 2021, the CEO received an additional grant of 7,096,183 RSUs, 2,838,473 of which were Service-Based RSUs and 4,257,710 of which were Performance-Based RSUs (discussed further below).

If not fully-vested upon grant, Service-Based RSUs awarded by the Company generally vest in equal installments on the first four anniversaries of the vesting commencement date as determined by the Board, which will generally coincide with the timing when the employee or consultant began to provide services to the Company, and which

may precede the grant date. Vesting is subject to the award recipient's continuous service on the applicable vesting date; provided, that if the award recipient's employment is terminated by the Company without "cause", by award recipient for "good reason" (if applicable, as such term or similar term may be defined in any employment, consulting or similar service agreement between award recipient and the Company) or due to award recipient's death or permanent disability, all unvested Service-Based RSUs will vest in full. In addition, in the event of a change in control, any unvested Service-Based RSUs will vest subject to the award recipient's continuous service to the Company through such change in control. In addition, if the Company achieves a $10 billion market capitalization milestone (described further below) and the CEO remains in continuous service through such achievement, any then-unvested Service-Based RSUs awarded to the CEO will also vest.

Performance-Based RSUs

There was no new activity for unvested Performance-Based RSUs during the year ended December 31, 2023. There were 4,257,710 unvested Performance-Based RSUs at a weighted average grant date fair value of $7.76 as of both December 31, 2023 and 2022. There was approximately $5.2 million of unrecognized compensation expense related to unvested Performance-Based RSUs, which is expected to be recognized over a remaining weighted average vesting period of approximately 0.5 years.

One-third of the outstanding Performance-Based RSUs will vest upon the Company achieving a market capitalization equal to or exceeding $5 billion, $7.5 billion and $10 billion, in each case over a 30-day lookback period and subject to the CEO's continuous service through the end of the applicable 30-day period. In the event of a change in control and CEO's continuous service through such change in control, the per share price (plus the per share value of any other consideration) received by the Company's stockholders in such change in control will be used to determine whether any of the market capitalization milestones are achieved (without regard to the 30-day lookback period). Any Performance-Based RSUs that do not vest prior to the CEO's termination of service or, if earlier, in connection with a change in control will be forfeited for no consideration.

Weighted average assumptions used in the November 17, 2021 Monte Carlo valuation model for Performance-Based RSUs awarded on that date were as follows:

Risk-free interest rate	1.60%
Remaining term (in years)	10.0
Expected volatility	96.1%
Expected dividend yield	0%

NOTE 18. FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities subject to fair value measurement on a recurring basis and the level of inputs used for such measurements were as follows as of the dates indicated (in thousands):

	Fair Value Measured as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets included in:				
Cash and cash equivalents				
Money market securities	$ 65,945	$ -	$ -	$ 65,945
Bitcoin	$ 32,978	$ -	$ -	32,978
Accounts receivable	622	-	-	622
Derivative asset	-	-	93,591	93,591
	$ 99,545	$ -	$ 93,591	$ 193,136
Liabilities included in:				
Warrant liability	$ -	$ -	$ 250	$ 250
	$ -	$ -	$ 250	$ 250

	Fair Value Measured as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets included in:				
Cash and cash equivalents				
Money market securities	$ 10,943	$ -	$ -	$ 10,943
Bitcoin	$ 6,512	$ -	$ -	6,512
Accounts receivable	98	-	-	98
Derivative asset	-	-	66,702	66,702
	$ 17,553	$ -	$ 66,702	$ 84,255
Liabilities included in:				
Warrant liability	$ -	$ -	$ 7	$ 7
	$ -	$ -	$ 7	$ 7

There were no transfers of financial instruments between Level 1, Level 2 and Level 3 during the years ended December 31, 2023 and December 31, 2022.

Level 3 asset

On July 1, 2022, the Company recorded a derivative asset, divided between current and noncurrent assets, on its consolidated balance sheet related to the Luminant Power Agreement as this is when both the quantities of electricity demand were known and penalties for nonperformance under the Luminant Power Agreement became enforceable, with an offsetting amount recorded to change in the fair value of derivative asset in operating loss on the consolidated statements of operations. Subsequent changes in fair value are also recorded to change in fair value of derivative asset in operating loss. The Luminant Power Agreement was not designated as a hedging instrument. The estimated fair value of the Company's derivative asset was derived from Level 2 and Level 3 inputs (i.e., unobservable inputs) due to a lack of quoted prices for similar type assets and as such, is classified in Level 3 of the fair value hierarchy. Specifically, the discounted cash flow estimation models contain quoted spot and forward prices for electricity, as well as estimated usage rates consistent with the terms of the Luminant Power Agreement, the initial term of which is five years. The valuations performed by the third-party valuation firm engaged by the Company utilized pre-tax discount rates of 6.11% and 6.83% as of December 31, 2023 and December 31, 2022, respectively, and include observable market inputs, but also include unobservable inputs based on qualitative judgment related to company-specific risk factors. Unrealized gains associated with the derivative asset within the Level 3 category include changes in fair value that were attributable to amendments to the Luminant Power Agreement, changes to the quoted forward electricity rates, as well as unobservable inputs (e.g., changes in estimated usage rates and discount rate assumptions).

The following table presents the changes in the estimated fair value of the derivative asset measured using significant unobservable inputs (Level 3) for the year ended December 31, 2023 (amounts in thousands):

Balance as of January 1, 2022	$ -
Fair value on derivative asset effective date	83,610
Proceeds from reduction of scheduled power	(5,056)
Change in fair value	(11,852)
Balance as of December 31, 2022	66,702
Change in fair value	26,889
Balance as of December 31, 2023	$ 93,591

Pursuant to the August 26, 2022 amendment to the Luminant Power Agreement, the Company and Luminant agreed to reduce Luminant's obligation to provide specific amounts of scheduled power over upcoming months and, in exchange for the reduction in scheduled power supply by Luminant and as consideration for the modification to the ramp up schedule under the Luminant Power Agreement, Luminant paid the Company $5.1 million. The Company's management determined that this did not represent a freestanding instrument to be assessed separately from the Luminant Power Agreement and, as such, the Company reduced the derivative asset by the amount received from Luminant as shown in the table above. Additionally, as discussed above in Note 4, *Derivative*, the Company, through Luminant, sold electricity in the ERCOT market prior to bitcoin mining operations beginning at the Odessa

Facility, resulting in $1.7 million recorded to change in fair value of derivative asset in the consolidated statements of operations during the year ended December 31, 2022. For the year ended December 31, 2023, there was a change of $26.8 million in Level 3 assets measured at fair value.

Level 3 liability

The Company's Private Placement Warrants are its only liability classified within Level 3 of the fair value hierarchy because the fair value is based on significant inputs that are unobservable in the market. The valuation of the Private Placement Warrants uses assumptions and estimates the Company believes would be made by a market participant in making the same valuation. The Company assesses these assumptions and estimates on an on-going basis as additional data impacting the assumptions and estimates are obtained.

The Company engaged a valuation firm to determine the fair value of the Private Placement Warrants using a Black-Scholes option-pricing model and the quoted price of Common Stock. The following table presents significant assumptions utilized in the valuations of the Private Placement Warrants as of the dates indicated:

	December 31, 2023	December 31, 2022
Risk-free rate	4.00%	4.06%
Dividend yield rate	0.00%	0.00%
Volatility	124.0%	90.0%
Contractual term (in years)	2.7	3.7
Exercise price	$ 11.50	$ 11.50

The following table presents changes in the estimated fair value of the Private Placement Warrants (amounts in thousands):

Balance as of January 1, 2022	$ 137
Change in fair value	(130)
Balance as of December 31, 2022	$ 7
Change in fair value	243
Balance as of December 31, 2023	$ 250

NOTE 19. INCOME TAXES

For the years ended December 31, 2023, and 2022, the Company recorded a deferred tax expense related to an increase in deferred tax liabilities associated with derivatives and joint venture instruments (refer to "Note 7. Investment In Equity Investees" for more details on the Company's joint ventures). Current income taxes are based upon the current period's income taxable for federal and state tax reporting purposes. Deferred income taxes (benefits) are provided for certain income and expenses, which are recognized in different periods for tax and financial reporting purposes. Deferred tax assets and liabilities are computed for differences between the financial statements and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the period in which the differences are expected to affect taxable income, and net operating loss ("NOL") carryforwards.

The components of the Company's income tax provision are listed below (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2022
Current:		
State	$ 201	$ -
Total current	201	-
Deferred:		
Federal	$ 3,366	$ 1,840
Total deferred	3,366	1,840
Income tax provision	$ 3,567	$ 1,840

A reconciliation of the expected tax computed at the U.S. statutory federal income tax rate to the total expense for income taxes is shown below:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Income tax benefit at federal statutory rate	21.0 %	21.0 %
State taxes, net of federal benefit	(0.7)%	0.0 %
162m limitations	(5.3)%	(1.9)%
Stock compensation	(30.3)%	(14.1)%
Permanent differences	(0.5)%	0.1 %
Difference and changes in tax rates	0.0 %	(0.8)%
RTP and other	(16.2)%	1.4 %
Change in valuation allowance	16.1 %	(10.6)%
Income tax provision	(15.9)%	(4.9)%

Significant components of the Company's deferred tax assets and liabilities were as follows:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Net operating loss carryforwards	$ 27,075	$ 10,253
Share-based compensation	2,109	3,097
Accruals and other temporary differences	2,317	115
Intangible assets	3,762	4,002
Lease liability	4,622	4,267
Joint venture investments	-	6,612
Bitcoin holdings	-	308
Gross deferred tax assets	39,885	28,654
Valuation allowance	(8,520)	(12,173)
Net deferred tax assets	31,365	16,481
Deferred tax liabilities:		
Right-of-use asset	(3,835)	(4,107)
Derivatives	(19,669)	(14,007)
Joint venture investments	(11,268)	-
Bitcoin holdings	(434)	-
Property and equipment, net	(1,365)	(207)
Gross deferred tax liabilities	(36,571)	(18,321)
Net deferred tax liabilities	$ (5,206)	$ (1,840)

As required by ASC 740, management of the Company has evaluated the evidence bearing upon the realizability of its deferred tax assets. Based on the weight of available evidence, both positive and negative, management has determined that it is more likely than not that the Company will not realize the benefits of these assets. Accordingly, the Company recorded a valuation allowance of $8.5 million as of December 31, 2023. The valuation allowance decreased by $3.7 million during the year ended December 31, 2023, primarily as a result of the increase in NOL carryforwards generated in the current period.

As of December 31, 2023, the Company had federal, and state and local NOL carryforwards of approximately $124.1 million and $19.9 million, respectively. The federal NOL carryforwards do not expire, but the state and local NOL carryforwards expire if not utilized prior to 2042.

Utilization of the U.S. federal and state NOL carryforwards may be subject to a substantial annual limitation under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, due to ownership changes that have occurred previously or that could occur in the future. These ownership changes may limit the amount of NOL carryforwards that can be utilized annually to offset future taxable income and tax liabilities, respectively. The Company has not completed a study to assess whether a change of ownership has occurred, or whether there have been multiple ownership changes since its formation, due to the significant cost and

complexity associated with such a study. Any limitation may result in expiration of a portion of the NOL carryforwards before utilization. Further, until a study is completed by the Company and any limitation is known, no amounts are being presented as an uncertain tax position.

At December 31, 2023 and December 31, 2022, the Company did not have any significant uncertain tax positions. The Company will recognize interest and penalties related to uncertain tax positions in income tax expense. The Company had no accrued interest or penalties related to uncertain tax positions in either period. The Company does not anticipate a material change to unrecognized tax benefits in the next twelve months.

NOTE 20. SUBSEQUENT EVENTS

The following items occurred subsequent to December 31, 2023.

RSU activity

On January 1, 2024, 1,748,926 of the Company's outstanding Service-Based RSUs awarded to employees and consultants vested and 737,513 of those shares were repurchased by the Company for tax withholdings owed by the employees. The repurchased shares were recognized in treasury stock on the consolidated balance sheet following the repurchase.

Bitfury Distribution

On February 26, 2024, as part of its previously disclosed plan, Bitfury Top HoldCo announced the distribution of 107,304,200 shares of the Company’s common stock to Bitfury Group’s shareholders and affiliates. As a result of this transaction, Bitfury Group and its affiliates own 40% of the Company’s outstanding shares as of March 4, 2024. The Company is no longer a “controlled company” within the meaning of Nasdaq listing rules as no individual record holder will control over 50% of the Company’s voting power.

Master Services and Supply Agreement

On August 26, 2021, Bitfury Top HoldCo and the Company entered into the Master Services and Supply Agreement. See Note 10, *Related Party Transactions*, for more information on the Master Services and Supply Agreement. The parties terminated the Master Services and Supply Agreement on February 28, 2024.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Exhibit 10.33

EXECUTION VERSION

PURCHASE AND SALE AGREEMENT

by and among

TRINITY MINING GROUP, INC.

as Seller,

and,

CIPHER BLACK PEARL LLC,

as Buyer

and

CIPHER MINING INC.,

as parent of the Buyer

Dated as of November 6, 2023

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Table of Contents

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Exhibits

Exhibit A Assumed Contracts

Exhibit B ERCOT Approval

Exhibit C Form of Assignment and Assumption Agreement

Exhibit D Form of Bill of Sale

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Disclosure Schedules

Schedule 3.3 – Seller Approvals
Schedule 3.5 – Litigation
Schedule 3.6(d) – Assumed Contracts
Schedule 3.9 – Taxes
Schedule 3.12 – Indebtedness
Schedule 3.14 – Insurance
Schedule 3.16 – Brokers' Fees
Schedule 4.3 – Buyer Approvals
Schedule 5.1 – Conduct of Business

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement"), is dated as of November 6, 2023 (the "Effective Date"), by and among TRINITY MINING GROUP, INC., a Delaware corporation ("Seller"), CIPHER BLACK PEARL LLC, a Delaware limited liability company ("Buyer"), and Cipher Mining Inc. (f/k/a Good Works Acquisition Corp.), a Delaware corporation ("CIFR"). Seller, Buyer and CIFR may each be referred to herein as a "Party" and, collectively, as the "Parties".

RECITALS

WHEREAS, Seller or its Affiliate is a party to the following agreements, in each case as further described on Exhibit A attached hereto (the "Assumed Contracts"): (a) a data center lease (the "Lease") related to those certain tracts or parcels of land containing approximately 50 acres of land located in ***, Texas (the "Leased Property") and (b) certain other agreements providing for the construction of, and provision of power services to, a high-performance computing facility and related infrastructure on the Leased Property;

WHEREAS, Seller or its Affiliate has received from the Electric Reliability Council of Texas ("ERCOT") the Approval for Large Flexible Load Interconnection (the "ERCOT Approval") attached hereto as Exhibit B conditionally approving 300 MW of energy consumption at the Leased Property's interconnection;

WHEREAS, Seller or its Affiliate owns certain books, records, reports, studies and governmental approvals related to the Leased Property, the Assumed Contracts and the ERCOT Approval (the "Ancillary Property" and, collectively with the ERCOT Approval and the Assumed Contracts, the "Purchased Assets"); and

WHEREAS, subject to the terms and conditions hereof, Seller desires to sell to Buyer the Purchased Assets and Buyer desires to purchase the Purchased Assets from Seller.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. As used herein, the following terms shall have the following meanings:

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified Person through one or more intermediaries. For the purposes of this definition, "control" means, where used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting

securities, by contract or otherwise, and the terms "controlling" and "controlled" have correlative meanings.

"30-Day VWAP" means the volume weighted average price for a CIFR Stock traded on the Nasdaq Global Select Market ("Nasdaq") (as reported by Bloomberg L.P. under the function "VWAP" or, if not reported therein, in another authoritative source mutually selected by Buyer and Seller), calculated to four decimal places and determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours, for the thirty (30) trading days immediately preceding the Effective Date, and excluding any days where there is a VWAP Market Disruption Event.

"Agreement" has the meaning provided such term in the preamble to this Agreement.

"Ancillary Property" has the meaning provided such term in the recitals to this Agreement.

"Assignment and Assumption Agreement" means the Assignment and Assumption Agreement to be executed by Seller and Buyer at the Closing, substantially in the form attached hereto as Exhibit C.

"Assumed Contracts" has the meaning provided such term in the recitals to this Agreement.

"Bill of Sale" means the Bill of Sale to be executed by Seller and Buyer at the Closing, substantially in the form attached hereto as Exhibit D.

"Books and Records" means all books and records to the extent relating to the Leased Property and the Purchased Assets, including, where applicable: (a) records and filings made with any Governmental Authority regarding the Leased Property or Purchased Assets (if any) and (b) records relating to Taxes and the preparation of Tax Returns (excluding Tax Returns related to Income Taxes of Seller or its Affiliates).

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in the city of New York, New York are required or authorized by Law to remain closed.

"Buyer" has the meaning provided such term in the preamble to this Agreement.

"Buyer Document" means each Transaction Document to which Buyer or its Affiliate is a party.

"Buyer Fundamental Representations" means the representations and warranties in Section 4.1 (Organization), Section 4.2 (Authorization; Enforceability), Section 4.6 (Broker's Fees), and clause (a) of Section 4.7 (CIFR Stocks).

"Buyer Related Parties" means Buyer and its Affiliates and its and their respective Representatives.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.

"CIFR" has the meaning provided such term in the preamble to this Agreement.

"CIFR Stock" means fully paid, non-assessable shares of common stock, par value $0.001 per shares of CIFR listed on The Nasdaq Global Select Market under the symbol "CIFR".

"Closing" has the meaning provided such term in Section 2.3.

"Closing Date" has the meaning provided such term in Section 2.3.

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidentiality Agreement" means the Non-Disclosure Agreement dated as of July 17, 2023, by and between Seller and Cipher Mining Inc.

"Confidential Information" has the meaning provided such term in Section 5.3(a).

"Contract" means any legally binding agreement, arrangement, commitment, lease, license or contract, whether written or oral.

"Disclosure Schedules" means the disclosure schedules attached hereto, dated as of the Effective Date and the Closing Date.

"Dispute Notice" has the meaning provided such term in Section 10.9(a).

"Dollars" and "$" mean the lawful currency of the United States.

"DWAC" has the meaning provided such term in Section 2.5(a).

"Effective Date" has the meaning provided such term in the preamble to this Agreement.

"Environmental Law" means any Law relating to pollution, the protection of public health, the environment, natural resources, the preservation and restoration of environmental quality, worker health and safety, wildlife or environmental sensitive areas, or historic or cultural resources including, without limitation, any applicable provisions of CERCLA, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 et seq., the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., the Solid Waste Disposal Act, 42 U.S.C. § 6901 et seq., the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq., and all applicable analogous state or local statutes, regulations, orders or ordinances.

"ERCOT" has the meaning provided such term in the recitals to this Agreement.

"ERCOT Approval" has the meaning provided such term in the recitals to this Agreement.

"Final Oncor FEA" has the meaning provided such term in Section 7.2(g).

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States.

"Geotechnical Study" means the study conducted by Buyer or its designees at the Leased Property to obtain information on physical properties of soil and determine the suitability of the Leased Property.

"Governmental Authority" means any foreign, federal, national, regional, state, municipal or local government, any political subdivision or any governmental, judicial, public or statutory instrumentality, tribunal, court, arbitral panel, agency, or other regulatory bureau, authority, body or entity having legal jurisdiction or authority over the matter or Person in question.

"Hazardous Materials" means any waste, chemical, material or other substance that is listed, defined, designated or classified as hazardous, radioactive or toxic or as a pollutant or a contaminant under any Environmental Law including hazardous waste as defined by 42 U.S.C. § 6903(5), any hazardous substance as defined by 42 U.S.C. § 9601(14), any pollutant or contaminant as defined by 42 U.S.C. § 9601(33), petroleum (including crude oil or any fraction thereof), petroleum product, asbestos or asbestos containing material, urea formaldehyde insulation, radon or polychlorinated biphenyls that is regulated or for which Liability can be imposed under any applicable Environmental Laws.

"Income Tax" (and, with the correlative meaning, "Income Taxes") shall mean any Tax that is based on, or computed with respect to, net income or earnings, gross income or earnings, capital or, net worth (and any franchise Tax or other Tax in connection with doing business imposed in lieu thereof) and any related penalties, interest and additions to Tax.

"Indebtedness" means (a) any indebtedness for borrowed money, (b) any indebtedness evidenced by any note, bond, debenture, mortgage or other debt instrument or debt security, (c) amounts owing as deferred purchase price for the purchase of property or services other than accounts payable incurred in the ordinary course of business, (d) liabilities under any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement or other similar agreement designed to protect Seller against fluctuations in interest rates or other currency fluctuations, (e) all contingent reimbursement obligations with respect to letters of credit, except for letters of credit released on or prior to Closing, (f) any obligations under capitalized leases, conditional sales contracts and other similar title retention instruments whether short term or long term, (g) any obligations of the types referred to in clauses (a) – (f) secured by a Lien on the Purchased Assets and/or any off-balance sheet financings; and (h) all guarantees of obligations of a type referred to in clauses (a) – (g).

"Interim Period" has the meaning provided such term in Section 5.1.

"IRS" means the Internal Revenue Service.

"Knowledge" means the actual knowledge, after reasonable inquiry of Seller's relevant employees and review of the documentation and materials in control of Seller, of such fact, matter or circumstance, of Parker Handlin, Austin Davis, Corey Leedy, Clark Thompson and Chris Johnson.

"Law" means any applicable law (including common law), statute, treaty, rule, regulation, ordinance, code, order, judgment or decree of a Governmental Authority, as amended.

"Lease" has the meaning provided such term in the recitals to this Agreement.

"Lease Amendment" has the meaning provided such term in Section 5.4(c).

"Leased Property" has the meaning provided such term in the recitals to this Agreement.

"Liability" means any liability, obligation, expense, claim, loss, damage, Indebtedness, principal, interest, penalty, guaranty or endorsement of or by any Person, absolute or contingent, known or unknown, accrued or unaccrued, due or to become due, liquidated or unliquidated.

"Lien" means any charge, lien (whether arising by operation of Contract, Law or otherwise), pledge, option, encumbrance, mortgage, deed of trust, hypothecation or security interest.

"Losses" means all actual Liabilities, losses, payments, damages, fines, penalties, judgments, settlements, awards, costs and expenses (including reasonable fees and expenses of counsel, court or arbitration fees, and other costs and expenses of investigation or defense).

"Made Available" means made available to Buyer at least three (3) Business Days prior to the Effective Date or the Closing Date, as applicable.

"Material Adverse Effect" means, (a) any event, circumstance or condition materially impairing Seller's authority, right or ability to consummate the transactions contemplated by this Agreement; or, (b) any change in, or effect on, Seller or the Purchased Assets that is materially adverse to the ownership or use or operation of the Purchased Assets (as compared to the ownership or use of the Purchased Assets on the Effective Date), taken as a whole; provided, however, that "Material Adverse Effect" shall not include any change, effect, event, circumstance, occurrence, or state of facts, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which a business operates; (iii) any changes in financial, banking, or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities, or terrorism, or the escalation or worsening thereof; (v) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation, or interpretation

thereof; (vi) any natural or man-made disaster or acts of God; or (vii) any epidemics, pandemics, disease outbreaks, or other public health emergencies.

"Nasdaq" means the Nasdaq Global Select Market.

"OFAC" has the meaning provided such term in Section 3.15.

"Oncor" has the meaning provided such term in Section 5.4(a)(ii).

"Oncor FEA" has the meaning provided such term in Section 5.4(a)(ii).

"Organizational Documents" means any charter, certificate of incorporation, certificate of formation, certificate of limited partnership, articles of association, bylaws, operating agreement, partnership agreement, limited liability company agreement or similar formation or governing documents and instruments.

"Overall Cap" has the meaning provided such term in Section 8.2(e)(i).

"Party" and "Parties" have the meanings provided such terms in the preamble to this Agreement.

"Person" means any individual, firm, corporation, partnership, limited liability company, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind.

"Post-Closing Straddle Period" shall mean the portion of a Straddle Period beginning immediately after the Closing Date.

"Pre-Closing Straddle Period" shall mean the portion of a Straddle Period beginning before the Closing and ending on or as of the Closing Date.

"Pre-Closing Tax Period" means a taxable period ending on or before the Closing Date.

"Policies" has the meaning provided such term in Section 3.14.

"Priority" has the meaning provided such term in Section 5.4(a)(i).

"Priority Contracts" has the meaning provided such term in Section 5.4(a)(i).

"Proceeding" means any action, suit, litigation, hearing, arbitration, prosecution, contest, inquiry, inquest, audit, examination, investigation, or other proceeding (including any civil, criminal, administrative, investigative, or appellate proceeding and any informal proceeding) by or before any Governmental Authority or any arbitrator or arbitration panel.

"Prospectus" means the prospectus filed for the Shelf Registration Statement, including all information, documents and exhibits filed with or incorporated by reference into such prospectus.

"Prospectus Supplement" means the supplement to the Prospectus complying with Rule 424(b) of the Securities Act that is or will be filed with the SEC, including all information, documents and exhibits filed with or incorporated by reference into such supplement to the Prospectus.

"Purchase Price" has the meaning provided to such term in Section 2.2.

"Purchased Assets" has the meaning provided such term in the recitals to this Agreement.

"Release" means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Materials in the outdoor environment, including the movement of Hazardous Materials through or in the air, soil, surface water, or ground water.

"Representatives" means, as to any Person, its managers, officers, directors, stockholders, members, partners (including limited partners and general partners), employees, counsel, accountants, financial advisors, consultants and other representatives of such Person and such Person's Affiliates, and their respective successors and assigns.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Seller" has the meaning provided such term in the preamble to this Agreement.

"Seller Approvals" has the meaning provided such term in Section 3.3.

"Seller Document" means each Transaction Document to which Seller or its Affiliate is a party.

"Seller FEA" has the meaning provided such term in Section 7.2(g).

"Seller FEA Collateral" has the meaning provided such term in Section 7.2(g).

"Seller Fundamental Representations" means the representations and warranties in Section 3.1 (Organization), Section 3.2 (Authorization; Enforceability), Section 3.3 (No Conflict), Section 3.8 (Ownership of Assets), Section 3.11 (Bankruptcy) and Section 3.16 (Broker's Fees).

"Seller Related Parties" means Seller and its Affiliates and its and their respective Representatives.

"Service Contracts" has the meaning provided such term in Section 3.7.

"Shelf Registration Statement" means the effective shelf registration statement of CIFR on Form S-3, as amended (No. 333-267537), including all information, documents and exhibits filed

with or incorporated by reference into such registration statement, providing for the offering, issuance and sale by CIFR from time to time of up to $500.0 million under the Securities Act in the aggregate of the CIFR common stock, preferred stock, warrants and units.

"Straddle Tax Period" means a taxable period beginning on or before the Closing Date and ending after the Closing Date.

"Tax" or "Taxes" means (i) any and all federal, state, local or foreign taxes, fees, levies, duties, tariffs, imposts and other charges of any kind (whether or not imposed on Seller or on any of its Affiliates), imposed by any Governmental Authority, including taxes or other charges on, measured by, or with respect to income, franchise, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, escheat, unclaimed property, value-added or gains taxes; license, registration and documentation fees; and customs duties, tariffs and similar charges; (ii) any Liability for the payment of any amounts of the type described in clause (i) as a result of being a member of, or a successor member of, an affiliated, combined, consolidated or unitary group for any taxable period; (iii) any Liability for the payment of any amounts of the type described in clause (i) as a result of being a Person required by applicable Law to withhold or collect taxes imposed on another Person; (iv) any Liability for the payment of amounts of the type described in clause (i), (ii) or (iii) as a result of being a transferee of, or a successor in interest to, any Person (whether pursuant to a merger, conversion, liquidation or otherwise) or as a result of an express or implied obligation to indemnify any Person; and (v) any and all interest, penalties, additions to tax and additional amounts imposed in connection with or with respect to any amounts described in clause (i), (ii), (iii) or (iv), whether disputed or not.

"Tax Authority" means any Governmental Authority having jurisdiction over the assessment, determination, collection or imposition of any Tax.

"Tax Proceeding" has the meaning provided such term in Section 6.1.

"Tax Return" means any return, claim for refund, report, statement, form, declaration, information returns or other documentation (including any additional or supporting material, schedules, attachments, statements and any amendments or supplements) filed, supplied or maintained, or required to be filed, supplied or maintained, with respect to or in connection with the calculation, determination, assessment or collection of any Taxes.

"Third Party" means any Person other than (a) Seller, (b) Buyer or (c) any Affiliate of Seller or Buyer.

"Transaction Documents" means the Assignment and Assumption Agreement, the Bill of Sale and all other documents, instruments, certificates and agreements delivered or required to be delivered pursuant to this Agreement.

"Transfer Tax" means any stamp duty, sales, use, registration, or excise Tax, real estate transfer Taxes, conveyance fees, recording charges, or Taxes, fees, or charges of a similar nature imposed by any Taxing Authority upon Buyer, Seller or the Purchased Assets, in each case by reason of the Closing on the purchase and sale of the Purchased Assets, or any Tax that becomes a Lien on the Purchased Assets in connection with the transactions contemplated by this Agreement, and including any interest, penalties, or additions to Tax that become payable with respect to such Tax. For the avoidance of doubt, the term "Transfer Tax" shall not include any Income Tax or withholding Tax.

"Treasury Regulations" means the regulations promulgated by the United States Treasury Department under the Code.

"VWAP Market Disruption Event" means, with respect to any date, (a) the failure by the principal U.S. national or regional securities exchange on which the CIFR Stock is then listed, or, if the CIFR Stock is not then listed on a U.S. national or regional securities exchange, the principal other market on which the CIFR Stock are then traded, to open for trading during its regular trading session on such date; or (b) the occurrence or existence, for more than one half hour period in the aggregate, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in the CIFR Stock or in any options contracts or futures contracts relating to the CIFR Stock, and such suspension or limitation occurs or exists at any time before 1:00 p.m., New York City time, on such date.

Section 1.2 Rules of Construction.

(a) All article, section, schedule and exhibit references used in this Agreement are to articles, sections, schedules and exhibits of or to this Agreement unless otherwise specified. The schedules and exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein for all purposes. All references to "schedules" or "Schedules" herein shall be deemed to be references to the Disclosure Schedules (or portion thereof, if applicable) unless otherwise specified.

(b) If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Terms defined in the singular have the corresponding meanings in the plural, and vice versa. Unless the context of this Agreement clearly requires otherwise, words importing the masculine gender shall include the feminine and neutral genders and vice versa. The words "hereof," "hereto," "hereby," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular section or article in which such words appear. As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation". The use of the word "or" to connect two or more phrases shall be construed as inclusive of all such phrases (e.g., "A or B" means "A or B, or both").

(c) This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the drafting Party or any Party causing any instrument to be drafted.

(d) The captions and headings in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

(e) Except as otherwise provided in Section 2.2, all references to currency herein shall be to, and all payments required hereunder shall be paid in, Dollars.

(f) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

(g) Any event hereunder requiring the payment of cash or cash equivalents on a day that is not a Business Day shall be deferred until the next Business Day. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

ARTICLE II
PURCHASE AND SALE; PURCHASE PRICE; CLOSING

Section 2.1 Purchase and Sale. At the Closing, upon the terms and subject to the conditions set forth in this Agreement, Buyer agrees to purchase and acquire from Seller, and Seller agrees to sell, convey, assign, transfer and deliver to Buyer, all of Seller's right, title and interest in and to the Purchased Assets free and clear of all Liens.

Section 2.2 Consideration. The consideration to be paid by Buyer to Seller for the Purchased Assets hereunder (the "Purchase Price") shall be an amount equal to seven million Dollars ($7,000,000). The Purchase Price will be paid by delivery of whole shares of CIFR Stock. The amount of CIFR Stock to be delivered under this Agreement shall be calculated by dividing the Purchase Price by the 30-Day VWAP of CIFR Stock, rounding such product down to the nearest whole number of CIFR Stock, and issued as provided in Section 2.5(a). The CIFR Stock to be issued to Seller under this Agreement will be issued pursuant to the Shelf Registration Statement.

Section 2.3 Closing. The closing of the transactions described in Section 2.1 (the "Closing") shall take place at the offices of Winstead PC, 300 Throckmorton Street, Suite 1700, Fort Worth, TX 76102 (or remotely via the electronic exchange of documents and signatures), commencing at 10:00 a.m. Pacific Standard Time on the day that is three (3) Business Days after the date on which the last of the conditions set forth in Section 7.1, Section 7.2 and Section 7.3 have been satisfied or waived (other than those conditions that by their nature cannot be satisfied

until the Closing, but subject to the satisfaction or waiver of such conditions) or at such other time and place as shall be agreed by Buyer and Seller (such date, the "Closing Date"). The Closing shall be deemed to have been consummated at 12:01 a.m. Pacific Standard Time on the Closing Date.

Section 2.4 Seller's Closing Deliverables. At the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(a) the Assignment and Assumption Agreement, duly executed by Seller for transfer of the Assumed Contracts to Buyer;

(b) the Bill of Sale, duly executed as necessary by Seller for the transfer of the Ancillary Property and the ERCOT Approval to Buyer or its designee;

(c) a duly executed and valid Internal Revenue Service Form W-9;

(d) a certificate of the secretary or other authorized officer of Seller, dated as of the Closing Date, certifying as to (i) the resolutions of the members of Seller, as attached thereto, authorizing the execution, delivery and performance of this Agreement and each applicable Seller Document and the consummation by Seller of the transactions contemplated hereby and thereby, (ii) the incumbency and signature of the authorized representatives of Seller, attached thereto, executing this Agreement and the applicable Seller Documents to be executed by Seller on the Closing Date as contemplated herein and (iii) a good standing certificate issued by the Secretary of State of the State of Delaware with respect to Seller, dated as of a recent date prior to the Closing Date, certifying that Seller is in good standing;

(e) certificate of an authorized officer of Seller, dated as of the Closing Date, certifying as to Seller satisfying the conditions specified in Section 7.2(b) and Section 7.2(c);

(f) evidence that any consents, approvals, authorizations or filings with or notices set forth on Schedule 3.3 necessary to permit Buyer and Seller to perform their obligations under this Agreement and to consummate the transactions contemplated hereunder have been obtained; and

(g) all other documents reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 2.5 Buyer's Closing Deliverables. At the Closing, Buyer shall deliver, or cause to be delivered, to Seller the following:

(a) Evidence reasonably satisfactory to Seller that CIFR has issued instructions to Continental Stock Transfer & Trust Company (as transfer agent for CIFR Stock) to deliver via The Depository Trust Company Deposit or Withdrawal at Custodian system ("DWAC") as soon as practicable that number of shares of CIFR Stock determined as provided in Section 2.2 in the name of Seller to such securities account of Seller or its

Affiliate as Seller shall have notified Buyer, in writing, at least two (2) Business Days prior to the Closing Date, and all such shares of CIFR Stock shall be issued free of any restrictive legends or notations;

(b) the Assignment and Assumption Agreement, duly executed by Buyer;

(c) the Bill of Sale, duly executed by Buyer or its designee;

(d) a certificate of the secretary or other authorized officer of Buyer, dated as of the Closing Date, certifying as to (i) the resolutions of the members of Buyer, as attached thereto, authorizing the execution, delivery and performance of this Agreement and each applicable Buyer Document and the consummation by Buyer of the transactions contemplated hereby and thereby, (ii) the incumbency and signature of the authorized representatives of Buyer, attached thereto, executing this Agreement and the applicable Buyer Documents to be executed by Buyer on the Closing Date as contemplated herein and (iii) a good standing certificate issued by the Secretary of State of the State of Delaware with respect to Buyer, dated as of a recent date prior to the Closing Date, certifying that Buyer is in good standing;

(e) a certificate of an authorized officer of Buyer, dated as of the Closing Date, certifying as to Buyer satisfying the conditions specified in Section 7.3(b) and Section 7.3(c);

(f) duly executed Internal Revenue Service Form W-9s of Buyer; and

(g) all other documents reasonably necessary to consummate the transaction contemplated by this Agreement.

Section 2.6 Withholding. Notwithstanding any other provision of this Agreement, Buyer shall be entitled to deduct and withhold from any amounts payable pursuant to this Agreement, including from the Purchase Price, such amounts, if any, as it is required to deduct and withhold pursuant to applicable Law. To the extent that amounts so withheld are paid over to the proper Tax Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made. Buyer shall provide Seller with notice of any such obligation to deduct or withhold not less than five (5) days prior to any such deduction and withholding and agrees to reasonably cooperate with Seller, at the expense of Seller, in obtaining any reduction of or relief from such deduction or withholding to the extent available under applicable Law.

ARTICLE III
REPRESENTATIONS AND WARRANTIES RELATING TO SELLER

Seller hereby represents and warrants to Buyer as of the Effective Date and as of the Closing Date (except where such representation or warranty is made as of another specific date) as follows:

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Section 3.1 Organization. Seller is a corporation, duly organized, validly existing and in good standing under the Laws of its State of formation.

Section 3.2 Authorization; Enforceability. Seller has the requisite corporate power and authority to conduct its business, to own the Purchased Assets and to own, lease and operate its other properties, as presently conducted, owned or leased, and is duly qualified to do business in each jurisdiction in which the nature of its business or the location of its assets requires it to be so qualified. Seller has the requisite corporate power and authority to execute and deliver this Agreement and each Seller Document, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and the other Seller Documents and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized and approved by all requisite corporate action on the part of Seller, and no other authorization on the part of Seller (apart from the required approvals listed in Schedule 3.3 that are provided for in this Agreement) is necessary to authorize this Agreement or the other Seller Documents. This Agreement and each of the other Seller Documents have been, or in the case of Seller Documents delivered on the Closing Date, will be as of the Closing Date, duly and validly executed and delivered by Seller and constitutes, or in the case of Seller Documents delivered on the Closing Date, will constitute as of the Closing Date, its valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to or affecting creditors' rights generally or general principles of equity.

Section 3.3 No Conflict. The execution, delivery and performance of this Agreement and the other Seller Documents by Seller and the consummation of the transactions contemplated hereby and thereby by Seller, assuming all required filings, consents, approvals, authorizations and notices required to be made, given or obtained by Seller that are set forth on Schedule 3.3 (collectively, the "Seller Approvals") have been so made, given or obtained, do not and will not:

(a) conflict with or result in a violation of any provision of the Organizational Documents of Seller;

(b) violate any Law applicable to Seller or require any filing with, consent, approval or authorization of, or notice to, any Governmental Authority, except for any post-consummation filings required by any applicable Governmental Authority;

(c) require any consent under, constitute (with or without notice or lapse of time or both) a material default under, result in any material breach or violation of, or give any Person any rights of termination, acceleration or cancellation of, any Contract to which Seller is a party or any of its respective assets, properties or businesses is bound; or

(d) result (with or without notice or lapse of time or both) in the creation of any Lien on the Purchased Assets.

Section 3.4 Compliance with Law. Seller has not received notice of any material violation of any Law or municipal ordinance, order, or requirement noted or issued against the Leased Property or Purchased Assets by any Governmental Authority having jurisdiction over the Leased Property or Purchased Assets, that has not been cured, corrected, or waived as of the Effective Date.

Section 3.5 Litigation. Except as set forth on Schedule 3.5, there is no Proceeding pending or, to the Knowledge of Seller, threatened, that seeks to prevent the consummation of the transactions contemplated hereby or that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the ability of Seller to perform its obligations hereunder or to consummate the transactions contemplated hereby.

Section 3.6 Assumed Contracts.

(a) Seller has Made Available to Buyer true and complete copies of all Assumed Contracts, including any amendments, supplements, waivers and change orders thereto.

(b) Each Assumed Contract is a valid and binding agreement of Seller and enforceable against Seller in accordance with its terms and, to Seller's Knowledge, each other party thereto.

(c) Seller is not in breach or default under any Assumed Contract, except where any such breach or default would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To Seller's Knowledge, no Third Party is in breach or default under any Assumed Contract to which such Person is a party, except where such breach or default would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) Except as set forth on Schedule 3.6(d), (i) no event, act, circumstance or condition exists (including a force majeure event), which, with notice or the lapse of time or both, would reasonably be expected to result in a right of any Person to terminate, amend, modify, accelerate, suspend or revoke any Assumed Contract or constitute a material breach of any Assumed Contract, except where the exercise of any such right or material breach of such Assumed Contract would not reasonably be expected to have a Material Adverse Effect, (ii) no Person has exercised or threatened to exercise in writing any right of termination, cancellation or non-renewal and (iii) there are no outstanding claims, and there are no past due monetary obligations of Seller, under any Assumed Contract that remains unpaid.

(e) Except as set forth on Schedule 3.3, no consents, approvals, authorizations or notices are required to be made, given or obtained by Seller to assign the Assumed Contracts to Buyer, and the assignment of the Assumed Contracts to Buyer by Seller does not constitute a breach thereunder.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Section 3.7 Service Contracts. Seller has not entered into any service, maintenance, supply, leasing, brokerage, and listing and/or other contracts relating to the Leased Property (along with all amendments and modifications thereof, the "Service Contracts") which shall be binding upon Buyer after the Closing, other than the Assumed Contracts. Any Service Contracts can and, at Buyer's option, shall be terminated by Seller on or before the Closing Date. Seller has performed all its obligations under each of the Service Contracts and no fact or circumstance has occurred which, by itself or with the passage of time or the giving of notice or both, would constitute a default by any party under any of the Service Contracts. Seller has Made Available to Buyer true, correct, and complete copies of all Service Contracts.

Section 3.8 Ownership of Purchased Assets. As of the Effective Date and as of the Closing Date, Seller holds of record and owns beneficially, and holds good and valid title to, the Purchased Assets, free and clear of all Liens.

Section 3.9 Taxes. Except as set forth on Schedule 3.9:

(a) Seller has timely filed all income and other material Tax Returns required to have been filed by or on behalf of Seller with respect to the Leased Property and Purchased Assets and all such Tax Returns are accurate and complete in all material respects.

(b) Seller has timely and fully paid all Taxes due with respect to the Leased Property and Purchased Assets, whether or not shown as due on a Tax Return.

(c) Seller has withheld and timely paid to the appropriate Governmental Authority all Taxes (including all sales and use Taxes) required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, member, vendor, supplier or other third party. Seller has retained all required Tax exemption certificates and other records in respect of payments that are subject to withholding Taxes or exempt from such Taxes.

(d) No extension or waiver of the limitation period applicable to any Tax Return required to be filed with respect to the Leased Property or any Purchased Asset, or applicable to the payment of any Tax by, or assessment of any Tax against or with respect to, the Leased Property or any Purchased Asset, has been granted, and no such extension or waiver has been requested by or on behalf of Seller.

(e) There are no Liens for Taxes on the Leased Property or any Purchased Assets, other than for Taxes not yet due and payable as of the Closing Date.

(f) The transactions contemplated by this Agreement will not (i) have an adverse effect on the continuing validity and effectiveness of any Tax exemption, Tax holiday, Tax credit, Tax incentive or similar arrangement or benefit for which the Leased Property or any of the Purchased Assets is currently eligible, or (ii) result in additional

Taxes being assessed or imposed on the Leased Property or any Purchased Assets beyond those that would have applied had such transactions not occurred.

(g) Seller has not received written notice from a Governmental Authority in a jurisdiction where Seller has never filed Tax Returns that the Leased Property or any Purchased Assets, or Seller as a result of its ownership of the Purchased Assets or its lease of the Leased Property, is or may be subject to taxation by that jurisdiction.

(h) No Tax audits, examinations or administrative or judicial Tax proceedings are proposed or threatened, in writing, or are pending or being conducted with respect to Seller, the Leased Property or the Purchased Assets that could result in a Lien for Taxes on the Leased Property or the Purchased Assets. Seller has not received within the last three (3) years from any Governmental Authority any (i) notice indicating an intent to open an audit, examination or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by such Governmental Authority against the Leased Property, the Purchased Assets or Seller, if they could result in a Lien for Taxes on the Leased Property or the Purchased Assets.

(i) No Tax ruling has been requested of or received from any Governmental Authority with respect to any Tax matter relating to the Leased Property or the Purchased Assets.

(j) Seller has complied and is now in compliance with all applicable Laws in respect of Taxes, to the extent such laws pertain to the Leased Property or the Purchased Assets.

(k) Seller is not a "foreign person" as that term is used in Treasury Regulations Section 1.445-2.

Section 3.10 Environmental Matters.

(a) To Seller's Knowledge, Seller is currently in compliance in all material respects with all applicable Environmental Laws. Seller has not received, with respect to the business currently conducted by Seller, from any Person, any: (i) notice of noncompliance with or Liability or claim under Environmental Laws; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) Except as would not be material to Seller, Seller has not disposed of or released any Hazardous Substance at the Leased Property in violation of applicable Environmental Laws or in quantities or concentrations that require investigation or remediation by Seller under applicable Environmental Laws that has not been fully resolved without ongoing liability and, to Seller's Knowledge, no other Person has released

Hazardous Substances at, to or from the Leased Property in concentrations or amounts that require investigation or remediation.

(c) To Seller's Knowledge, the Leased Property is not listed on, and has not been proposed for listing on, the National Priorities List or otherwise under CERCLA or any similar state list.

(d) To Seller's Knowledge, none of the Leased Property or the Purchased Assets is encumbered by a lien arising or imposed under Environmental Laws.

(e) Seller has provided or otherwise Made Available to Buyer any and all material environmental reports, studies, audits, correspondence and records with respect to the Leased Property that are in their possession or reasonable control and are related to compliance with Environmental Laws, permits required under Environmental Laws, Claims or notices pursuant to Environmental Laws or the Release or existence of Hazardous Substances.

Section 3.11 Bankruptcy. Seller has not filed any voluntary petition in bankruptcy or been adjudicated as bankrupt or insolvent, filed any petition or answer seeking any reorganization, liquidation, dissolution or similar relief under any federal bankruptcy act, insolvency, or other debtor relief law, or sought or consented to or acquiesced in the appointment of any trustee, receiver, conservator or liquidator of all or any substantial part of its respective properties, nor has any such proceeding been commenced by any other Person against Seller. No court of competent jurisdiction has entered an order, judgment or decree approving a petition filed against Seller seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any federal bankruptcy act, insolvency or other debtor relief Law, and no other liquidator has been appointed for Seller or of all or any substantial part of its properties.

Section 3.12 Indebtedness. Except as disclosed in Schedule 3.12, there is no outstanding Indebtedness on the Purchased Assets.

Section 3.13 Books and Records. Seller has provided access to Buyer to true, complete and accurate copies of the material Books and Records relating to the Purchased Assets.

Section 3.14 Insurance. Schedule 3.14 sets forth a list of all of the policies of insurance carried as of the Effective Date by or on behalf of Seller that directly insures the Leased Property or the Purchased Assets (the "Policies"). All premiums due and payable under the Policies as of the Effective Date, and as of the Closing Date, have been or will be paid in a timely manner, and the holders of such policies are otherwise in compliance with the terms and conditions of each of the Policies. Any occurrence that may give rise to a claim under the Policies has been

reported to the appropriate insurance carrier. Seller has maintained and maintains all insurance then required under the Assumed Contracts.

Section 3.15 OFAC. Seller is not, and shall not become, a person or entity with whom United States persons or entities are restricted or prohibited from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's specially designated and blocked persons list) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and shall not engage in any dealings or transactions or be otherwise associated with such persons or entities.

Section 3.16 Brokers' Fees. Except as set forth on Schedule 3.16, no broker, finder, investment banker or other Person is entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated by this Agreement or any of the Transaction Documents based upon arrangements made by or on behalf of Seller or any of its Affiliates.

Section 3.17 Accredited Investor; Investment Experience. Seller is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act. Seller has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of acquiring the CIFR Stock. Seller acknowledges that it is not relying upon any Person, other than Seller and its officers and directors, in making its decision to acquire CIFR Stock pursuant to this Agreement.

Section 3.18 Sale of Purchased Assets. The sale of Purchased Assets under this Agreement does not meet the definition of "transfer of assets" under Rule 145(a)(3) under the Securities Act and would not amount to the sale of all or substantially all assets of Seller.

Section 3.19 Disclaimer of Other Representations and Warranties. Neither Seller nor any of its Representatives have made, nor shall they be deemed to have made, any representations or warranties, express or implied, of any nature whatsoever relating to Seller, the Purchased Assets or in connection with the transactions contemplated hereby, including any representation or warranty as to the accuracy or completeness of any information regarding the Purchased Assets furnished or made available to Buyer, CIFR, and their respective representatives, or as to the future revenue, profitability or success of the operation of the Purchased Assets, or any representation or warranty arising from statute or otherwise in law, in each case other than those representations and warranties expressly set forth in this ARTICLE III. Seller acknowledges that neither Buyer nor CIFR is making, and Seller has not relied on, any representations or warranties, express or implied, of any nature whatsoever relating to Buyer, CIFR or CIFR Stock or in connection with the transactions contemplated hereby, other than those representations and warranties expressly set forth in ARTICLE IV.

Section 3.20 Understandings or Arrangements. Seller is acquiring the CIFR Stock as principal for its own account and has no direct or indirect arrangement or understandings

with any other persons to distribute or regarding the distribution of CIFR Stock (this representation and warranty not limiting such Seller's right to sell the CIFR Stock in compliance with applicable federal and state securities laws). Seller is acquiring the CIFR Stock hereunder in the ordinary course of its business.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES RELATING TO BUYER AND CIFR

Buyer and CIFR, jointly and severally, hereby represent and warrant to Seller as of the Effective Date and as of the Closing Date (except where such representation or warranty is made as of another specific date) as follows:

Section 4.1 Organization. Each of Buyer and CIFR is a limited liability company or corporation, respectively, duly organized, validly existing and in good standing under the Laws of the State of Delaware and has the requisite corporate or limited liability company power and authority to own, lease and operate its respective assets and to conduct its respective business as now being conducted. Each of Buyer and CIFR is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the ownership or operation of its respective assets or the character of its respective activities is such as to require Buyer or CIFR, as applicable, to be qualified or licensed, except where the failure to be so qualified or licensed would not reasonably be expected to have a material adverse effect on Buyer's or CIFR's ability to perform its respective obligations hereunder or to consummate the transactions contemplated hereby.

Section 4.2 Authorization; Enforceability. Each of Buyer and CIFR have the requisite corporate or limited liability company power and authority to execute and deliver this Agreement and each Buyer Document to which such Person is a party, to consummate the transactions contemplated hereby and to perform its respective obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and the other Buyer Documents and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized and approved by all requisite action on the part of each of Buyer and CIFR, and no other authorization on the part of Buyer or CIFR is necessary to authorize this Agreement or the other Buyer Documents. This Agreement and each of the other Buyer Documents has been, or in the case of Buyer Documents delivered on the Closing Date, will be as of the applicable Closing Date, duly and validly executed and delivered by Buyer and CIFR, as applicable, and constitutes, or in the case of Buyer Documents delivered on the Closing Date, will constitute as of the Closing Date, such Person's valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar Laws relating to or affecting creditors' rights generally or general principles of equity.

Section 4.3 No Conflict. The execution, delivery and performance of this Agreement and the other Buyer Documents by Buyer or Affiliates of Buyer, as applicable, and the consummation of the transactions contemplated hereby or thereby by Buyer and CIFR, as applicable, assuming all required filings, consents, approvals, authorizations and notices set forth

on Schedule 4.3 (collectively, the "Buyer Approvals") required to be made, given or obtained by it have been so made, given or obtained, do not and will not:

(a) conflict with or result in a violation of any provision of the Organizational Documents of Buyer or CIFR;

(b) violate any Law applicable to Buyer or CIFR or require any filing with, consent, approval or authorization of, or notice to, any Governmental Authority, except as required for the registration under the Securities Act of the CIFR Stock required to be delivered pursuant to Section 2.2; or

(c) require any consent under, constitute (with or without notice or lapse of time or both) a default under, result in any breach or violation of, or give any Person any rights of termination, acceleration or cancellation of, any Contract to which Buyer, CIFR or any of their respective assets, properties or businesses is bound.

Section 4.4 Solvency. No petition or notice has been presented, no order has been made and no resolution has been passed for the bankruptcy, liquidation, winding-up or dissolution of Buyer or CIFR. No receiver, trustee, custodian or similar fiduciary has been appointed over the whole or any part of Buyer's or CIFR's assets or the income of Buyer or CIFR. Neither Buyer nor CIFR has no plan or intention of, nor has received any notice that any other Person has any plan or intention of, filing, making or obtaining any such petition, notice, order or resolution or of seeking the appointment of a receiver, trustee, custodian or similar fiduciary.

Section 4.5 OFAC. Neither Buyer nor CIFR is, and neither shall become, a person or entity with whom United States persons or entities are restricted or prohibited from doing business under regulations of OFAC of the Department of the Treasury (including those named on OFAC's specially designated and blocked persons list) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and each of Buyer and CIFR is not and shall not engage in any dealings or transactions or be otherwise associated with such persons or entities.

Section 4.6 Broker's Fees. No broker, finder, investment banker or other Person is entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated by this Agreement or any of the Buyer Documents based upon arrangements made by or on behalf of Buyer or any of its Affiliates.

Section 4.7 CIFR Stock.

(a) The CIFR Stock, when issued, sold and delivered in accordance with the terms and for the consideration set forth in Section 2.2, will be validly issued, fully paid and nonassessable and will be issued in compliance with all applicable federal and state securities laws and with all applicable listing and corporate governance rules and regulations of Nasdaq.

(b) No consent, approval, authorization or order of, or registration or filing with any Governmental Authority is required for the issuance or sale of CIFR Stock under this Agreement, except such as may be required under the Securities Act, the Exchange Act, the rules of the Financial Industry Regulatory Authority ("FINRA") or state securities or blue sky laws. CIFR has prepared and filed the Shelf Registration Statement registering the CIFR Stock in conformity with the requirements of the Securities Act, which became effective on October 6, 2022, including the Prospectus, and such amendments and supplements thereto as may have been required to the date of this Agreement. CIFR was at the time of the filing of the Shelf Registration Statement eligible to use Form S-3. To CIFR's knowledge and based on the representations and warranties of Seller, the offer, sale and issuance of the CIFR Stock may be registered on the Shelf Registration Statement under the Securities Act and the rules promulgated thereunder.

(c) The Shelf Registration Statement is effective under the Securities Act and no stop order suspending the effectiveness of the Shelf Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the SEC; no order preventing or suspending the use of the Prospectus or Prospectus Supplement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the SEC; and trading in CIFR Stock shall not have been suspended by the SEC or Nasdaq.

(d) At the time the Shelf Registration Statement and any amendments thereto became effective, at the date of this Agreement and at the Closing Date, the Self Registration Statement and any amendments thereto conformed and will conform in all material respects to the requirements of the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus and any amendments or supplements thereto, at the time the Prospectus or any amendment or supplement thereto was issued and at the Closing Date, conformed and will conform in all material respects to the requirements of the Securities Act and did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Neither CIFR nor the Buyer is in violation of any applicable requirements set forth in the rules of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"); except, for any breaches, violations or defaults which, singularly or in the aggregate, would not have a Material Adverse Effect.

(f) CIFR has filed all reports, schedules, forms, statements and other documents required to be filed by CIFR under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as CIFR was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents

incorporated by reference therein, together with the Prospectus and the Prospectus Supplement, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) The financial statements of CIFR set forth or incorporated by reference in the Shelf Registration Statement, the Prospectus and the Prospectus Supplement comply in all material respects with the requirements of the Securities Act and the Exchange Act as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of CIFR and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(h) To the CIFR's knowledge, Marcum LLP (the "Auditor") whose report on the consolidated financial statements of CIFR is filed with the SEC as part of Buyer's most recent Annual Report on Form 10-K filed with the SEC and incorporated by reference into the Shelf Registration Statement are and, during the periods covered by their report, were an independent public accounting firm within the meaning of the Securities Act and the Public Company Accounting Oversight Board (United States) and is not in violation of the auditor independence requirements of the Sarbanes-Oxley Act with respect to CIFR.

(i) Except as set forth in the SEC Reports, subsequent to the respective dates as of which information is given in the Prospectus and the Prospectus Supplement, there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect on the assets, Liabilities, financial condition, business operations, affairs of CIFR or its subsidiaries. Except for the issuance of the CIFR Stock contemplated by this Agreement and the information disclosed by CIFR to the Seller and its Representatives under, and subject to the terms and conditions of, the Confidentiality Agreement including CIFR's unaudited financial information for the quarter ending September 30, 2023, which shall be disclosed as part of CIFR's quarterly report on Form 10-Q, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to CIFR or its subsidiaries or their respective businesses, prospects, properties, operations, assets or financial condition that would be required to be disclosed by CIFR under applicable securities laws at the time this representation is made that has not been publicly disclosed at least one trading day prior to the date that this representation is made.

(j) To the knowledge of the CIFR, none of the SEC Reports are the subject of ongoing SEC review or outstanding SEC comment. There are no internal investigations, SEC inquiries or investigations or other governmental inquiries or investigations pending or, to the knowledge of the CIFR, threatened, in each case regarding any accounting practices of CIFR.

(k) CIFR is a former shell company (as defined in Rule 405 under the Securities Act).

(l) CIFR is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of Nasdaq.

Section 4.8 Independent Investigation. Each of Buyer and CIFR has conducted its own independent investigation, review and analysis of the Purchased Assets, and, without limiting in any way the rights and obligations set forth in ARTICLE V of this Agreement, acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of Seller for such purpose. Each of Buyer and CIFR acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, such Person has relied solely upon its own investigation and the express representations and warranties of Seller set forth in ARTICLE III of this Agreement; and (b) neither Seller nor any other Person has made any representation or warranty as to Seller, the Purchased Assets or this Agreement, except as expressly set forth in ARTICLE III of this Agreement.

Section 4.9 Disclaimer of Other Representations and Warranties. Neither Buyer nor any of its Representatives has made, nor shall they be deemed to have made, any representations or warranties, express or implied, of any nature whatsoever relating to Buyer or in connection with the transactions contemplated hereby, other than those representations and warranties expressly set forth in this ARTICLE IV.

ARTICLE V
COVENANTS AND ACKNOWLEDGEMENTS

Section 5.1 Conduct of Business (Pre-Closing). During the period from the Effective Date and continuing until the earlier of termination of this Agreement pursuant to Section 9.1 or the Closing (the "Interim Period"), except as required or expressly permitted by this Agreement or as set forth on Schedule 5.1, Seller shall cause the Leased Property and the Purchased Assets to be maintained in substantially the same manner as prior to the date of this Agreement pursuant to Seller's normal course of business, and shall maintain in full force and effect and comply in all material respects with all Assumed Contracts and applicable Laws. Seller shall not cause or make any new improvements, alterations, or demolition to the Leased Property. During the Interim Period, Seller shall provide Buyer with any written notice or report delivered to or received from any Third Party in connection with or otherwise relating to the Leased Property or the Purchased Assets. Notwithstanding the first sentence of this Section 5.1, during the Interim Period, except (a) as is necessary to comply with requirements of this Agreement or under any

Contracts binding on the Leased Property or the Purchased Assets, (b) as required in case of any emergency, and/or (c) as set forth on Schedule 5.1, without the prior written consent of Buyer, Seller shall not:

(a) make any material change to its accounting methods, policies or practices, except as required or permitted by GAAP, or change its fiscal year, or make or change any Tax election, file any amended Tax Return, settle or compromise any Tax liability, agree to an extension or waiver of the statute of limitations with respect to the assessment, reassessment or determination of Taxes, waive any right to a Tax refund or credit, incur any Liability for Tax outside of the ordinary course of its business, or enter into any closing agreement with respect to any Tax, in each case related to the Leased Property or the Purchased Assets;

(b) except in the ordinary course of business, sell, assign, transfer, lease or otherwise dispose of or encumber or incur Indebtedness on its interests in the Leased Property or the Purchased Assets;

(c) amend or modify in any material respect or terminate any Assumed Contract, enter into any material Contract, enter into any Contract with an Affiliate of Seller, or make any other material commitment with respect to the Leased Property or the Purchased Assets;

(d) enter into any new Service Contract which is not terminable on thirty (30) days' prior notice without Buyer's prior written consent, which may be withheld in Buyer's sole discretion; or

(e) commence, compromise or settle any Proceeding related to the Leased Property or the Purchased Assets or waive any material right with respect thereto, except for settlements that do not (i) impose any financial obligations on the Leased Property or the Purchased Assets, (ii) involve any finding or admission of any violation of Law or admission of any wrongdoing or (iii) result in any Liens being imposed upon the Leased Property or the Purchased Assets.

Section 5.2 Access; Transition Assistance.

(a) Access. Prior to the Closing Date, or if earlier, until the date this Agreement is terminated pursuant to Section 9.1, upon reasonable notice, Seller shall afford (and shall cause its Affiliates to afford) to Buyer and its authorized Representatives reasonable access, during normal business hours, to the Leased Property, the Books and Records of Seller with respect to the Leased Property and the Purchased Assets, and to the appropriate officers and employees of Seller and its Affiliates, in each case, as reasonably requested by Buyer; provided, however, that any such access or furnishing of information shall be conducted at Buyer's expense, under the supervision of Seller's personnel and in such a manner as not to interfere with the normal operations of Seller's business. Notwithstanding anything to the contrary in this Agreement, Seller shall not be required to disclose any

information to Buyer if such disclosure would (i) jeopardize any attorney-client or other legal privilege or (ii) contravene any applicable Laws, or binding agreement entered into prior to the date hereof. Upon Seller's request, Buyer and its Representatives shall execute reasonable waivers and releases prior to accessing the Leased Property.

(b) Cooperation. During the Interim Period, the Parties shall, and shall cause each of their respective employees to, provide reasonable assistance with respect to the other Party for the transition of ownership of the Purchased Assets to Buyer or Buyer's designee.

Section 5.3 Confidentiality

(a) The Seller Related Parties shall at all times maintain the confidentiality of Confidential Information, and no Seller Related Party shall disclose any such information to any Person, nor shall any Seller Related Party use Confidential Information for any purpose except for the benefit of Buyer. "Confidential Information" shall mean the following: (i) trade secrets of Seller related to the Leased Property or Purchased Assets, including data, know-how, formulae, compositions, processes, designs, sketches, photographs, graphs, drawings, samples and any other information, however documented, that is a trade secret under Law; (ii) confidential or proprietary information of Seller related to the Leased Property or Purchased Assets, however documented; (iii) notes, analyses, compilations, studies, summaries, and other material prepared by or for any Seller Related Party containing or based, in whole or in part, on any information included in the foregoing; and (iv) the terms of this Agreement and any other agreement, certificate, instrument, and document contemplated hereby. The restrictions contained in this Section 5.3(a) shall apply regardless of whether such Confidential Information (A) is in written, graphic, recorded, photographic, or any machine readable form or is orally conveyed to, or memorized by, any Seller Related Party, or (B) has been labeled, marked, or otherwise identified as confidential or proprietary.

(b) Each Seller Related Party's duty of confidentiality with regard to the Confidential Information shall not extend to: (i) any Confidential Information that, at the time of disclosure, had been previously published and was generally available and part of the public domain; (ii) any Confidential Information that is published and becomes generally available and part of the public domain after disclosure, unless such publication is a breach of this Agreement by a Seller Related Party; and (iii) any Confidential Information that is obtained by a Seller Related Party from a Third Party who: (A) is lawfully in possession of that Confidential Information, (B) is not in violation of any contractual, legal, or fiduciary obligation to any Seller Related Party, Buyer or their respective Affiliates with respect to the Confidential Information and (C) does not prohibit a Seller Related Party from disclosing the Confidential Information to other Persons. Further, the Seller Related Parties may disclose Confidential Information to the extent such disclosure is reasonably necessary (x) for the purpose of exercising or enforcing any rights of such Seller Related Party under this Agreement and (y) for Tax reporting purposes.

(c) In the event that a Seller Related Party is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, or other process or legal obligation) to disclose any Confidential Information (including the terms of this Agreement), such Seller Related Party agrees to: (i) give prompt written notice to Buyer of such request or subpoena (if legally permitted) in order to allow Buyer an opportunity to seek an appropriate protective order or to waive compliance with the provisions of this Agreement and (ii) cooperate with Buyer and with counsel for Buyer (at Buyer's expense) in responding to such request or subpoena as provided below. If Buyer fails to obtain a protective order and does not waive its rights to confidential treatment under this Agreement, such Seller Related Party may disclose only that portion of any Confidential Information which its counsel reasonably advises in writing that such Seller Party is compelled to disclose pursuant to Law. Each Seller Related Party further agrees that in no event will such Seller Related Party oppose action to obtain an appropriate protective order or other reliable promises that confidential treatment will be accorded to the Confidential Information.

Section 5.4 Third Party Contracts.

(a) Priority and Oncor Contracts. Prior to the Closing, in connection with the purchase and sale of the Purchased Assets contemplated by this Agreement, Buyer and CIFR shall use all commercially reasonable efforts to:

(i) negotiate in good faith with Priority Power Management, LLC ("Priority") to secure final, executable versions of (i) an Engineering, Procurement, and Construction Management Agreement and (ii) a Master Energy Management Services Agreement (collectively, the "Priority Contracts"), in each case to be entered into between Buyer and Priority simultaneously with the Closing; and

(ii) negotiate in good faith with Oncor Electric Delivery Company LLC ("Oncor") to secure a final, executable version of a Facility Extension Agreement (the "Oncor FEA") to be entered into between Buyer and Oncor simultaneously with the Closing which (A) provides for a minimum of 154 MW of energy generation at the Leased Property and (B) does not require Buyer to pledge collateral in excess of (1) $4,000,000 for 154 MW of energy generation or (2) $7,000,000 for 300 MW of energy generation.

(b) Seller's Cooperation. At Buyer's reasonable request, Seller shall use all commercially reasonable efforts necessary to cooperate with and assist Buyer in negotiating and finalizing the Priority Contracts and the Oncor FEA, including by providing or delivering any documentation, personnel or other information reasonably requested by Buyer. For the avoidance of doubt, Seller shall remain responsible for any obligations or liabilities arising, and be entitled to payment of any amounts owing to it with respect to services performed, under any Contract between Seller and Priority or Seller and Oncor, as applicable, whether before or after the Closing.

(c) Lease Amendment. Prior to the Closing, each of Buyer, CIFR and Seller shall use commercially reasonable efforts to negotiate in good faith with *** to negotiate and secure a final, executable amendment to the Lease ("Lease Amendment") containing all amendments reasonably required by Buyer following Buyer's diligence of the Leased Property and the Geotechnical Study.

Section 5.5 Third-Party Approvals. From the Effective Date through the Closing Date, each of Buyer, CIFR and Seller shall, and shall each cause their respective Affiliates to, use commercially reasonable efforts to obtain all of the Buyer Approvals and the Seller Approvals required to be obtained as of the Closing Date, and maintain such approvals in full force and effect once obtained. Each Party shall cooperate with the reasonable requests of any other Party in seeking to obtain as promptly as practicable all such Buyer Approvals or Seller Approvals. None of Seller, Buyer or CIFR shall take, or cause to be taken, any action that it is aware or should reasonably be aware would have the effect of delaying, impairing or impeding the receipt of any such Buyer Approvals or Seller Approvals.

Section 5.6 Insurance. Until the Closing Date, Seller shall maintain and shall cause its Affiliates to, maintain or cause to be maintained in full force and effect the insurance policies described on Schedule 3.14 and any insurance policies then required under the Assumed Contracts.

Section 5.7 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing Date, at the request of Buyer or Seller, and without further consideration, the other Party shall execute and deliver to the requesting Party such other instruments of sale, transfer, conveyance, assignment and confirmation and provide such materials and information and take such other actions and execute and deliver such other documents as the requesting Party may reasonably request in order to consummate and to make effective the transactions contemplated by this Agreement.

Section 5.8 Non-Solicitation. From the Effective Date through the earlier of the Closing Date and the date of termination of this Agreement pursuant to ARTICLE IX, Seller shall not, and shall not authorize or permit any of its Representatives to, directly or indirectly, solicit or initiate, or take any action to facilitate, encourage or respond to any inquiries or the making of any proposal or offer from a Third Party relating to, or engage in any discussions or negotiations relating to, any transaction or transactions that would prevent the transactions contemplated by this Agreement or performance of Seller's obligations hereunder.

Section 5.9 Excluded Assets. Notwithstanding any other provision of this Agreement to the contrary, the Parties acknowledge and agree that (a) any assets or properties of Seller that are not Purchased Assets under this Agreement are expressly excluded from the sale and purchase contemplated hereunder, (b) such properties and assets, and all Liabilities related thereto, shall remain the properties, assets and Liabilities of Seller from and after the Closing and

(c) neither Buyer nor CIFR shall assume and neither shall have any obligations with respect to any such Liabilities.

Section 5.10 Efforts to Close. Subject to the terms and conditions of this Agreement, each of the Parties agrees to use its reasonable best efforts (unless, with respect to any action, another standard of performance is expressly provided for herein) to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under applicable Law, to consummate as promptly as practicable the transactions contemplated by this Agreement in accordance with its terms. Each Party agrees that it (a) will not take or omit to take any action inconsistent with the provisions or intent of this Agreement or for the purpose of delaying or preventing the satisfaction of the conditions to the Closing set forth in Section 7.1, Section 7.2 or Section 7.3 or otherwise delaying or preventing the Closing and (b) will use commercially reasonable efforts to satisfy the conditions set forth in Section 7.1, Section 7.2 or Section 7.3, as applicable, and consummate the transactions contemplated by this Agreement. Notwithstanding anything in this Agreement to the contrary, none of Seller, Buyer, CIFR or their respective Affiliates shall be required to (i) pay any consideration or offer or grant any financial accommodation to induce a waiver or obtain an approval or consent from any Person or (ii) to agree to modify any terms of any Contract to induce any such waiver or obtain any such approval or consent.

Section 5.11 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by this Agreement, which shall be disclosed pursuant to Section 5.12, and CIFR's preliminary, unaudited financial information for the quarter ending September 30, 2023, which shall be disclosed as part of CIFR's quarterly report on Form 10-Q to be filed with the SEC, Seller acknowledges that neither the Buyer, nor CIFR, nor any other Person acting on their behalf has provided to Seller or its agents or counsel with any information that it believes constitutes or might constitute material, non-public information relating to the CIFR Stock. Seller further acknowledges that, in connection with this Agreement, neither Buyer, not CIFR, nor any other Person acting on its behalf will provide Seller or its agents or counsel with any information that constitutes, or the Buyer or CIFR may reasonably believe constitutes, material non-public information, unless prior thereto Seller shall have consented to the receipt of such information and agreed with the Buyer or CIFR to keep such information confidential.

Section 5.12 Securities Laws; Publicity. The Parties acknowledge that, upon the Effective Date, Buyer or CIFR shall issue a press release disclosing the material terms of the Agreement and/or disclose the material terms of the Agreement as part of CIFR's periodic or annual report or a current report on Form 8-K filed with the SEC, as applicable, including the Agreement as exhibit thereto, within the time required by the Securities Exchange Act of 1934, as amended. Seller further acknowledges that Buyer or CIFR, without the prior consent of Seller, may make any other filings with respect to the matters contemplated by this Agreement as may be required by federal securities laws, any rules of the Commission, any regulatory agency or Nasdaq. CIFR, if required by the rules and regulations of the SEC, shall timely file (a) the Prospectus Supplement with the SEC pursuant to Rule 424(b) and (b) an opinion of counsel as to the legality of the CIFR Stock being issued pursuant to Item 601(b)(5) of Regulation S-K. Buyer and CIFR, on the one hand, and Seller, on the other, shall consult with each other in issuing any other press

releases with respect to the transactions contemplated hereby. Seller shall not issue any press release nor otherwise make any such public statement without the prior consent of the Buyer, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by Law, in which case Seller shall promptly provide the Buyer with prior notice of such public statement or communication.

Section 5.13 Seller FEA. In the event that (a) the condition precedent set forth in Section 7.2(g) is satisfied solely by the delivery and satisfaction of each requirement set forth in Section 7.2(g)(ii)(B), (b) the Closing actually occurs as provided in this Agreement and (c) the Parties have received Oncor's written consent to and approval of the assignment or other transfer of the Seller FEA and the Seller FEA Collateral to Buyer, then Buyer shall take all reasonable steps necessary to replace, assume or reimburse Seller for the Seller FEA Collateral as promptly as reasonably practicable after the Closing Date; provided that in no event shall the amount of Seller FEA Collateral that Buyer is obligated to replace, assume or reimburse pursuant to this Section 5.13 exceed seven million Dollars ($7,000,000).

ARTICLE VI
TAX MATTERS

Section 6.1 Cooperation. Buyer and Seller shall cooperate fully as and to the extent reasonably requested by the other, in connection with the preparation and filing of Tax Returns and any audit, litigation or other proceeding (each, a "Tax Proceeding") with respect to Taxes. Such cooperation shall include access to, the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such Tax Return or Tax Proceeding, and the making available of employees on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Parties shall retain all books and records with respect to Tax matters pertinent to the Purchased Assets relating to any taxable period beginning before the Closing Date until the expiration of the applicable statute of limitations for such taxable periods, and to abide by all record retention agreements entered into with any Tax Authority. Each Party, upon request, agrees to use commercially reasonable efforts to obtain any certificate or other document from any Tax Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed with respect to the transactions contemplated by this Agreement.

Section 6.2 Transfer Taxes. All state and local transfer, sales, use, stamp, registration or other similar Taxes, if any, resulting from the transactions contemplated by this Agreement and the Transaction Documents shall be borne and paid fifty percent (50%) by Buyer and fifty percent (50%) by Seller when due. The Parties shall cooperate in minimizing any such taxes and in preparing and filing all necessary documentation and Tax Returns with respect to such taxes. Buyer or Seller, as applicable, shall, at its own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and the other party shall reasonably cooperate with respect thereto as necessary), and each of Buyer, on the one hand, and Seller, on the other hand,

shall reimburse the other for any portion of such Taxes paid in excess of the portion of such Taxes such party or parties are responsible for pursuant to the foregoing.

Section 6.3 Straddle Tax Period Allocation. For purposes of this Agreement, where it is necessary to apportion between Seller, on the one hand, and Buyer, on the other hand, Taxes relating to the ownership of the Purchased Assets or the lease of the Leased Property in respect of a Straddle Tax Period, such liability shall be apportioned between the Pre-Closing Straddle Period and the Post-Closing Straddle Period on the following basis:

(a) in the case of Taxes that are either (i) based upon or related to income, wages or receipts or (ii) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible) (other than Transfer Taxes which are subject to Section 6.2), the portion of such Taxes allocable to the Pre-Closing Straddle Period shall equal the amount of such Taxes that would be payable if the taxable year ended as of (and included) the Closing Date; and

(b) in the case of real and personal property Taxes (and any other Taxes imposed in respect of property on a periodic basis), the portion of such Taxes allocable to the Pre-Closing Straddle Period shall be the total annual Tax attributable to such assets for such Straddle Tax Period, multiplied by a fraction, the numerator of which is the number of calendar days in the period beginning with the commencement of such Straddle Tax Period and ending on and including the Closing Date, and the denominator being the total number of days in the Straddle Tax Period.

Section 6.4 Tax Treatment of Purchase and Sale. The Parties agree that for purposes of Income Tax reporting, the Purchased Assets do not include any goodwill or going concern value. Buyer and Seller shall prepare and file, and shall cause their respective Affiliates to prepare and file, all Tax Returns in a manner consistent with this Section 6.4, except as otherwise required by applicable Law.

Section 6.5 Bulk Sales Laws. The parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Buyer.

ARTICLE VII
CONDITIONS TO OBLIGATIONS

Section 7.1 Conditions to the Obligations of Both Parties at Closing. The obligations of the Parties to consummate the transactions contemplated by this Agreement and the Transaction Documents are subject to the satisfaction of the following conditions, any one or more of which may be waived in writing by the Parties:

(a) There shall not be in force any Law restraining or prohibiting the consummation of the transactions contemplated by, and as provided in, this Agreement and the applicable Transaction Documents, and no action or proceeding shall have been

commenced or threatened in writing that seeks to restrain or prohibit consummation of the transactions contemplated by this Agreement, and as provided in, this Agreement and the applicable Transaction Documents.

Section 7.2 Conditions to the Obligations of Buyer and CIFR at Closing. The obligation of Buyer and CIFR to consummate the transactions contemplated by the Closing is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Buyer:

(a) Seller shall have delivered to Buyer all agreements, instruments and documents required to be delivered by Seller pursuant to Section 2.4;

(b) Each of the representations and warranties of Seller contained in ARTICLE III of this Agreement shall be true and correct as of the Closing Date as though made at and as of such time (other than representations and warranties that speak as of another specific date or time (including, for the avoidance of doubt, any representation or warranty specified herein as being made as of or through the Effective Date), which need only be true and correct as of such date or time), except to the extent that any and all failures of such representations and warranties to be so true and correct, taken as a whole, would not have a Material Adverse Effect or would not reasonably be expected to have a Material Adverse Effect on the ability of Seller to perform its obligations hereunder or to consummate the transactions contemplated hereby.

(c) Seller shall have performed or complied, in all material respects, with all of the covenants and agreements required by this Agreement and the Transaction Documents to be performed or complied with by Seller at or before the Closing.

(d) All Seller Approvals required to be made, given or obtained as of the Closing shall have been duly made, given or obtained and shall be in full force and effect.

(e) The results of the Geotechnical Study are, in Buyer's sole discretion, reasonably satisfactory to Buyer and do not indicate the need for material capital expenditures in excess of the capital expenditures anticipated by Buyer as of the Effective Date in connection with its acquisition of the Purchased Assets.

(f) Buyer has received from Priority final, executable versions of the Priority Contracts containing terms and conditions reasonably satisfactory to Buyer.

(g) If the Closing occurs:

(i) on or before November 30, 2023, Buyer has received from Oncor a final, executable version of the Oncor FEA containing terms and conditions reasonably satisfactory to Buyer, including those described in Section 5.4(a)(ii) (the "Final Oncor FEA"); or

(ii) after November 30, 2023, either:

(A) Buyer has received from Oncor the Final Oncor FEA, or

(B) Buyer has received:

a. from Seller (x) a copy of a Facility Extension Agreement, duly executed between Seller (or its wholly owned subsidiary) and Oncor, that is reasonably acceptable to Buyer in form and substance (the "Seller FEA") and (y) evidence reasonably acceptable to Buyer that Seller (or its wholly owned subsidiary) has pledged all collateral required to be pledged by Seller (or its wholly owned subsidiary) under the Seller FEA (the amount actually pledged by Seller, the "Seller FEA Collateral"), and

b. from Oncor written evidence reasonably acceptable to Buyer that Oncor will provide its consent to and approval of the assignment or other transfer of the Seller FEA and the Seller FEA Collateral to Buyer after the Closing.

(h) Buyer or Seller has obtained, and Buyer has received, from S&M a final, executable Lease Amendment containing all amendments reasonably required by Buyer following Buyer's diligence of the Leased Property and the Geotechnical Study.

(i) Buyer has received written evidence from each of Oncor and ERCOT in a form acceptable to Buyer that the interconnection located at the Leased Property has been approved for (i) 154 MW of energy consumption (#LLI-958) without condition and (ii) 300 MW of energy consumption subject solely to the condition that each of the 100.4 MVar capacitor bank and the Tesoro Switch project (TPIT 48587) have been completed and are operational.

Section 7.3 Conditions to the Obligations of Seller at the Closing. The obligation of Seller to consummate the transactions contemplated by the Closing is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Seller:

(a) Buyer shall have delivered to Seller all agreements, instruments, documents and consideration required to be delivered by Buyer pursuant to Section 2.5.

(b) Each of the representations and warranties of Buyer and CIFR contained in ARTICLE IV of this Agreement (including Section 4.7(c)) shall be true and correct as of the Closing Date as though made at and as of such time (other than representations and warranties that speak as of another specific date or time (including, for the avoidance of doubt, any representation or warranty specified herein as being made as of or through the Effective Date), which need only be true and correct as of such date or time), except to the extent that any and all failures of such representations and warranties to be so true and correct, taken as a whole, would not reasonably be expected to have a material adverse

effect on Buyer's or CIFR's ability to perform its obligations hereunder or to consummate the transactions contemplated hereby.

(c) Buyer and CIFR shall have performed or complied, in all material respects, with all of the covenants and agreements required by this Agreement and the Transaction Documents to be performed or complied with by Buyer or CIFR on or before the Closing.

(d) All Buyer Approvals required to be made, given or obtained as of the Closing shall have been duly made, given or obtained and shall be in full force and effect.

(e) No stop order suspending the effectiveness of the Shelf Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the SEC; no order preventing or suspending the use of the Prospectus or Prospectus Supplement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the SEC; and trading in CIFR Stock shall not have been suspended by the SEC or Nasdaq.

Section 7.4 Frustration of Closing Conditions. None of the Parties may rely on the failure of any condition set forth in Section 7.1, Section 7.2 or Section 7.3, as the case may be, to be satisfied if such failure was caused by such Party's failure to act in good faith or to use its commercially reasonable efforts to cause the Closing to occur, as required by Section 5.10.

ARTICLE VIII
SURVIVAL; INDEMNIFICATION

Section 8.1 Survival. The representations and warranties in this Agreement and the Disclosure Schedules attached hereto will survive the Closing as follows:

(a) the representations and warranties in Section 3.9 (Tax Matters) and Section 3.10 (Environmental Matters) will terminate when the applicable statute of limitations with respect to the liabilities in question expire (after giving effect to any extensions or waivers thereof), plus 90 days;

(b) the Seller Fundamental Representations and the Buyer Fundamental Representations will survive indefinitely;

(c) all other representations and warranties and the Disclosure Schedules attached hereto in this Agreement will terminate on the date that is 24 months following the Closing Date; provided, however, that any representation or warranty in respect of which indemnity may be sought under Section 8.2 below, and the indemnity with respect thereto, will survive the time at which it would otherwise terminate pursuant to this Section 8.1 if notice of the inaccuracy or breach or potential inaccuracy or breach thereof giving rise to such right or potential right of indemnity will have been given to the Party against whom such indemnity may be sought in accordance with the terms of Section 8.2(c) prior

to such time (regardless of when the Losses in respect thereof may actually be incurred); and

(d) each covenant and agreement of the Parties that is contained in this Agreement will survive the Closing pursuant to the terms of such covenant or agreement, if specified, or if not so specified until the full performance of the covenant or agreement.

Section 8.2 Indemnification.

(a) Indemnification by Seller. Subject to Section 8.2(e), Seller agrees that it will defend and indemnify the Buyer Related Parties and hold each of them harmless against:

(i) any Losses which any Buyer Related Party incurs or becomes subject to as a result of any inaccuracy or breach by Seller of any representation or warranty in this Agreement (other than the representations and warranties in Section 3.9 (Tax Matters));

(ii) any Losses which any Buyer Related Party incurs or becomes subject to as a result of any breach of any covenant or agreement by Seller in this Agreement; and

(iii) (A) Taxes of Seller or any of Seller's Affiliates for any Tax period, including direct or indirect capital gains Taxes and direct or indirect Income Taxes and withholding Taxes arising as a result of the transactions consummated by this Agreement, (B) any and all Taxes to which the Purchased Assets or the Leased Property may be subject, assessed or otherwise encumbered with respect to any Pre-Closing Tax Period, or with respect to the Pre-Closing Straddle Period, as determined in a manner consistent with Section 6.3, (C) Taxes attributable to a breach of the representations and warranties in Section 3.9 (Tax Matters), (D) Transfer Taxes that are the responsibility of Seller pursuant to Section 6.2 and (E) any legal and accountancy fees and other reasonable out-of-pocket expenses related to the foregoing.

(b) Indemnification by Buyer and CIFR. Subject to Section 8.2(e), Buyer and CIFR, jointly and severally agree that it will defend and indemnify the Seller Related Parties and hold each of them harmless against any Losses which any Seller Related Party incurs or becomes subject to as the result of (i) any breach of any representation or warranty made by Buyer or CIFR in this Agreement, (ii) any breach of any covenant or agreement made by Buyer or CIFR in this Agreement, and (iii) Transfer Taxes that are the responsibility of Buyer pursuant to Section 6.2.

(c) Defense of Third-Party Claims. Any Person making a claim for indemnification under this Section 8.2 (an "Indemnitee") will notify the indemnifying party

(an "Indemnitor") of the claim in writing promptly after receiving written notice of any Proceeding or other claim against it by a Third Party, describing the claim, the amount thereof (to the extent known and quantifiable) and the basis thereof (to the extent known); provided that the failure to so notify an Indemnitor will not relieve the Indemnitor of its obligations hereunder except to the extent (and only to the extent) the Indemnitor has been materially prejudiced by such failure. Any Indemnitor will be entitled to participate in the defense of such Proceeding or other claim giving rise to an Indemnitee's claim for indemnification at such Indemnitor's expense, and at its option (subject to the limitations set forth below) such Indemnitor will be entitled to assume the defense thereof; provided, that:

(i) the Indemnitor gives notice of its intention to do so to the Indemnitee within thirty (30) days of the receipt from the Indemnitee of any claim notice of the third party Proceeding or other claim;

(ii) the Indemnitor shall not be entitled to assume and have control over such defense unless the Indemnitor acknowledges in writing its obligation to indemnify the Indemnitee therefor pursuant to the terms and conditions set forth hereunder;

(iii) if the Indemnitee reasonably believes in good faith after consulting with its outside counsel that a conflict of interest under applicable standards of professional conduct (including that one or more legal defenses or counterclaims available to the Indemnitee are different from or in addition to those available to the Indemnitor) exists in respect of such Proceeding or claim, such Indemnitee will have the right to employ separate counsel to represent such Indemnitee and in that event the reasonable fees and expenses of such separate counsel (but not more than one separate counsel for all Indemnitees in respect of a single Proceeding or claim) shall be treated as Losses hereunder;

(iv) the Indemnitor shall not be entitled to assume and have control over such defense if such claim arises in connection with a criminal proceeding (provided, that the Indemnitor shall be entitled to participate in such defense at such Indemnitor's sole cost and expense);

(v) subject to clause (vii) below, the Indemnitee will be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose; provided, that the fees and expenses of such separate counsel will be borne by the Indemnitee;

(vi) if the Indemnitor assumes the defense of any such claim, the Indemnitor must obtain the prior written consent of the Indemnitee before entering into any settlement of a claim or ceasing to defend such claim unless (A) such settlement includes a full and unconditional waiver and release by

the third party of all applicable Indemnitees without any cost or liability of any nature whatsoever to such Indemnitees, (B) there shall be no finding or admission of any violation of Law, and (C) such settlement contemplates no relief other than monetary damages that are paid in full by the Indemnitor concurrently with the settlement; and

(vii) if, within thirty (30) days of receipt from the Indemnitee of any notice of a third party action or claim for which the Indemnitee seeks indemnification hereunder, the Indemnitor (A) advises such Indemnitee in writing that the Indemnitor does not elect to defend, settle or compromise such claim, (B) is not entitled to assume and control the defense of such claim, or (C) fails to make such an election in writing, then such Indemnitee may, at its option, defend, settle or otherwise compromise or pay such claim (and the Indemnitee's reasonable costs and expenses arising out of such defense, settlement or compromise shall be Losses subject to indemnification hereunder subject to the limitations set forth in this Agreement); provided, that any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnitor, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) Direct Claims. Any claim by an Indemnitee for indemnification not involving a Third Party claim may be asserted by giving the Indemnitor prompt written notice thereof; provided, that the failure to so notify an Indemnitor will not relieve the Indemnitor of its obligations hereunder except to the extent (and only to the extent) the Indemnitor has been materially prejudiced by such failure. Such notice shall describe the claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnitee.

(e) Certain Limitations. Notwithstanding anything herein to the contrary:

(i) the maximum aggregate liability of Seller under Section 8.2(a) (other than as set forth in Section 8.2(e)(iii)) shall be limited to an amount equal to 100% of the Purchase Price (the "Overall Cap");

(ii) the maximum aggregate liability of Buyer and CIFR under Section 8.2(b) (other than as set forth in Section 8.2(e)(iii) or a breach of the payment obligations set forth in Section 2.2) shall be limited to the Overall Cap;

(iii) an Indemnitor's obligation to indemnify the Indemnitee for any breach of any representation, warranty, or covenant made or given by Indemnitor in this Agreement or any Transaction Document shall only apply to the extent the aggregate damages for all Claims exceeds an amount equal to 0.5% of the Purchase Price (the "Deductible"), and then such Party shall

be entitled to indemnification or defense for all damages from the first dollar without any regard to the Deductible up to an amount not to exceed the Overall Cap (subject to other applicable limitations contained herein); provided, that the Deductible and Overall Cap shall not apply to claims for indemnification (A) related to a breach of any Seller Fundamental Representation or Buyer Fundamental Representation, (B) related to a breach of any representation or warranty set forth in Section 3.9 (Tax Matters) and Section 3.10 (Environmental Matters), (C) related to a breach of any covenant to pay Taxes in Section 8.2(a)(iii) or Section 8.2(b)(iii), or (D) to the extent such claim arises from fraud or willful misconduct;

(iv) an Indemnitor's indemnification liability pursuant to Section 8.2(a) or Section 8.2(b) shall be reduced by the insurance proceeds received by an Indemnitee with respect to any such Loss (less any costs and expenses incurred in connection with recovery of any such insurance proceeds and any related increases in insurance premiums). Each Indemnitee shall use commercially reasonable efforts to collect the proceeds of any insurance that would have the effect of reducing the Indemnitor's indemnification liability;

(v) payments by an Indemnitor pursuant to Section 8.2(a) or Section 8.2(b) in respect of any Loss shall be (i) reduced by an amount equal to any Tax benefit actually realized as a result of such Loss by the Indemnitee and (ii) increased by an amount equal to any tax detriment associated with the receipt of such indemnity payment;

(vi) each Indemnitee shall, and shall cause its Affiliates to, use their respective commercially reasonable efforts to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto;

(vii) in any case where an Indemnitee or any of its Affiliates recovers from a third party any payments in respect of a matter with respect to which an Indemnitor has made indemnification payments to such Indemnitee with respect to such matter pursuant to this Article 8 and such Indemnitee has received an aggregate amount from such indemnification payments and third party recoveries that collectively exceeds all Losses suffered or incurred by such Indemnitee in respect of such matter, such Indemnitee shall promptly pay over to the Indemnitor the amount so recovered, received or accrued (net of any reasonable costs to such Indemnitee to obtain such recovery, including any related increases in insurance premiums and any Taxes imposed on any such payments), but not in excess of (A) the aggregate amount by which the sum of such recovered amounts and such indemnification payments exceed the Indemnitee's Losses in respect of such matter, or (B) the sum of any amount previously so paid by the Indemnitor to or on behalf of the Indemnitee in respect of such matter;

(viii) the representations, warranties, covenants and obligations of Seller, and the rights and remedies that may be exercised by the Buyer Related Parties based on such representations, warranties, covenants and obligations, will not be limited or affected by any investigation conducted by Buyer Related Party with respect to, or any knowledge acquired (or capable of being acquired) by any Buyer Related Party at any time, whether before or after the execution and delivery of this Agreement, with respect to the accuracy or inaccuracy of or compliance with or performance of any such representation, warranty, covenant or obligation, and no Buyer Related Party shall be required to show that it relied on any such representation, warranty, covenant, or obligation of Seller in order to be entitled to indemnification pursuant to this Section 8.2; and

(ix) In no event shall any Indemnitor be liable to any Indemnitee for any punitive, incidental, consequential, special, or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple; provided that, notwithstanding any other provision in this Agreement to the contrary, none of the following shall be deemed to be punitive, incidental, consequential, special, or indirect damages subject to waiver pursuant to this Section 8.2(e)(ix): (A) damages that relate to Taxes as a result of any inaccuracy or breach of any representation or warranty made by Seller in Section 3.9, and (B) damages related to third party claims, fraud or willful misconduct for which any Party is obligated to indemnify another Party hereunder.

(f) The Parties acknowledge and agree that the limitations set forth above in Section 8.2(e) are independent and cumulative and not mutually exclusive, and that, as to any particular Losses, one or more or all of such limitations may apply to such Losses in accordance with their respective terms.

(g) Except as otherwise required by applicable Law, Seller and Buyer and each of their respective Affiliates shall treat any and all payments under ARTICLE VIII as an adjustment to the Purchase Price for all Tax purposes.

(h) Manner of Payment. Except as otherwise provided herein, any indemnification of the Buyer Related Parties or the Seller Related Parties pursuant to this Section 8.2 will be effected by wire transfer of immediately available funds from Seller or Buyer, as the case may be, to an account designated by the applicable Buyer Related Party or Seller Related Party, as the case may be, within ten (10) days after a Loss is agreed to by the Indemnitor or the final, non-appealable adjudication that such Loss is payable by the Indemnitor.

Section 8.3 Exclusive Remedy. Subject to Section 10.11 and this Section 8.3, the Parties acknowledge and agree that from and after Closing their sole and exclusive remedy with respect to any and all claims (other than claims arising from actual fraud) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this ARTICLE VIII. In furtherance of the foregoing, except with respect to Section 10.11, each party hereby waives, from and after Closing, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this ARTICLE VIII. Nothing in this Section 8.3 shall limit (i) any Person's right to seek and obtain any equitable relief to which any Person shall be entitled pursuant to Section 10.11 or to seek any remedy on account of any actual fraud by any Party, or (ii) any Person's rights arising under the Securities Act and the Exchange Act.

ARTICLE IX
TERMINATION

Section 9.1 Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing only as follows:

(a) by the mutual consent of Buyer and CIFR, on the one hand, and Seller on the other, in each case as evidenced in a writing signed by each of Buyer (on behalf of Buyer and CIFR) and Seller;

(b) by Buyer (on behalf of Buyer and CIFR and provided Buyer is not then in material breach of any of its obligations under this Agreement), if there has been a material breach by Seller of any representation, warranty or covenant contained in this Agreement such that the conditions set forth in Section 7.1 or Section 7.2 would not be satisfied as of the time of such termination and such breach is incapable of being cured or has not been cured by Seller within ninety (90) days after written notice thereof from Buyer;

(c) by Seller (provided Seller is not then in material breach of any of its obligations under this Agreement), if there has been a material breach by Buyer or CIFR of any representation, warranty or covenant contained in this Agreement such that the conditions set forth in Section 7.1 or Section 7.3 would not be satisfied as of the time of such termination and such breach is incapable of being cured or has not been cured by Buyer or CIFR, as applicable, within ninety (90) days after written notice thereof from Seller;

(d) by either Buyer (on behalf of Buyer and CIFR) or Seller if any Governmental Authority having competent jurisdiction has issued a final and non-appealable order, decree, ruling or injunction (other than a temporary restraining order) or

taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement; or

(e) by either Buyer (on behalf of Buyer and CIFR) or Seller if the Closing has not occurred on or before December 20, 2023 (as such date may be adjusted pursuant to this Section 9.1(e), the "Outside Date") or such later date as the Parties may agree upon; provided, however, that the right to terminate this Agreement under this Section 9.1(e) shall not be available to Seller on the one hand or Buyer and CIFR on the other hand, if the failure of Seller on the one hand or Buyer or CIFR on the other, respectively, to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Outside Date, including, for the avoidance of doubt, Seller's failure to satisfy the condition precedent set forth in Section 7.2(g) in full.

Section 9.2 Effect of Termination.

(a) In the event of termination and abandonment of this Agreement pursuant to Section 9.1, this Agreement shall forthwith become null and void and have no effect; provided, that (i) the termination of this Agreement shall not relieve a Party from liability for any intentional and material breach of this Agreement occurring prior to such termination or a Party for liability for fraud and (ii) the agreements contained in Section 5.3, this ARTICLE IX and ARTICLE X shall survive the termination hereof.

(b) Except as otherwise provided by Law, no delay or forbearance by a Party in the exercise or enforcement of any right or remedy hereunder shall be deemed a waiver by such Party of its right hereunder to exercise or enforce such right or remedy.

ARTICLE X
MISCELLANEOUS

Section 10.1 Notices. All notices, requests, claims, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given or made by delivery in person by an internationally recognized courier service or electronic transmission by PDF (followed by delivery of an original via an internationally recognized courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other addresses for a Party as shall be specified in a notice given in accordance with this Section 10.1):

If to Seller:

Trinity Mining Group, Inc.
6600 Hawks Creek Avenue, Suite 101
Wentworth Village, TX 76114
Attention: ***
Email: ***

with a copy (which shall not constitute notice) to:

Winstead PC
300 Throckmorton Street, Suite 1700
Fort Worth, TX 76102
Attention: Jarratt Watkins
Email: ***

If to Buyer or CIFR, to:

Cipher Black Pearl LLC
c/o: Cipher Mining Technologies Inc.
One Vanderbilt Avenue, Suite 54C
New York, NY, 10017
Attention: Chief Legal Officer
Email: ***

with a copy (which shall not constitute notice) to:

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, NY 10019
Attention: Christy Rivera
Email: ***

Section 10.2 Assignment. None of the Parties shall assign this Agreement or any part hereof, by operation of law or otherwise, without the prior written consent of each of the other Parties hereto (which consent shall not be unreasonably withheld, conditioned or delayed); provided that Buyer may assign this Agreement to its affiliates. No assignment shall relieve the assigning Party of any of its obligations hereunder. Any attempted assignment or transfer in violation of this Section 10.2 shall be void. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns.

Section 10.3 Rights of Third Parties. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person, other than the Parties and their permitted successors and assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.4 Expenses. Except as otherwise provided herein, each Party shall bear its own expenses incurred in connection with this Agreement and the transactions

contemplated hereby whether or not such transactions shall be consummated, including all fees (including all fees of its legal counsel, financial advisors and accountants).

Section 10.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any facsimile or electronic copies hereof or signatures hereon shall, for all purposes, be deemed originals.

Section 10.6 Entire Agreement. This Agreement (together with the Disclosure Schedules and exhibits to this Agreement), the Transaction Documents and the Confidentiality Agreement constitute the entire agreement among the Parties and supersede any other agreements, whether written or oral, that may have been made or entered into by or among any of the Parties or any of their respective Affiliates relating to the transactions contemplated hereby. No representations, warranties, covenants, understandings or agreements, oral or otherwise, relating to the transactions contemplated by this Agreement or any of the Transaction Documents exist between Buyer or its Affiliates, on the one hand, and Seller or its Affiliates, on the other hand, except as expressly set forth in this Agreement, any of the Transaction Documents or in any other document delivered at Closing.

Section 10.7 Amendments. This Agreement may be amended or supplemented at any time but only by additional written agreements signed by each Party, as may mutually be determined by the Parties to be necessary, desirable or expedient to further the purpose of this Agreement or to clarify the intention of the Parties.

Section 10.8 Severability. If any term or other provision of this Agreement is illegal, invalid or unenforceable under any Law or as a matter of public policy, then all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision contained herein is, to any extent, invalid or unenforceable in any respect under the Laws governing this Agreement, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 10.9 Disputes.

(a) Dispute Resolution. In the event of a dispute between Buyer and Seller regarding the application or interpretation of this Agreement, after notice from one Party (the "Dispute Notice") to the other Party, the Parties shall negotiate in good faith and attempt to resolve such dispute. If the Parties are unable to resolve such dispute within fifteen (15) days after delivery of the Dispute Notice, then an executive officer or other senior representative of each of Buyer, on the one hand, and Seller, on the other hand, shall meet and shall negotiate in good faith in an attempt to resolve any controversy or dispute under or with respect to this Agreement.

(b) Dispute Resolution. The Parties (i) hereby irrevocably and unconditionally submit to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, or, solely to the extent federal jurisdiction is not available with respect to all or portion of such suit, action or other proceeding, the courts of the State of New York located in the Borough of Manhattan, New York City, New York, (ii) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the United States District Court for the Southern District of New York, or, solely to the extent federal jurisdiction is not available with respect to all or portion of such suit, action or other proceeding, the courts of the State of New York located in the Borough of Manhattan, New York City, New York and (iii) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such courts. Each of the Parties to this Agreement consents to personal jurisdiction for any equitable action sought in the U.S. District Court for the Southern District of New York or, as applicable and subject to the above, the courts of the State of New York located in the Borough of Manhattan, New York City, New York, with subject matter jurisdiction.

(c) WAIVER OF JURY TRIAL: EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER AT LAW, IN EQUITY, BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OF THE TRANSACTION DOCUMENTS, THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF.

Section 10.10 Governing Law. This Agreement shall be governed by and interpreted and enforced in accordance with the Laws of the State of New York, without giving effect to principles of conflicts of law other than Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York.

Section 10.11 Specific Performance and Other Remedies. The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the Parties do not perform their obligations under this Agreement (including failing to take such actions as are required of them hereunder to consummate the Closing in accordance with the terms of this Agreement) in accordance with its specified terms or otherwise breach the provisions of this Agreement. The Parties acknowledge and agree that (a) each of the Parties shall be entitled to an injunction, specific performance, or other equitable relief, as provided in this Section to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement (including Closing the purchase and sale on the terms and

conditions set forth herein), without proof of damages, prior to the valid termination of this Agreement in accordance with ARTICLE IX, and (b) the right of an injunction, specific enforcement or other equitable relief is an integral part of the transactions contemplated by this Agreement and without that right, neither Seller nor Buyer would have entered into this Agreement. Each Party agrees that it will not oppose the granting of an injunction, specific performance or other equitable relief on the basis that the other Party has an adequate remedy at Law or that an award of an injunction, specific performance or other equitable relief is not an appropriate remedy for any reason at Law or equity. The Parties acknowledge and agree that any Party seeking an injunction, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Section shall not be required to provide any bond or other security in connection with any such proceeding. The rights to specific performance, injunction or other equitable relief provided in this Section 10.11 are in addition to any other remedy to which the Party seeking such equitable relief is or may be entitled to under this Agreement, Law or otherwise.

Section 10.12 Disclosure Schedules. All section headings in the Disclosure Schedules correspond to the sections of this Agreement, but information provided in any section of the Disclosure Schedules shall constitute disclosure for purposes of each section of this Agreement where such information is relevant. Unless the context otherwise requires, all capitalized terms used in the Disclosure Schedules shall have the respective meanings assigned to such terms in this Agreement. Certain information set forth in the Disclosure Schedules is included solely for informational purposes, and may not be required to be disclosed pursuant to this Agreement. No disclosure in the Disclosure Schedules relating to any possible breach or violation of any agreement or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. The inclusion of any information in the Disclosure Schedules shall not be deemed to be an admission or acknowledgment by Seller that in and of itself, such information is material to or outside the ordinary course of the business or is required to be disclosed on the Disclosure Schedules. No disclosure in the Disclosure Schedules shall be deemed to create any rights in any third party.

[SIGNATURE PAGE FOLLOWS]

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by each Party as of the date first above written.

BUYER:

Cipher Black Pearl LLC
a Delaware limited liability company,
by its sole member, Cipher Mining Technologies, Inc., a Delaware corporation

By: /s/ William Iwaschuk
Name: William Iwaschuk
Title: Co-President & Chief Legal Officer

CIFR:

Cipher Mining Inc. (f/k/a Good Works Acquisition Corp.),
a Delaware corporation

By: /s/ William Iwaschuk
Name: William Iwaschuk
Title: Co-President & Chief Legal Officer

SELLER:

Trinity Mining Group, Inc.
a Delaware corporation

By: /s/ Austin Davis
Name: Austin Davis
Title: President

EXHIBIT A

Assumed Contracts

***

EXHIBIT B

ERCOT Approval

***

-Exhibit B-

EXHIBIT C

Form of Assignment and Assumption Agreement

***

EXHIBIT D

Form of Bill of Sale

***

-Exhibit D-

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

EXHIBIT 10.34

EXECUTION VERSION

AMENDED AND RESTATED DATA CENTER LEASE

BETWEEN

****

AS LANDLORD,

AND

TRINITY MINING GROUP, INC.

AS TENANT

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

AMENDED AND RESTATED DATA CENTER LEASE

This Amended and Restated Data Center Lease (this "**Lease**") is made and entered into this 6th day of December, 2023 (the "**Lease Date**") by and between ******* ("**Landlord**"), and **TRINITY MINING GROUP, INC.**, a Delaware corporation ("**Tenant**") or its successors or assigns, replacing that certain Data Center Lease, dated September 2023 (the "**Original Lease**"), which, by execution hereof, becomes null and void.

1. **Basic Lease Information**. The key business terms used in this Lease are defined as follows:

A. "**Land**": Those certain tracts or parcels of land containing a total of approximately 50 acres located in *******, Texas, and more particularly described on **Exhibit A** attached hereto and made a part hereof, as such Land may be amended by the addition of approximately 20 acres of land, more or less (the "**Additional Acreage**"), adjacent to the Land at the same rate schedule, the approximate location of which is depicted in Exhibit A-1 and the actual acreage and location of which is subject to a final survey to be obtained by Tenant at its sole cost and expense as set forth herein. The Parties acknowledge that not all of the Additional Acreage is currently owned by Landlord but that Landlord intends to obtain fee ownership over all of the Additional Acreage and, upon obtaining said fee ownership, subject the Additional Acreage to the terms of this Lease.

B. "**Premises**": The (i) Land, (ii) the Data Center (as defined below) and any other buildings, appurtenant structures and other improvements of any kind constructed on the Land pursuant to this Lease, including outbuildings, loading areas, canopies, walls, waterlines, sewer, electrical and gas distribution facilities, parking facilities, walkways, streets, curbs, roads, rights of way, fences, hedges, exterior plantings, poles, and signs, and (iii) the easements, rights and appurtenances thereunto belonging or appertaining.

C. "**Data Center**": The building(s), related equipment, facilities and other improvements to be constructed on the Land by Tenant for the Permitted Use (as defined below), including the electrical line extensions, substations, breaker stations and other electrical infrastructure required for the operation therewith, all as generally described on the preliminary plans and specifications attached hereto as **Schedule B-1** to the Work Letter. The amount of electrical capacity which the facilities will produce is 300 megawatts. Which will be generated from two (2) separate points of interconnect; one substation for 100 megawatts and the second substation for 300 megawatts.

D. "**Work Letter**": The construction addendum attached hereto as **Exhibit B** and made a part hereof regarding the preparation and approval of plans and specifications, obtaining permits and approvals and the construction and installation of the Data Center by Landlord, of which approval must be not unreasonably withheld.

E. "**Commencement Date**": The Lease Date.

F. **"Expiration Date"**: The earlier of (1) the last day of the 120th full calendar month after the Commencement Date, or (2) the termination of this Lease pursuant to the terms hereof, including, without limitation, the terms of the Work Letter.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

G. **"Lease Year"**: The 12-month period commencing on the Commencement Date, and each 12-month period thereafter during the Term; provided, however, that: if the Commencement Date is a day other than the first day of a calendar month, the first Lease Year will include the period from and including the Commencement Date to and including the last day of the calendar month in which the Commencement Date occurs (the "**Fractional Month**") and will extend through the end of the 12th full calendar month following the Commencement Date. The term "Lease Year" will also include partial years of less than 12 months at the end of the Term, as applicable.

H. **"Permitted Use"**: Construction, installation and operation of the Data Center for the mining of digital assets and related ancillary uses, including, without limitation, providing Internet connectivity, co-location, battery storage facilities, datacenter and data storage services to third parties, and related office uses, all in accordance with the provisions of this Lease, all applicable Governmental Requirements (as defined below) and all Restrictions (as defined below) affecting the operation and use of the Data Center and the Premises. Tenant is prohibited from installing any wind generators or solar panels on the Premises, without the express written consent of Landlord. Any battery storage facilities shall be utilized for the Premises only and for no other purpose.

I. **"Governmental Requirements"**: All present and future laws, regulations, orders, permits, ordinances, rules and other requirements of federal, state, municipal and local governments and governmental authorities.

J. "**Restrictions**": All applicable matters of record affecting and restricting the Project, including any covenants, conditions, declarations, restrictions, and easements applicable to the Project that are recorded in the real property records of the county in which the Project is located at any time and from time to time and as amended and modified at any time and from time to time.

K. **"Impositions"**: All real estate taxes, assessments, water and sewer rates, utility charges, rents and charges, use and occupancy taxes, license and permit fees, payments in lieu of taxes, and other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature which are assessed, levied, confirmed, imposed or become a lien upon any part of the Land, the Data Center or other portion of the Premises, or are payable out of the rent or income received by or for the account of Tenant for any use or occupancy of any part of the Land, the Data Center or the Premises by another party, including, without limitation, any rollback, greenbelt or similar deferred taxes which are assessed after the Commencement Date, but relate to time periods prior to the Commencement Date by reason of a change in zoning, use or ownership of the Premises; (iii) any assessments for special improvements to the Land, including but not limited to the widening of exterior roads, the installation of or hook up to sewer lines, sanitary and storm drainage systems and other utility lines and installations, whether assessed prior to or after the Commencement Date; or (iv); or any fees or other sums paid to a governmental authority in consideration of obtaining any utility service to the Premises and/or the Land, including, but not limited to, impact fees. Notwithstanding the foregoing, "**Impositions**" shall not include income, intangible, franchise, capital stock, estate or inheritance taxes.

L. **"Improvements"**: All improvements constructed or installed from time to time on or within the Premises, including, without limitation, the Data Center and any Alterations.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

M. **"Hazardous Substances"**: Any hazardous or toxic substance, material, chemical, pollutant, contaminant or waste, as those terms are defined by any applicable Environmental Law, and any solid wastes, polychlorinated biphenyls, urea formaldehyde, asbestos, radioactive materials, radon, explosives, petroleum products and oil.

N. **"Environmental Laws"**: All federal, state, and local laws, regulations, orders, permits, ordinances or other requirements, which exist now or as may exist after the Lease Date, concerning protection of human health, safety and the environment, all as may be amended from time to time, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et seq. ("**CERCLA**") and the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq. ("**RCRA**").

O. **"Contamination"**: The presence of, or release of, Hazardous Substances into any environmental media from, upon, within, below, into or on any portion of the Premises so as to require remediation, cleanup or investigation under any Environmental Law.

P. **"Tenant's Affiliates"**: The subsidiaries and affiliates of Tenant and all agents, contractors, employees, vendors, customers, licensees or invitees of Tenant and such subsidiaries and affiliates.

Q. "**Institutional Lender**" shall mean a savings and loan association, a savings bank, a commercial bank or trust company, whether acting for itself or in a representative capacity for an institution encompassed within this definition, an insurance company, whether acting for itself or in a representative capacity for an institution encompassed within this definition, a real estate investment trust sponsored by an entity which qualifies as an Institutional Lender, an educational, religious or charitable institution, an endowment fund, a state, municipal or private employees' welfare, pension or retirement fund or system, or an investment banking firm or other financial institution.

R. **"Business Day(s)**": Monday through Friday of each week, exclusive of all holidays observed by financial institutions in the State of Texas ("**Holidays**").

S. "**Notice Addresses**":

Landlord: ***

With a copy to:
Law Office of Chad Smith, P.C.
8008 Slide Road, Suite 33
Lubbock, Texas 79424

Rent (defined in Section 4.B) shall be payable to the order of Landlord at the following address (which payment address may be changed by not less than 10 days' prior notice from Landlord to Tenant regarding same):

_____
_____

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Tenant: Trinity Mining Group, Inc.
105 Nursery Lane, Suite 110
Fort Worth, Texas 76107
Attn: ***

2. **Lease of Premises**. In consideration of the Rent and the mutual covenants contained herein, Landlord leases to Tenant, and Tenant leases and accepts from Landlord, the Premises upon all the terms and provisions of this Lease.

3. **Additional Acreage**. The Additional Acreage shall be included in the Land; however, the inclusion of the Additional Acreage in the Land shall be subject to Tenant's sole, reasonable determination that the Additional Acreage is located in an area and is of suitable composition for Tenant's needs pursuant to the Permitted Use hereunder. Tenant shall obtain a survey (the "Survey") prepared by a Texas licensed surveyor of the Additional Acreage at Tenant's sole cost and expense and the Survey shall provide the final legal description, metes and bounds, and depiction of the Additional Acreage. Upon obtaining the final Survey, Tenant shall provide Landlord with a copy thereof and Tenant and Landlord shall (i) enter into an amendment of this Lease to replace Exhibit A-1 with the legal description provided in the Survey and (ii) enter into and file of record in the Real Property Records of ***, Texas, an amended Memorandum of Lease replacing the legal description of the Additional Acreage therein with the legal description set forth in the Survey. Upon such amendment to the Lease, Base Rent shall be adjusted to reflect the correct acreage and, notwithstanding anything to the contrary contained in the Lease, any excess Base Rent paid by Tenant shall be repaid to Tenant in the form of a credit against future payments of Base Rent. **Memorandum of Lease**. Upon the execution of this Lease, the Parties hereto shall also execute the Memorandum of Lease ("**Memorandum of Lease**"), attached hereto as **Exhibit C**. Tenant shall cause the Memorandum of Lease to be filed in the Real Property Records of ***, Texas.

4. **Term**.

A. Initial Term. The lease of the Premises by Landlord to Tenant will be for an initial term commencing on the Commencement Date and ending on the Expiration Date (the "**Initial Term**"). The Initial Term, together with all renewals and extensions thereof, if any, is sometimes referred to in this Lease as the "**Term**".

B. Extension Terms. Tenant shall have four (4) consecutive options to extend the Term (each such option being herein sometimes referred to as an "**Extension Option**") for a period of ten (10) Lease Years (each an "**Extension Term**"). Each Extension Option shall be exercisable by Tenant's delivery of written notice to Landlord ("**Tenant's Extension Notice**") not less than one (1) calendar year prior to the scheduled Expiration Date of the then current Term. It shall be a condition of the effectiveness of Tenant's exercise of each Extension Option that no Event of Default by Tenant shall have occurred and be continuing at the time of exercise of the option or on the date the applicable Extension Term commences. If Tenant duly exercises an Extension

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Option in accordance with this Lease, the Term of this Lease shall be automatically extended for the applicable Extension Term, upon all of the terms, conditions and covenants set forth herein without the requirement of any further instrument to evidence such extension, and the Base Rent payable by Tenant during the applicable Extension Term shall be as set forth in Section 5.A below; provided, however, that promptly following request by either Landlord or Tenant, the parties shall enter into an amendment of this Lease documenting the exercise of the applicable Extension Option and corresponding extension of the Expiration Date. All terms and conditions set forth in this Lease, including Tenant's obligation to pay Rent (as hereafter defined and subject to the terms hereof), shall continue in full force and effect during the Extension Term. In the event Tenant fails to timely exercise an applicable Extension Option in accordance with the terms of this Lease, Tenant's rights to extend the Term pursuant to this Section 3.B shall automatically be null and void and of no further force or effect.

5. **Rent**.

A. Base Rent. As consideration for this Lease, on or before the Commencement Date and, as applicable, on or before the first day of each Extension Term, Tenant shall pay Landlord, in advance and without any demand, setoff or deduction, the following total amounts of Base Rent payable for the Initial Term and, as applicable, each Extension Term:

(i) Initial Term: Base Rent for the Initial Term shall be $2,100,000.00, which is the amount equal to the product of (a) the total acreage of the Land (70 acres, more or less), multiplied by (b) $3,000.00 per acre per year~~.~~, multiplied by (c) 10 years, to be paid in the following installments:
Year 1 – $150,000, which has previously been provided to and accepted by Landlord
Year 2 - $210,000
Year 3 to 10 - $1,740,000

(ii) Initial Extension Terms: Base Rent for each Extension Term shall be the product of the then current total Base Rent multiplied by 1.20. By way of example only, the Base Rent for the first Extension Term shall be $2,520,000, which is the product of $2,100,000 multiplied by 1.2. Each subsequent Extension Term shall be a 20% increase. For example, the second extension would be $2,520,000 multiplied by 1.20 or $3,024,000.

The Parties acknowledge that the Base Rent for Year 1 of the Initial Term has already been delivered to Landlord and Landlord has accepted said payment in full satisfaction thereof. Notwithstanding the foregoing, $60,000.00 shall be paid to Landlord upon execution of this Lease for the Additional Acreage for Year 1. The Base Rent for Year 2 shall be paid on or before the second anniversary of the Lease Date. The entirety of the Base Rent for the third through tenth year of the Initial Term shall be paid in a one-time lump sum on or before the third anniversary of the Lease Date in satisfaction for the remaining term of the Initial Term. No further Base Rent shall be due or payable during the Initial Term. Base Rent shall be paid to Landlord, at Landlord's option, either by cashier's check sent to the payment address for Landlord set forth in Section 1.S or in immediately available federal funds (i.e., lawful money of the United States of America) sent

via such wiring instructions as Landlord may from time to time designate by notice to Tenant. Base Rent for partial calendar months shall be apportioned to reflect the number of days of the Term in such calendar month. Tenant's obligation with respect to reimbursement of Impositions and such other Additional Rent appropriately requiring adjustment shall also be prorated for any Fractional Month.

B. Payment/Contest of Impositions. Tenant shall pay all Impositions that are payable with respect to the Premises as and when such Impositions become due and payable. Landlord shall forward to Tenant a copy of all notices, invoices and statements relating to any Impositions. Upon ten (10) days' prior written notice to Tenant, Landlord or its ground lessor may contest by appropriate legal proceedings the amount, validity, or application of any Impositions or liens thereof. Upon ten (10) days' prior written notice to Landlord and Landlord's ground lessor, Tenant may contest by appropriate legal proceedings the amount, validity or application of any Impositions, or may require Landlord or its ground lessor to contest such Impositions, at Tenant's sole cost and expense (including, without limitation, Landlord's and/or its ground lessor's reasonable attorneys' fees and reasonable fees payable to tax consultants and attorneys for consultation and contesting taxes). If Tenant contests any Impositions, Landlord shall reasonably cooperate in the institution and prosecution of any such proceedings of contesting Impositions and will execute any documents reasonably required therefor. Tenant will be responsible for any and all costs and expenses arising from any contest of Impositions performed by Tenant or by Landlord or its ground lessor at Tenant's request (and without limiting the foregoing, Tenant shall be solely responsible for any increase in Impositions resulting from any such contest). All reductions, refunds, or rebates of Impositions paid or payable by Tenant shall belong to Tenant (less costs or expenses incurred by Landlord and/or its ground lessor) whether as a consequence of a Tenant proceeding or otherwise.

C. Prorations of Impositions. Any Imposition relating to a fiscal period of the taxing authority, a part of which period is included within the Term and a part of which is included in a period of time before the Commencement Date, or after the Expiration Date of this Lease, other than a termination of this Lease following an Event of Default by Tenant, shall (whether or not such Imposition shall be assessed, levied, confirmed, imposed or become a lien upon any part of the Premises, or shall become payable, during the Term) be adjusted between Landlord and Tenant as of the Commencement Date, or the Expiration Date of this Lease, as the case may be, so that Landlord shall be solely responsible for that portion of such Imposition which that part of such fiscal period included in the period of time before the Commencement Date, or after the Expiration Date, respectively, bears to such fiscal period and Tenant shall be responsible for reimbursement of the remainder thereof.

D. Net Lease. This Lease shall be deemed and construed to be a "net lease" and: (i) except as may be otherwise expressly provided in this Lease, Tenant shall pay to Landlord, absolutely net throughout the Term, the Base Rent and, Additional Rent, free of any charges, assessments, Impositions or deductions of any kind and without abatement, deduction or set-off; and (ii) under no circumstances or conditions shall Landlord be required to furnish any utilities, services or facilities, or to make any repairs or any alterations in or to any of the Premises and the Improvements, nor shall Landlord have any liability for any interruption or cessation of such utilities or services. Except as may be otherwise expressly provided in this Lease Tenant hereby

assumes the full and sole responsibility for the operation, repair, maintenance and management of the Premises or the Improvements.

6. **Tenant's Use of Premises**.

A. Permitted Use. The Premises shall be used for the Permitted Use and for no other use whatsoever. Tenant shall not use or permit the use of the Premises for any purpose which is, creates obnoxious odors (including tobacco smoke), or is dangerous to persons or property. Without affecting any limitations on Tenant's rights or any of Tenant's obligations under this Lease, Landlord acknowledges and agrees that, subject to Governmental Requirements and the terms of this Lease, Tenant shall have the right to operate its business in the Premises for the Permitted Use 24 hours a day, 365 days a year.

B. Compliance with Governmental Requirements and Restrictions. Tenant shall throughout the Term comply, and cause the Data Center, the Premises and Tenant's business operations therein and thereon to comply, with all Governmental Requirements and all applicable Restrictions, the intention of the parties being that Tenant shall discharge and perform all the obligations of Landlord with respect to the Premises, so that at all times, except as may be otherwise specifically provided in this Lease, the rental of the Premises shall be net to Landlord without deductions or expenses on account of any Governmental Requirement or Restriction. Nothing herein shall permit Tenant to use any portion of the Premises in violation of any Governmental Requirements or Restrictions. Tenant expressly acknowledges and agrees that: (i) Landlord makes no representation or warranty that Tenant's use of the Premises for the Permitted Use is permitted by Governmental Requirements or the Restrictions; and (ii) Tenant shall be solely responsible at Tenant's cost for obtaining any all permits, licenses and approvals required under applicable Governmental Requirements for Tenant's operations within the Premises for the Permitted Use.

C. No Liens. Tenant will not permit liens of any nature to attach or exist against the Land (to the extent such liens arise by, through or under Tenant).

D. Compliance with Rules and Regulations. Tenant shall comply with such commercially reasonable rules and regulations as Landlord may from time to time establish regarding the use and operation of the Data Center and the Premises. Landlord shall give Tenant reasonable prior written notice of all rules and regulations and changes thereto, and in the event of any conflict between such rules and regulations and the express terms of this Lease, this Lease shall control.

7. **Assignment and Subletting**.

(A) Tenant shall not sublet the Premises or any part thereof or assign this Lease or any interest therein without the prior written consent of Landlord. Any such sublease or assignment attempted without Landlord's written consent shall be void and of no force and effect, at the option of Landlord.

(B) Notwithstanding anything herein to the contrary, Landlord shall have the right to sell, assign or transfer the Lease, together with Landlord's rights hereunder at any time to any

person or entity to whom Landlord contemporaneously transfers all of its right, title and interest in and to the Land, and who assumes all of Landlord's rights and obligations hereunder, so long as Landlord provides notice of such sale, assignment or transfer to Tenant within five (5) days of the effectiveness of such sale, assignment or transfer. In the event Landlord sells, assigns or transfers all or a portion of the Land, the grantee shall take the Land subject to this Lease.

(C) Notwithstanding the foregoing, Tenant shall have the right, without consent of Landlord, to assign a security interest in this Lease to a financing party of Tenant in connection with the financing of the construction, maintenance, repair and/or use of Premises and/or the Data Center. Additionally, the Parties acknowledge that any hosting agreements or third-party licensing agreements whereby Tenant agrees to keep in the Data Center and run as a host third-parties' servers or hashing equipment in connection with Bitcoin or cryptocurrency mining, hashing, staking, or other methods of utilizing blockchain technology, shall not constitute an assignment or sublet of this Lease and shall not cause Tenant to be in default under this Lease. Subject to the foregoing, Tenant may not assign this Lease without Landlord's consent.

8. **Insurance**.

A. Tenant's Insurance. From and after the Commencement Date, Tenant shall maintain the following insurance ("**Tenant's Insurance**"), at its sole cost and expense: (1) commercial general liability insurance applicable to the Premises and its appurtenances providing, on an occurrence basis, a per occurrence limit of no less than $1,000,000 and a $2,000,000 general aggregate limit; (2) causes of loss-special form (formerly "all risk") property insurance, covering the Data Center and all other improvements and Alterations constructed and installed on the Land from time to time during the Term, and all of Tenant's trade fixtures, equipment, furniture and other personal property located on or within the Premises ("**Tenant's Personal Property**") from time to time during the Term, in the amount of the full replacement cost thereof ("**Tenant's Property Insurance**"); (3) business automobile liability insurance to cover all owned, hired and non-owned automobiles owned or operated by Tenant providing a minimum combined single limit of $1,000,000; ~~(~~4) workers' compensation insurance as required by the State of Texas, (5) employer's liability insurance in an amount of at least $1,000,000 per occurrence~~;~~ and (6) umbrella liability insurance that follows form in excess of the limits specified in (1), (3) and (5) above, of no less than $1,000,000 in the aggregate. Tenant's liability insurance must provide contractual liability coverage covering Tenant's liability under this Lease. All commercial general liability, business automobile liability and umbrella liability insurance policies shall name Landlord (or any successor), Landlord's Mortgagee (if any), and other designees reasonably required by Landlord as the interest of such designees shall appear, as "additional insureds" and shall be primary with Landlord's policy being secondary and noncontributory. Tenant's Property Insurance shall name Landlord (or any successor) and Landlord's Mortgagee (if any) as additional named insureds and loss payee under such policy or policies.

B. Tenant's Insurance prior to the Commencement Date and upon renewal of such insurance coverage. No deductible or self-insured retention for Tenant's Insurance shall exceed $25,000 without prior written approval of the Landlord, which approval may be withheld in Landlord's sole discretion. All deductibles and/or retentions shall be paid by, assumed by, for the account of, and at the Tenant's sole risk, and Tenant shall not be reimbursed for same. If Tenant

fails to maintain the insurance coverage required by this Section 9, Landlord may, upon 7 days advance written notice to Tenant (unless such coverage will lapse, in which event no such notice will be necessary), procure such policies of insurance and Tenant will promptly pay Landlord 105% of the cost of such policies. Landlord reserves the right to require Tenant to procure insurance in amounts and against such other risks as may be customarily insured from time to time during the Term by prudent owners or mortgagees of similar properties.

10. **Indemnification and Waiver**.

A. Indemnification. Tenant shall indemnify, defend and hold the Landlord Parties harmless against all Losses arising out of, relating to or resulting from: (i) any matter pertaining to any of the Premises, the Data Center or any other Improvements or the use, non-use, occupancy, condition, design, construction, maintenance, repair or rebuilding of any of the Premises, the Data Center or any other Improvements, except to the extent caused by the gross negligence or willful misconduct of the Landlord Indemnified Parties; (ii) any injury to or death of any person or any loss of or damage to any property in any manner arising from the Premises, the Data Center or any other Improvements, or connected therewith or occurring thereon or thereat, except to the extent caused by the gross negligence or willful misconduct of the Landlord Parties; (iii) the negligence or willful misconduct of Tenant or Tenant's Affiliates, or (iv) any violation by Tenant or Tenant's Affiliates of any provision of this Lease. The obligations of Tenant under this Section 10 shall survive the Expiration Date. For purposes of this Section and the Lease: (i) the term "**Losses**" shall mean, collectively, all fines, penalties, losses, liabilities, settlements, judgments, fees, expenses, costs (including sampling, monitoring and remediation costs, consultants' and engineering fees and disbursements, Legal Costs (as hereafter defined) and interest) and damages (including damages on account of personal injury or death, property damage or damage to natural resources); and (ii) the terms "**Landlord Party**" and "**Landlord Parties**" shall mean, individually or collectively as the context requires, any or all of Landlord and Landlord's members, agents, partners (general and limited), shareholders, officers, directors, beneficiaries, employees, affiliates, agents, representatives, contractors, servants, employees, licensees and invitees, as well as the holder of any Mortgage or of any underlying lease then encumbering the Premises.

B. Waiver. Landlord will not be liable to Tenant or Tenant's Affiliates for: (i) any damage to, or loss or theft of, any of Tenant's Personal Property for any reason; or (ii) for any bodily or personal injury, illness or death of any person in, on or about the Premises arising at any time and from any cause whatsoever, except to the extent caused by the gross negligence or willful misconduct of Landlord. To the fullest extent permitted by law, Tenant waives (and will cause Tenant's Affiliates to waive) all claims against Landlord arising from any liability described in this Section 10.B.

11. **Mutual Waiver of Subrogation**. Notwithstanding anything in this Lease to the contrary, Tenant waives, and shall cause Tenant's Affiliates, Tenant's insurance carrier(s) and any other party claiming through or under such carrier(s), by way of subrogation or otherwise, to waive any and all rights of recovery, claim, action or causes of action against Landlord or any Landlord Party for any loss or damage to the Premises (including, without limitation, the Data Center and any other Improvements), Tenant's business, any loss of use of the Premises, and any loss, theft or damage to Tenant's Personal Property, INCLUDING ALL RIGHTS (BY WAY OF SUBROGATION OR

OTHERWISE) OF RECOVERY, CLAIMS, ACTIONS OR CAUSES OF ACTION ARISING OUT OF THE NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD OR LANDLORD'S EMPLOYEES, AGENTS OR CONTRACTORS, which loss or damage is (or would have been, had the insurance required by this Lease been maintained) covered by insurance. In addition, Landlord shall cause its insurance carrier(s) and any other party claiming through or under such carrier(s), by way of subrogation or otherwise, to waive any and all rights of recovery, claim, action or causes of action against Tenant for any loss of or damage to or loss of use of the Premises (including, without limitation, the Data Center and any other Improvements), or any contents thereof, INCLUDING ALL RIGHTS (BY WAY OF SUBROGATION OR OTHERWISE) OF RECOVERY, CLAIMS, ACTIONS OR CAUSES OF ACTION ARISING OUT OF THE NEGLIGENCE OF TENANT OR TENANT'S EMPLOYEES, AGENTS, CONTRACTORS OR INVITEES, which loss or damage is (or would have been, had the insurance required by this Lease been maintained) covered by insurance.

12. **Tenant Events of Default; Landlord Remedies**.

A. Tenant Events of Default. The occurrence of any of the events listed below will constitute an "**Event of Default**" by Tenant under this Lease:

(i) Tenant fails to pay Base Rent, any Additional Rent or Impositions when due, and such failure continues for more than 30 days after Landlord gives written notice to Tenant of such failure;

(ii) Tenant fails to discharge any lien against the Premises or the Building in accordance with Section 7.C;

(iii) Tenant fails to maintain in force all policies of insurance required by this Lease or fails to provide Landlord with evidence of such insurance, and either of such failures continues for more than 7 days after Landlord gives Tenant written notice of such failure;

(iv) (1) Tenant or any guarantor of this Lease is bankrupt (which, in the case of an involuntary proceeding, is not permanently discharged, dismissed, stayed, or vacated, as the case may be, within 60 days of commencement); (2) a receiver, custodian, or trustee is appointed for the Premises or for all or substantially all of the assets of Tenant or of any guarantor of this Lease, which appointment is not vacated within 60 days following the date of such appointment; or (3) Tenant or any guarantor of this Lease becomes insolvent or makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors;

(v) Tenant fails to: (1) cease business operations within the Premises by the Expiration Date; (ii) promptly commence the Removal and Restoration Work (as defined in Section 24) following the occurrence of the Expiration Date and thereafter diligently and continuously pursue the Removal and Restoration Work to completion in accordance with the terms and conditions of Section 24 or (3) complete the Removal and Restoration

Work on or before the first anniversary of the Expiration Date (without regard to events of Force Majeure) in accordance with the terms and conditions of Section 24; and

(vi) Tenant fails to perform or observe any other term of this Lease and such failure continues for more than thirty (30) days after Landlord gives Tenant written notice of such failure, or, if such failure cannot be corrected within such thirty (30) day period, if Tenant does not commence to correct such default within said thirty (30) day period and thereafter diligently prosecute the correction to completion within a reasonable period of time.

(vii) Landlord's Remedies. Upon the occurrence of any Event of Default by Tenant, Landlord may, at Landlord's option, without any demand or notice whatsoever (except as expressly required in this Section 12.B):

(i) Give Tenant notice of termination, in which event (1) this Lease will terminate on the date specified in such notice and all rights of Tenant under this Lease and to the Premises will terminate, and Tenant will remain liable for all obligations under this Lease arising up to the date of such termination, together with Tenant's obligations to perform the Restoration Work; and (2) Tenant will surrender the Premises to Landlord on the date specified in such notice.

(ii) Terminate this Lease as provided in Section 12.B(i) and recover from Tenant all damages Landlord may incur by reason of Tenant's default, including, without limitation, an amount which, at the date of such termination, is calculated as follows (and which will be immediately due and payable):

1. The positive difference, if any, of: (a) the Base Rent, Additional Rent and all other sums which would have been payable hereunder by Tenant for the period commencing with the day following the date of such termination and ending with the scheduled Expiration Date had this Lease not been terminated (the "**Remaining Term**"), minus (b) the aggregate reasonable rental value of the Premises for the Remaining Term (which positive difference, if any will be discounted to present value at the Treasury Yield for the Remaining Term); plus

2. The costs of recovering possession of the Premises and all other expenses incurred by Landlord due to Tenant's default, including, without limitation, the cost of performance of the Removal and Restoration Work and all reasonable and actual attorneys' fees, paralegal fees, disbursements and mediation, arbitration and court costs and expenses, including litigation through all trial and appellate levels (collectively, "**Legal Costs**"); plus

3. The unpaid Base Rent and Additional Rent owed as of the date of termination plus any interest and late fees due hereunder, plus other amounts owing on the date of termination by Tenant to Landlord under this Lease or in connection with the Premises.

(iii) Without terminating this Lease, in its own name but as agent for Tenant, enter into and upon and take possession of the Premises or any part thereof. Any property remaining in the Premises may be removed and stored at the cost of, and for the account of, Tenant without Landlord becoming liable for any loss or damage which may be occasioned thereby unless caused by Landlord's gross negligence. Thereafter, Landlord may, but will not be obligated to (except as required to meet any duty to mitigate its damages in accordance with applicable law), lease to a third party the Premises or any portion thereof upon such terms and conditions as Landlord may deem or desirable in order to relet the Premises, but without relieving Tenant of its liability. The remainder of any rentals received by Landlord from such reletting (after the payment of any indebtedness due hereunder from Tenant to Landlord, and the payment of any costs and expenses of such reletting), will be held by Landlord to the extent of and for application in payment of future rent owed by Tenant, if any, as the same may become due and payable hereunder. If the rentals received from such reletting will at any time be less than sufficient to pay to Landlord the entire sums then due from Tenant hereunder, Tenant will pay any such deficiency to Landlord. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for any such previous default, provided same has not been cured.

(iv) Pursue such other remedies as are available at law or equity.

13. **Landlord Events of Default; Tenant Remedies**.

i. Notice. If Landlord fails to perform or observe or otherwise breaches any term of this Lease and such failure shall continue for more than 30 days after Tenant gives Landlord written notice of such failure, or, if such failure does not arise out of a failure by Landlord to pay a sum of money and cannot reasonably be corrected within such 30-day period, if Landlord does not commence to correct such default within such 30-day period and thereafter diligently prosecute the correction of same to completion within a reasonable time, a "**Landlord Event of Default**" shall exist under this Lease.

ii. Tenant's Right to Cure. Upon the occurrence of a Landlord Event of Default, Tenant may at Tenant's option, cure the Landlord Event of Default and the actual cost of such cure shall be payable by Landlord to Tenant within 30 calendar days after written demand; provided, however, that if a failure by Landlord to perform or observe any term of this Lease gives rise to circumstances or conditions which constitute an emergency threatening human health or safety or substantial damage to the Premises or Tenant's personal property, or materially impeding the conduct of the business of Tenant at the Premises, Tenant shall be entitled to take immediate curative action (prior to the expiration of any notice and cure period set forth above) to the extent necessary to eliminate the emergency.

iii. Reimbursement of Costs. All costs incurred by Tenant hereunder must be reasonable in amount and reasonably incurred and must not exceed the scope of the Landlord Event of Default in question; and if such costs are chargeable as a result of labor or materials provided directly by Tenant, rather than by unrelated third parties, the costs shall not exceed the amount which would have been charged by a qualified third party unrelated to Tenant. All work performed by Tenant must be of first-class quality. Such costs must be reasonably documented and copies of such documentation must be delivered to Landlord with the written demand for reimbursement. If Tenant elects to exercise its self-help right, as provided in this Section 13.C, such right is intended to be the exclusive remedy available to Tenant with respect to the Landlord Event of Default and once Landlord has reimbursed Tenant for the permissible cost of curing the Landlord Event of Default, Landlord shall no longer be deemed to be in default under this Lease with respect to the Landlord Event of Default that was the subject of the cure. Nothing contained in this Section 13.C shall create or imply the existence of any obligation by Tenant to cure any Landlord Event of Default.

14. **Landlord Liability**. No owner of the Premises, whether or not named herein, will have liability under this Lease after it ceases to hold title to the Premises. Neither Landlord nor any employee, representative, officer, director, security holder, manager, equity holder, trustee, partner or principal of Landlord, whether disclosed or undisclosed, will have any personal liability with respect to any of the provisions of this Lease. In the event Landlord is in breach or default with respect to Landlord's obligations or otherwise under this Lease, Tenant will look solely to the equity of Landlord in the Premises for the satisfaction of Tenant's remedies. Landlord's liability under the terms, covenants, conditions, warranties and obligations of this Lease will in no event exceed Landlord's equity interest in the Premises.

15. **Subordination to Mortgages; Estoppel Certificates**. Landlord shall have the unrestricted right to mortgage its fee or ground leasehold interest in the Premises. Subject to the terms of the last sentence of this Section 15, Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently affecting the Premises, and to renewals, modifications, refinancings and extensions thereof (collectively, a "**Mortgage**"). The party having the benefit of a Mortgage shall be referred to as a "**Mortgagee**." This clause shall be self-operative, but upon request from a Mortgagee, Tenant shall execute a commercially reasonable subordination agreement in favor of the Mortgagee. Tenant agrees, promptly after submission, to execute, acknowledge and deliver any amendment to this Lease or other agreement requested by any fee or ground leasehold Mortgagee, provided that such amendment or other agreement does not decrease Landlord's obligations in any manner whatsoever or decrease Tenant's rights or increase Tenant's obligations pursuant to this Lease (other than as to ministerial matters, such as sending copies of notices to the Mortgagee). In lieu of having the Mortgage be superior to this Lease, a Mortgagee shall have the right at any time to subordinate its Mortgage to this Lease. If requested by a successor-in-interest to all or a part of Landlord's interest in this Lease, Tenant shall, without charge, attorn to the successor-in-interest. Tenant shall, within 10 Business Days after receipt of a written request from Landlord, execute and deliver to Landlord and/or its designee an estoppel certificate to those parties as are reasonably

requested by Landlord (including a Mortgagee or prospective purchaser). The estoppel certificate shall include a statement certifying that this Lease is unmodified (except as identified in the estoppel certificate) and in full force and effect, describing the dates to which Rent and other charges have been paid, representing that, to Tenant's knowledge, there is no default (or stating with specificity the nature of the alleged default) and certifying other matters with respect to this Lease that may reasonably be requested. Notwithstanding anything to the contrary contained hereinabove, Tenant shall not be required to subordinate or to execute any subordination document, unless the party seeking such subordination executes a document which includes a commercially reasonably non-disturbance agreement ("**SNDA**") stating substantially that, so long as Tenant is not in default under this Lease beyond any applicable notice and cure periods, Tenant's right to possession of the Premises shall not be disturbed. Simultaneously with the execution of this Lease and as a condition to the effectiveness of this Lease, Landlord shall deliver to Tenant an SNDA executed by Landlord's current Mortgagee in a form reasonably acceptable to Tenant and such Mortgagee.

16. **Hazardous Substances**.

A. Compliance with Laws. Tenant will conduct all the activities of Tenant and Tenant's Affiliates, at the Project in compliance with Environmental Laws.

B. Permits. Tenant covenants that it will obtain prior to commencement of construction of the Data Center, all permits, licenses or approvals required by any applicable Environmental Laws necessary for Tenant's operation of its business at the Premises for the Permitted Use.

C. Use of Hazardous Substances. Tenant will not cause or permit any Hazardous Substances to be brought upon, kept or used at the Premises without the prior written approval of Landlord; provided, however, that the approval of Landlord will not be required for the use of cleaning supplies, toner for photocopying machines and other similar materials, in containers and quantities reasonably necessary for and consistent with ordinary office use or routine janitorial service, or the use of Hazardous Substances reasonably required for the operation of Tenant's business for the Permitted Use, provided that in no event shall Tenant cause or permit the use or storage at the Premises of:

(i) radioactive, explosive, highly flammable or biohazardous materials at the Premises or any materials which emit a noticeable odor or fumes;

(ii) any product or material which, under applicable Governmental Requirements, would require any alteration of the Premises (e.g., special safety measures for explosive or highly flammable materials or special security measures for controlled substances);

(iii) bulk quantities of chemicals (which is not intended to prohibit the use or storage of products having one or more chemicals as components, unless such product is otherwise prohibited by the provisions of this Special Stipulation); and

(iv) any product or material which, in the reasonable judgment of Landlord, will result in a material increase in the risk of Contamination at the Premises.

Notwithstanding the foregoing, the Parties acknowledge that Tenant utilizes backup power generators that use diesel as fuel and that use and storage of such fuel on the Premises by Tenant shall not be in violation of this Section; provided however, such fuel is stored as required by law.

D. Requirements. In addition to the limitations set forth in Section 23.C above, Landlord's consent to the use and storage of Hazardous Substances used by Tenant as part of the Permitted Uses is conditioned upon Tenant's compliance with the following requirements:

(i) Compliance with Laws. All use and storage must at all times be in compliance with all applicable Governmental Requirements, including without limitation, Environmental Laws.

(ii) Permits. Tenant must obtain all necessary permits and approvals required under applicable Environmental Laws and all use and storage must at all times be in compliance with those permits and approvals.

(iii) MSDS Sheets. All use and storage must be conducted in accordance with the Materials Safety Data Sheets which Tenant has provided to Landlord.

(iv) RCRA. Any use or storage may not be conducted in a manner that would cause the Premises to become subject to regulation as a hazardous waste treatment, storage or disposal facility under RCRA or the regulations promulgated thereunder.

(v) RCRA Generator. Any use or storage may not be conducted in a manner as to cause Tenant to become regulated as a generator under RCRA other than as a Conditionally Exempt Small Quantity Generator as defined by RCRA.

E. Intentionally deleted.

F. Release of Hazardous Substances. Tenant will not cause or permit the release of any Hazardous Substances by Tenant or Tenant's Affiliates into the air, water or land, or into the Premises or any adjacent properties in any manner that violates any Environmental Laws. If such release of any Hazardous Substances occurs, Tenant will do the following:

(i) immediately take all steps reasonably necessary to contain and control such release and any associated Contamination;

(ii) investigate and clean up or otherwise remedy such release and any associated Contamination to the extent required by, and take any and all other actions required under, applicable Environmental Laws; and

(iii) notify and keep Landlord reasonably informed of such release and response.

G. Hazardous Activities. Tenant will not cause or permit the following to occur:

(i) any activity which would cause the Premises to become subject to regulation as a hazardous waste treatment, storage or disposal facility under applicable Environmental Laws (including, without limitation, RCRA);

(ii) the discharge of Hazardous Substances into the storm sewer system serving the Premises; or

(iii) the installation of any underground storage tank or underground piping on or under the Premises, except as may be necessary for the efficient use of the Improvements, including, but not limited to, the installation of underground water piping for the purpose of cooling the Improvements and the installation of electrical conduit for the purpose of routing electrical conductors.

H. Environmental Indemnity. Tenant will indemnify Landlord and hold Landlord harmless from and against any and all Losses suffered by Landlord (except to the extent arising out of Landlord's own negligence or willful act), by reason of the storage, generation, release, handling, treatment, transportation, disposal, or arrangement for transportation or disposal, of any Hazardous Substances by Tenant or Tenant's Affiliates or by reason of Tenant's breach of any of the provisions of this Section 22. Such Losses will include, without limitation, the following:

(i) Landlord expenses to comply with any Environmental Laws;

(ii) costs that Landlord may incur in studying, remedying, removing, disposing or otherwise addressing any Contamination or Hazardous Substances at or arising from the Premises;

(iii) fines, penalties or other sanctions and any liens or claims, including but not limited to natural resource damages claims, assessed upon Landlord; and

(iv) legal and professional fees and costs incurred by Landlord in connection with the foregoing.

I. Survival. The indemnification obligations of Tenant contained in this Section 23 will survive the Expiration Date.

17. **Prevailing Party**. In the event of a dispute between Landlord and Tenant regarding the terms of this Lease, including any dispute regarding the enforcement of this Lease or the interpretation of any provision of this Lease, whether arising in a lawsuit filed by either Landlord or Tenant, an arbitration, bankruptcy or otherwise, the prevailing party in such dispute will be entitled to recover from the other its Legal Costs in connection with such dispute.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

18. **Notice**. If a demand, request, approval, consent or notice (collectively, a "**notice**") shall or may be given to either party by the other, the notice shall be in writing and delivered by hand or sent by registered or certified mail with return receipt requested, or sent by overnight or same day courier service, at the party's respective Notice Address(es) set forth in Section 1.S. Each notice shall be deemed to have been received or given on the earlier to occur of actual delivery or the date on which delivery is first refused. Either party may, at any time, change its Notice Address by giving the other party written notice of the new address in the manner described in this Section.

19. **Existing Agreements**. Tenant shall conduct its operations so as not to interfere with any existing Agreements, Right of Ways, Easements or Leases related to the Premises. Tenant shall not block any roads or interfere with any entities access to any existing Lease, Right of Way or Easement. Landlord may travel on any roads located within the Premises without interference from Tenant. Tenant shall seek agreements from any oil and gas operators or mineral interest owners as are necessary for Tenant to conduct its operations contemplated herein.

20. **Caliche and Fill Dirt.** Tenant shall purchase exclusively from Landlord all caliche and/or fill dirt from Landlord to be used to construct roads, locations and other facilities on the Subject Lands from Landlord at a price of SEVEN AND 50/100 DOLLARS ($7.50) per yard. Tenant shall notify Landlord no less than five (5) days before any caliche and/or fill dirt is extracted from the surface so that Landlord may be present. Measurement of amount of caliche and/or fill dirt is subject to review by Landlord. All caliche and/or fill dirt used in construction on the Subject Lands, regardless of the source of this caliche is a resource belonging to the surface estate and payment for the total amounts of caliche and/or fill dirt extracted from the surface for use in any construction or operations based on SEVEN AND 50/100 DOLLARS ($7.50) per yard. Unless the quantity and quality of caliche or fill dirt available from Landlord's property is insufficient for Tenant's purposes, no caliche or fill dirt shall be brought on the Subject Lands from outside sources without Landlord's prior written consent. If caliche and fill dirt are brought onto the Premises, Tenant shall pay Landlord at a price of SEVEN AND 50/100 DOLLARS ($7.50) per yard.

21. **Water.** Tenant shall be prohibited from drilling any water well on the property. However, Tenant shall be permitted to purchase water from third-parties, including those third-parties operating on any Lands owned by the Landlord. Specifically, though not exclusively, Tenant is authorized by Landlord to purchase water from R Rig Energy and to utilize the R Rig Energy's water pipeline that is located on or near the Land. Furthermore, Tenant is specifically allowed, with the consent of R Rig Energy or its successors or assigns, to connect to R Rig Energy's water pipeline and divert such water from said pipeline as is specifically allowed by R Rig Energy pursuant to a separate agreement. In doing so, Tenant agrees that it shall not divert or utilize an amount of water from R Rig Energy that is commercially unreasonable.

22. **Roads**. Tenant shall have the non-exclusive right to use Landlord's existing roads by paying the one-time sum of FIFTY DOLLARS ($50.00) per rod for such portion of such existing roads that is used by Tenant after the execution of this agreement. Such existing roads are as set forth on **Exhibit D** attached hereto. Tenant shall have the right to construct a new road only with the prior, express and written consent of Landlord. Tenant shall pay Landlord the one-time sum of SEVENTY-FIVE DOLLARS ($75.00) per rod for all new road construction. All roads constructed by Tenant shall be at all times maintained to a maximum width of 20', a minimum

width of 12' and a minimum amount of FOUR INCHES (4") of caliche or crushed limestone base on the road. Landlord may travel on any roads located within the Premises without interference from Tenant.

A speed limit of 30 m.p.h. will be in force and Tenant shall enforce such speed limit. All roads used and damaged by Tenant will be restored by Tenant to a good condition that permits the safe and comfortable travel under ordinary weather conditions by a (2) two-wheel drive passenger car. Driving into pastureland or off road for any reason, including but not limited to avoid mud holes, washouts, or speed bumps is expressly prohibited plus Tenant shall be required to restore the pastureland to its original condition.

All cattle guards and gates, including temporary gates or wired gaps, shall be locked at all times except when actually passing through same. Locks will be clearly labeled by the owner to identify those having access. Further, all cattle guards and gates will remain the property of Landlord upon abandonment of the right-of-way and easement at the sole discretion of Landlord. Subject to the terms of paragraph, Tenant will install and maintain gates at all fence crossings; such gates will be installed in a manner that will not weaken such fences. During all construction and maintenance operations by Tenant on the Premises and as reasonably requested by Landlord, Tenant, at its sole expense, shall maintain a guard presence within the fenced area of the Data Center, which guard is to take the name of each entrant, license number of the driver, company and license plate number, make and model of the vehicle. Tenant may not use the Premises solely as a means to access the surface estate of a third-party land owner without the express written consent of Landlord and of said third party land owner.

23. **Restoration Fund**. At such time as Tenant constructs any improvement on the premises, Tenant shall pay via a Performance Bond or Letter of Credit, an amount equal to one-tenth (1/10) of the rent paid pursuant to Section 4. on an annual basis for the remainder of the initial Term to serve as a restoration fund (the "**Restoration Fund**"). In addition, at the time the initial construction, Tenant shall deposit into the Restoration Fund a sum equal to the number or years that the Lease was previously in effect times an amount equal to one-tenth (1/10) of the rent paid pursuant to Section 4. By way of example only, if improvements are completed in year three of the Lease and storage commences in year three, Tenant shall deposit three-tenth (3/10) of the rent paid pursuant to Section 4. into the Restoration Fund in year three, and then one-tenth (1/10) of the rent paid pursuant to Section 4. for each year beginning in year four until a total Restoration Fund equal to the total rent paid for the initial ten (10) year Term exists. In no event shall Tenant ever be required to deposit into the Restoration Fund more than an amount equal to the rent paid for the initial twenty (10) year Term while the Lease is in effect during the initial Term or any renewal terms.

In the event that Tenant does not remove any improvements constructed by it within ninety (90) days of vacating the Premises at the end of the Term or upon earlier termination of the Lease, Landlord may withdraw funds from the Restoration Fund to pay the reasonable cost of removing and disposing of any of the following that may have been placed on the Premises by Tenant: buildings and structures, concrete foundations, and concrete or asphalt roadways, drives and parking areas; provided, however, that no amount shall be withdrawn from the Restoration Fund

by Landlord in the event Landlord fails or refuses to consent to Tenant's removal of such improvements as provided in this Lease. Fill dirt, if any, shall not be removed at the cost of Tenant or by use of the Restoration Funds, unless said fill dirt is contaminated with Hazardous Substances or is not of similar nature to the native soil. Any funds in the Restoration Fund not withdrawn for that purpose within six (6) months of the end of the Term (as may have been renewed or extended) shall be released to Tenant.

In the event that the Lease is terminated within the initial Term or Tenant no longer enjoys possession or use of the Premises for any reason, then Tenant's obligation to pay into the Restoration Fund shall immediately end.

Cattle. Tenant shall promptly notify Landlord in the event cattle enter the Premises and shall cooperate with Landlord for the removal of such cattle. Tenant's use of the surface shall be done with the due regard to all other uses of the property and with due regard to the livestock present on such property. Tenant's activities shall be done in such a manner as to not unreasonably disturb the livestock located on Subject Lands. If any livestock escapes the property as a result of the acts and/or omissions of Tenant, then in addition to other remedies available to Landlord, Tenant shall pay Landlord 100% of the cost and expense incurred in retrieving the escaped Livestock. In addition, if any livestock is killed or injured or lost under circumstances in which a reasonably prudent person would assume it was done by those entering the Subject Lands under authority of Tenant and this Agreement, then in addition to other remedies available to Landlord, Tenant shall pay Landlord the fair market value of such animal, using prevailing rates being paid for such animal in the County where Subject Lands are located, and, with respect to livestock, taking into consideration whether such animal is registered. In the event that any livestock are injured as a result to Tenant's use, Tenant shall be responsible for 100% of all veterinary bills and expenses related to such injured livestock. In the event that any livestock are killed as a result to Tenant's use of Subject Lands, Tenant shall pay such owner of the livestock the fair market value of such livestock. The owner of such livestock shall notify Tenant, in writing, of the fair market value of such livestock and such fair market value shall be conclusively presumed to be the fair market value of such livestock unless Tenant provides written notice to such livestock owner of its dispute concerning the value of such livestock within ten (10) business days from the receipt of such written notice. In the event that Tenant's disputes the fair market value of such livestock, Tenant, at Tenant's sole expense, shall employ an independent third-party appraiser, reasonably agreed to by the livestock owner to determine the fair market value of such livestock. All compensation for injured, killed, escaped or lost livestock shall be made within ten (10) business days from the determination as to the expenses and fair market value of such livestock. In the event that payment is not made by Tenant to such livestock owner within five (5) business days from the due date of such payment, any unpaid amount shall accrue interest at the lesser of five percent (5%) per annum or the maximum amount provided by law.

Activities. Tenant agrees that Tenant shall bring no firearms, illegal drugs, dogs or illegal or hazardous substances in to the leased property. Tenant's right of entry upon Landlord's lands is limited to reasonable times and places for the carrying out the intent of this Agreement, and absolutely no hunting or fishing will be permitted by Tenant or others in the employ of Tenant upon Landlord's lands; and it is further agreed that neither Tenant nor its agents, servants,

employees, contractors nor subcontractors will be permitted to bring firearms, fishing equipment, camping equipment and dogs upon Landlord's lands, nor shall Tenant be allowed to remove any arrowheads, artifacts and/or any other archeological materials, or any similar cultural/historical objects whatsoever from Landlord's lands. The contents of any vehicle on the property may be inspected at any time by Landlord or Landlord's representatives for the purpose of verifying compliance with the provisions of this Agreement and/or Texas Game Laws.

24. **Removal and Restoration Work**. Upon any surrender, termination or expiration of this Agreement, Tenant shall, within one hundred eighty (180) days thereafter, commence decommissioning the Data Center, which shall include (collectively, the "**Removal and Restoration Work**") the removal of the Data Center and all site improvements with the exception of native soils. Upon removal of the Data Center and site improvements, Tenant shall turn the Premises over to Landlord in a level, graded fashion matching the existing surrounding, adjacent elevation as is commercially reasonable and shall be reseeded with one application of native grasses reasonably designated by Landlord. Tenant shall use commercially reasonable efforts to complete the Removal and Restoration Work within eighteen (18) months after it commences decommissioning the Data Center. During the eighteen (18) month decommissioning period, for purposes of Tenant being able to meet the Removal and Restoration Work, Landlord shall grant to Tenant or any Affiliate, or any other entity designated thereby that is involved or intends to be involved in meeting the Removal and Restoration Work, recordable and assignable non-exclusive easements on, under, over and across the Property, for access to and from, and ingress to and egress from, the Data Center. Among other things, such access easements shall contain all of the rights and privileges for access, ingress, egress and roads as are set forth in this Lease.

25. **Miscellaneous**.

B. Authority. Landlord and Tenant represent and warrant to each other that they have the full right, power and authority to enter into this Lease without the consent or approval of any other entity or person, and to make these representations, knowing that the other party shall rely thereon. Landlord and Tenant further represent and warrant to each other that their respective signatories to this Lease have the full right, power and authority to act for and on behalf of Landlord and Tenant, as applicable, in entering into this Lease.

C. Jurisdiction and Venue. In the event that it is necessary to bring suit to enforce the terms of the Lease, the parties hereto agree that any court of competent jurisdiction situated in the County of Ward, Texas shall have venue of such action.

D. Counterparts. This Lease may be executed in two or more counterparts, including by electronic or PDF signature, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

E. OFAC. Landlord and Tenant each certifies, represents, warrants and covenants to the other party that it is not acting (and will not act) directly or indirectly, for or on behalf of any of the following, and it is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of: (i) any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist; (ii)

any Specially Designated National or Blocked Person; or (iii) any other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control.

F. Cumulative Rights. All rights, remedies, powers, and privileges conferred hereunder upon the parties hereto (i) will be cumulative, but not restrictive to those given by law, and (ii) will not be (or deemed to be) exclusive of those that may at any time be available Landlord under applicable law.

G. No Waiver. No failure of Landlord or Tenant to exercise any power given Landlord or Tenant hereunder or to insist upon strict compliance by Landlord or Tenant with its obligations hereunder, and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of Landlord's or Tenant's rights to demand exact compliance with the terms hereof or lessen either party's right to insist upon strict performance of the terms of this Lease. No provision of this Lease will be deemed to have been waived by either party unless such waiver is made in writing by the party making such waiver.

H. Time Periods. TIME IS OF THE ESSENCE OF THIS LEASE. If the time period by which any right, option or election provided under this Lease must be exercised, or by which any act required hereunder must be performed, expires on a Saturday, Sunday or any Holidays, then such time period will be automatically extended through the close of business on the next regularly scheduled Business Day.

I. Counterparts. This Lease may be executed in multiple counterparts including by electronic or PDF signature, each of which will constitute an original, but all of which taken together will constitute one and the same agreement.

J. Governing Law. All matters relating to the interpretation, construction, validity and enforcement of this Lease, including all claims (whether in contract or tort) that may be based upon, arise out of or relate to this Lease or the negotiation, execution or performance of this Lease or the transactions contemplated thereby, will be governed by and construed in accordance with the domestic laws of the state where the Premises are located, without giving effect to any choice of law or conflict of law provision or rule (whether of such state or of any other jurisdiction) that would cause the application of laws of any jurisdiction other than such state.

K. **WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE OR THE RELATIONSHIP OF THE PARTIES HEREUNDER**.

L. **Force Majeure**. Except as may be otherwise expressly set forth in this Lease (including, without limitation, the Work Letter), whenever a period of time is prescribed for the taking of an action by Landlord or Tenant, the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes, acts of God, shortages of labor or materials, war, terrorist attacks (including bio-chemical attacks), civil

disturbances and other causes beyond the reasonable control of the performing party ("**Force Majeure**"). However, events of Force Majeure shall not extend any period of time for the payment of Rent or other sums payable by either party or any period of time for the written exercise of an option or right by either party. In the event a party claims an event of Force Majeure, such parties shall notify the other party in writing of the underlying facts constituting the event of Force Majeure and the anticipated time such Force Majeure event may extend.

26. **EXHIBITS AND SCHEDULES**. The following exhibits and schedules attached to this Lease are hereby incorporated herein by this reference.

EXHIBIT A	Legal Description of Land
EXHIBIT B	Work Letter
EXHIBIT C	Form Memorandum of Lease
EXHIBIT D	Roads

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

Landlord and Tenant have executed this Lease in counterparts as of the date specified below each signature.

LANDLORD:

***

By: /s/ ***
Name: ***
Title: Manager

Date Executed: December 7, 2023

TENANT:

TRINITY MINING GROUP, INC., a Delaware corporation

By: /s/ Parker Handlin
Name: Parker Handlin
Title: Manager

Date Executed: December 7, 2023

EXHIBIT A

Legal Description of Land

***

EXHIBIT B

Work Letter

1. Construction of Data Center. Tenant shall be responsible, at its sole cost and expense, for the construction and installation of the Data Center in accordance with, and subject to, the terms and conditions of this Work Letter and the Lease. The preliminary plans and specifications and/or drawings for the Data Center are set forth on Schedule B-1 attached hereto and incorporated herein (the "**Preliminary Plans**").

2. Preparation of Plans and Specifications. Tenant, at its sole cost and expense, shall obtain a final and complete set of plans and specifications and construction drawings based on the Preliminary Plans (the "**Final Plans**"), covering all work to be performed by Tenant in constructing the Data Center. The Final Plans shall be in compliance with all applicable Governmental Requirements. Tenant shall provide Landlord with the Final Plans within five (5) business days of receipt by Tenant. In the event that Tenant deviates from or updates the Final Plans, Tenant shall provide Landlord with such updated or revised set of plans within five (5) Business Days of receipt by Tenant.

3. Grant of Landlord Easements. Landlord covenants and agrees that it shall reasonably cooperate with Tenant to grant such easements across, under and over the Land as are reasonably required for the construction and operation of the Data Center, including, without limitation, easements for the installation, construction, maintenance, repair and replacement of utility lines, for rights of way and for other means of ingress and egress (collectively, "**Landlord Easements**"), on the condition, however, that all such Landlord Easements are in a form reasonably acceptable to Landlord and do not: (i) interfere with Landlord's operation, use and development of its property adjacent to the Land; (ii) materially adversely affect the value of the Land and/or Landlord's adjacent property; (iii) violate the provisions of any Restrictions in effect as of the Lease Date; and/or (iv) impose any liability on Landlord as the owner of the Land that would continue following the expiration or earlier termination of the Lease. Tenant shall compensate Landlord for such easements at Landlord's standard rate charges for similar easements. Landlord will reasonably cooperate with Tenant to cause any Mortgagee to consent to and join in the execution of such easements satisfying the foregoing requirements. If Landlord is unwilling, in the exercise of its reasonable discretion, to grant any Landlord Easements that Tenant reasonably believes are required for the construction and operation of the Data Center, Tenant's sole remedy shall be to terminate this Lease by providing Landlord with written notice within five (5) days of Landlord's decision not to grant Tenant such easement (the "**Termination Notice**"). In the event Tenant fails to timely provide Landlord with the Termination Notice, then Tenant shall have waived its right to terminate the Lease pursuant to this Section. Landlord shall reasonably cooperate with Tenant, at no cost to Landlord, in the application for and obtaining of the necessary permits, construction agreements, or other required agreements from relevant governmental or semi-governmental authorities or agencies for the construction, operation, use and maintenance of the Data Center. Tenant shall reimburse Landlord any reasonable and necessary attorney fees incurred in such cooperation. Notwithstanding the foregoing, the Parties acknowledge and agree that Tenant requires non-exclusive access to the Data Center, an exclusive right to construct, operate, maintain, reconstruct, relocate, remove, and/or repair on, under, over and across the Land dry and wet utility services, which shall include electrical, natural gas, telephone, cable and communication utility services and water, sewer and drainage utility services ("**Dry and Wet Utility Services**"), and that

Tenant shall require third-parties to provide Dry and Wet Utility Services to the Data Center, including, but not limited to, electricity delivery from Oncor Electric Delivery Company LLC ("**Oncor**"), for which Landlord shall grant the required easements with separate easement forms and additional compensation at Landlord's standard rate charges for similar easements, except in the instance that said easements are to be provided within the Land. Should Oncor require fee title to that portion of the Land which is to be encumbered by Oncor's transmission line that shall service the Data Center, Landlord agrees to enter into good faith negotiations with Oncor for same, but shall in no event be under obligation to sell that portion of the Land to Oncor. In the event Tenant requires a septic system, Landlord shall have the right to approve the location and such septic system shall be installed as required by law. In the event Tenant desire to construct a water pit, the Parties shall work together in good faith to locate the water pit a mutually agreeable location. In addition, Landlord shall have the option to retain such water pit upon expiration of the Lease.

4. TENANT INDEMNITY. TENANT SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS LANDLORD, AND ITS AFFILIATES, SUBSIDIARIES, RELATED ENTITIES AND THE OFFICERS, DIRECTORS, SHAREHOLDERS AND EMPLOYEES THEREOF, AND THE LANDLORD'S ARCHITECT, FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES, COST OR EXPENSE (INCLUDING BUT NOT LIMITED TO REASONABLE ATTORNEYS' FEES ACTUALLY INCURRED), ARISING OUT OF, RESULTING FROM OR OCCURRING IN CONNECTION WITH THE PERFORMANCE OF THE WORK ON THE LAND, AND SPECIFICALLY INCLUDING THAT WHICH IS (i) ATTRIBUTABLE TO ANY BODILY OR PERSONAL INJURY, SICKNESS, DISEASES OR DEATH OF ANY PERSON OR ANY DAMAGE OR INJURY TO OR DESTRUCTION OF REAL OR PERSONAL PROPERTY (OTHER THAN THE WORK ITSELF), AND (ii) CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT, STRICT LIABILITY OR OTHER ACT OR OMISSION OF TENANT, ANY PERSON ENGAGED BY TENANT IN CONNECTION WITH THE PROJECT, THEIR RESPECTIVE AGENTS OR EMPLOYEES OTHER THAN THE NEGLIGENT, STRICT LIABILITY OR OTHER ACT OR OMISSION OF A PARTY OR PARTIES INDEMNIFIED HEREUNDER. THE FOREGOING INDEMNIFICATION OBLIGATION BY TENANT SHALL NOT BE LIMITED IN ANY WAY BY ANY LIMITATION ON THE AMOUNT OR TYPE OF DAMAGES, COMPENSATION OR BENEFITS PAYABLE UNDER WORKERS' OR WORKERS' COMPENSATION ACTS, DISABILITY BENEFIT ACTS OR OTHER EMPLOYEE BENEFIT ACTS.

EXHIBIT C

Form Memorandum of Lease

***

EXHIBIT D

Depiction of Roads

***

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Exhibit 10.35

EXECUTION VERSION

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is dated as of December 7, 2023, by and between TRINITY MINING GROUP, INC., a Delaware corporation (the "Assignor"), and CIPHER BLACK PEARL LLC, a Delaware limited liability company (the "Assignee").

RECITALS

WHEREAS, Assignor holds 100% of the right, title and interest in and to the agreements described on Exhibit A attached hereto (the "Assumed Contracts").

WHEREAS, pursuant to the Purchase Agreement (as defined below), the Assignor has agreed to sell, convey, assign, transfer and deliver to the Assignee, and the Assignee has agreed to purchase and acquire from the Assignor, the Assumed Contracts.

NOW, THEREFORE, in consideration of the mutual covenants set forth in the Purchase Agreement and herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

1. Capitalized Terms. All capitalized terms used but not defined in this Agreement shall have the meanings set forth in that certain Purchase and Sale Agreement, dated as of November 6, 2023 (the "Purchase Agreement"), by and among the Assignor, the Assignee and Cipher Mining Inc. (f/k/a Good Works Acquisition Corp.), a Delaware corporation.

2. Assignment and Assumption. The Assignor hereby sells, conveys, assigns, transfers and delivers to the Assignee all of the Assignor's right, title and interest in and to, and the Assignee hereby purchases and accepts such assignment and assumes all of the Assignor's duties and obligations under, the Assumed Contracts.

3. Terms of the Purchase Agreement. The representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be deemed to be expanded, diminished, modified or altered in any way by this instrument, and the Purchase Agreement shall supersede this Agreement but shall remain in full force and effect to the full extent provided therein. The Purchase Agreement, this Agreement and the other Transaction Documents embody the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein, and supersede all other prior agreements and understandings among the parties hereto with respect to such subject matter. This Agreement is expressly made subject to the terms and provisions of the Purchase Agreement, including all disclaimers, acknowledgements and waivers contained in the Purchase Agreement, and nothing in this Agreement will be deemed

to modify the Purchase Agreement or affect the rights of the parties to the Purchase Agreement. In the event of a conflict between this Agreement and the Purchase Agreement, the Purchase Agreement will control. This Agreement may not be modified, amended or superseded except in a writing signed by both the Assignor and the Assignee. This Agreement is binding upon, inures to the benefit of and is enforceable by each of the parties hereto and their respective successors and permitted assigns.

4. Governing Law; Waiver of Jury Trial. This Agreement shall be governed by and interpreted and enforced in accordance with the Laws of the State of New York, without giving effect to principles of conflicts of law other than Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York. The parties hereto (a) hereby irrevocably and unconditionally submit to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, or, solely to the extent federal jurisdiction is not available with respect to all or portion of such suit, action or other proceeding, the courts of the State of New York located in the Borough of Manhattan, New York City, New York, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the United States District Court for the Southern District of New York, or, solely to the extent federal jurisdiction is not available with respect to all or portion of such suit, action or other proceeding, the courts of the State of New York located in the Borough of Manhattan, New York City, New York and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such courts. Each of the parties to this Agreement consents to personal jurisdiction for any equitable action sought in the U.S. District Court for the Southern District of New York or, as applicable and subject to the above, the courts of the State of New York located in the Borough of Manhattan, New York City, New York, with subject matter jurisdiction. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER AT LAW, IN EQUITY, BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE PURCHASE AGREEMENT, THIS AGREEMENT, ANY OF THE OTHER TRANSACTION DOCUMENTS, THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF.

5. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any facsimile or electronic copies hereof or signatures hereon shall, for all purposes, be deemed originals.

6. Further Assurances. At the request of either party hereto, and without further consideration, the other party shall execute and deliver to the requesting party such other

instruments of sale, transfer, conveyance, assignment and confirmation and provide such materials and information and take such other actions and execute and deliver such other documents as the requesting party may reasonably request in order to consummate and to make effective the transactions contemplated by this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

TRINITY MINING GROUP, INC.

By: /s/ Austin Davis
Name: Austin Davis
Title: President and Secretary

[*Signature Page to Assignment and Assumption Agreement*]

CIPHER BLACK PEARL LLC

By: /s/ William Iwaschuk
Name: William Iwaschuk
Title: Co-President & Chief Legal Officer

[*Signature Page to Assignment and Assumption Agreement*]

EXHIBIT A

Assumed Contracts

***

Exhibit A

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Exhibit 10.36

EXECUTION VERSION

DATED 2023-12-15

FUTURE

SALES AND PURCHASE AGREEMENT (ANTMINER T21)

BETWEEN

BITMAIN TECHNOLOGIES DELAWARE LIMITED ("BITMAIN")
and

Cipher Mining Infrastructure LLC
("PURCHASER")

BM Ref: T21-XS-00120231215005

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

THIS AGREEMENT (the "Agreement") is made on 2023-12-15.

BETWEEN:

(1) **BITMAIN TECHNOLOGIES DELAWARE LIMITED**, a company incorporated under the

laws of the State of Delaware, the United States (File Number: 6096946), having its principal address at 840 New Burton Street, Suite 201, Dover, Kent, DE 19904("**BITMAIN**"); and

(2) **Cipher Mining Infrastructure LLC**, a Delaware limited liability company (Company Registration No. 93-4777486), having its principal address at One Vanderbilt Avenue, Suite 54C, New York, NY 10017, USA ("**Purchaser**").

Each of the parties to this Agreement is referred herein individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS:

(A)Purchaser fully understands the market risks, the price-setting principles and the market fluctuations relating to the products of BITMAIN and is familiar with the purchase and ordering process of products of BITMAIN.
(B)Purchaser agrees to purchase and BITMAIN agrees to supply the Products (as defined below) in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth in this Agreement, the Parties agree as follows:

1. Definitions and Interpretations

1.1 The following terms, as used herein, have the following meanings:

"Affiliate(s)" means, with respect to any Person, any other Person directly or indirectly Controlling,

Controlled by, or under common Control with such Person.

"Applicable Law(s)" means any treaty, law, decree, order, regulation, decision, statute, ordinance, rule, directive, code or other document that has legal force under any system of law, including, without limitation, local law, law of any other state or part thereof or international law, and which creates or purports to create any requirement or rule that may affect, restrict, prohibit or expressly allow the terms of this Agreement or any activity contemplated or carried out under this Agreement.

"Business Day(s)" means a day (other than Saturday or Sunday) on which banking institutions in the Relevant Jurisdiction are open generally for normal banking business.

"Contracted Hashrate" means the aggregation of the hashrate of all the Products as set forth in Appendix A.

"Control" means, with respect to any Person, the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, provided that in the case of a Person that is an entity, such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the holders of the shares or other equity interests or registered capital of such Person or power to control the composition of a majority of the board of directors or similar governing body of such Person. The terms "Controlled" and "Controlling" have meanings correlative to the foregoing.

"Digital Currency" means Bitcoin, USDT, USDC or any other digital currency as agreed between the Parties in writing.

"Force Majeure" means in respect of either Party, any event or occurrence whatsoever beyond the reasonable control of that Party, non-foreseeable, or even if foreseen, was unavoidable and occurs after the date of this Agreement in or affecting the Relevant Jurisdictions. **"Force Majeure Event(s)"** include, without limitation, war (declared or undeclared), terrorist activities, acts of sabotage, blockade, fire, lightning, acts of God, national strikes, riots, insurrections, civil commotions, quarantine restrictions, epidemics, earthquakes, landslides, avalanches, floods, hurricanes, explosions, acts of government, and other instances which are accepted as a force majeure event in general international commercial practice. For the avoidance of doubt, any prohibition or restriction in relation to the production and/or sale of cryptocurrency mining hardware declared by any Governmental Authority (other than the local Governmental Authority with competent authority over BITMAIN) shall not constitute a Force Majeure Event.

"Governmental Authority" means any government of any nation, federation, province, state or locality or any other political subdivision thereof, any entity, authority or body exercising executive,

legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

"Intellectual Property Rights" means any and all intellectual property rights, including but not limited to those concerning inventions, patents, utility models, registered designs and models, engineering or production materials, drawings, trademarks, service marks, domain names, applications for any of the foregoing (and the rights to apply for any of the foregoing), proprietary or business sensitive information and/or technical know-how, copyright, authorship, whether registered or not, and any neighbor rights.

"Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity (whether or not having separate legal personality).

"Purchase Unit Price" the per Terahash ("T") unit price of the Products, as set forth in Appendix A.

"Product(s)" means the cryptocurrency mining hardware and other equipment or merchandise that BITMAIN will sell to the Purchaser in accordance with this Agreement, details of which are set forth in Appendix A (and Appendix C, if applicable).

"Quantity of the Products" means 37,396, being the quotient of the Contracted Hashrate divided by Rated Hashrate per Unit as set forth in Appendix A, excluding any Forward Deliverables pursuant to Appendix C, which is for reference only and shall not be deemed as any representation, warranty or covenant made by BITMAIN. The Quantity of the Products shall be automatically adjusted in accordance with the change (if any) of the Rated Hashrate per Unit of the delivered Products.

"Rated Hashrate per Unit" means the rated hashrate of each unit of the Products as set forth in

Appendix A, which is for reference only and shall not be deemed as any representation, warranty or covenant made by BITMAIN.

"Relevant Jurisdiction" means the State of Delaware, the United States.

"Shipping Period" means the estimated time period when BITMAIN shall ship the applicable batch of Products on condition that the Purchaser has fulfilled its payment obligations hereunder, as set forth in Appendix A and Appendix C, as the case may be.

"Total Purchase Price" means US$ 99,473,360.00, being the multiplication product of Purchase

Unit Price multiplied by Contracted Hashrate, but excluding the Call Purchase Fee and Call Purchase Price contemplated in Appendix C.

"US$" or "US Dollar(s)" means the lawful currency of the United States of America.

"Warranty Period" means the period of time that the Products are covered by the warranty granted by BITMAIN or its Affiliates in accordance with Clause 6.

"Warranty Start Date" means the date on which the Products are delivered pursuant to Clause 4.1 as recorded on BITMAIN Website.

1.2 In this Agreement, unless otherwise specified:

(a) Any singular term in this Agreement shall be deemed to include the plural and vice versa where the context so requires
(b) The headings in this Agreement are inserted for convenience only and shall not be taken into consideration in the interpretation or construction of this Agreement.
(c) References to Clause(s) and Appendix(es) are references to Clause(s) and Appendix(es) of this Agreement.
(d) The Appendixes form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement.
(e) Unless specifically stated otherwise, all references to days shall mean calendar days.

(f) Any reference to a code, law, statute, statutory provision, statutory instrument, order,

regulation or other instrument of similar effect shall include any re-enactment or amendment thereof for the time being in force.

2. Sales and Purchase of Products

2.1 Subject to the terms and conditions set forth herein, the Purchaser agrees to purchase the batches of Products at the Total Purchase Price. In addition, the Parties acknowledge and agree that the Purchaser shall also have the option to purchase the Forward Deliverables pursuant to the terms and conditions of the Call Option set forth herein and in Appendix C.

3. Price and Terms of Payment

3.1. The Purchaser shall pay the Total Purchase Price of each batch of Products in tranches in accordance with the payment schedule as set forth in Appendix B.

3.2 All sums payable by the Purchaser to BITMAIN shall not be subject to any abatement, set-off, claim, counterclaim, adjustment, reduction, or defense for any reason. Unless otherwise explicitly specified herein, any and all payments made by the Purchaser (including, without limitation, the payment of the Total Purchase Price) are not refundable. Without prejudice to the foregoing, the Parties acknowledge and agree that BITMAIN shall be entitled to deduct from, set-off and apply any and all deposits and balance of the Purchaser for any sums owed by the Purchaser to BITMAIN, including but not limited to any liquidated damages, indemnities, liabilities, etc.

3.3 In the event that the Purchaser fails to fully settle the respective percentage of the Total Purchase Price with respect to any applicable batch before the prescribed deadline(s) set forth in Appendix B without BITMAIN's prior written consent, BITMAIN, at its sole discretion, shall be entitled to: (a) charge default interest on all unpaid amount with respect to each applicable batch, at the rate of twelve percent (12%) per annum; and (b) continue to perform its obligations with respect to such applicable batch, provided that, in each case, any and all the losses, claims, damages or liabilities that BITMAIN may suffer shall be fully indemnified by the Purchaser.

3.4 Before the Purchaser makes any payment on any batch of Product(s), the Parties shall confirm and agree on the batch of the Product(s) against which payment is being made. This confirmation shall be used to determine matters where different arrangements are applicable to different batches, including, but not limited to, defaults of the Purchaser and the product discount (if any) offered to the Purchaser.

3.5 The Purchaser shall complete the relevant order processing procedures on the official website of

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

BITMAIN:

instructions.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

https://shop.bitmain.com

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

(the

"BITMAIN Website") in accordance with BITMAIN's

3.6 The Parties understand and agree that the Total Purchase Price is inclusive of the insurance (as set forth in Clause 2 of the Appendix A) fee and applicable bank transaction fee, but is exclusive of the logistics costs of shipping from BITMAIN's factory/warehouse to the designated place of the Purchaser, relevant maintenance or other applicable costs of the Purchaser to purchase the Products, and any and all applicable import duties, taxes (any value-added taxes, sales and use tax and other similar turnover tax) and governmental charges.

3.7 The Purchaser is responsible for being compliant with tax filing requirement regulated by any federal, state or local taxing authority in the United States regarding all applicable taxes, including, but not limited to sales and use tax, value added taxes and any other governmental charges and duties connected with the services provided by BITMAIN or the payment of any amounts hereunder. The Purchaser agrees to provide BITMAIN with the tax payment certificate or acknowledgement or the confirmation email issued by the relevant state tax authorities regarding the abovementioned taxes as applicable.

3.8 The Purchaser shall indemnify and hold BITMAIN harmless from and against any and all liability of tax filing, claims, late payment interest, fines, penalties in relation to sales and use tax, value- added taxes and any other governmental charges and duties connected with the services provided by BITMAIN or the payment of any amounts hereunder.

4. Shipping of Products

4.1 The Parties agree that the shipping of the Products shall be completed as follows:

(a) BITMAIN shall notify the Purchaser when a batch or a portion of the batch of the Products is ready for shipment ("**Ready-to-Ship Notification**") during or after the Shipping Period as set forth in Appendix A (in any event no later than 30th day after the expiration of the Shipping Period as set forth in Appendix A), provided that, the Purchaser shall have fulfilled its payment obligations in accordance with this Agreement. For each batch, BITMAIN shall be entitled to ship by installments and send a Ready-to-Ship Notification for each installment. BITMAIN shall

be deemed to have fulfilled its obligation to deliver the Products once BITMAIN sends the Purchaser the Ready-to-Ship Notification.

(b) Within three (3) days upon the receipt of the Ready-to-Ship Notification, the Purchaser shall inform BITMAIN of a shipping address or its intention to self-pick up the Products in a manner as agreed by the Parties (the "**Confirmation**"). The title and risk of loss or damage to the Products shall pass to the Purchaser when BITMAIN delivers the Products to the carrier, or when the Purchaser self-picks up the Products, whichever is applicable.

(c) If the Purchaser fails to provide the Confirmation within thirty (30) days following receipt of the Ready-to-Ship Notification, BITMAIN shall be entitled to handle the Products (or the relevant portion of the Products, as applicable) in any manner it deems appropriate.

(d) Under no circumstance shall BITMAIN be required to refund the payment already made if the Purchaser fails to provide the Confirmation.

4.2 Subject to Clause 4.1 and the limitations stated in Appendix A, the terms of delivery of the Products shall be FCA (BITMAIN Factory or Warehouse) according to Incoterms 2020 to the place of delivery designated by the Purchaser. The Parties hereby acknowledge and agree that the delivery of the Products to the carrier shall occur outside of the jurisdiction of the Purchaser.

4.3 In the event of any discrepancy between this Agreement and BITMAIN's cargo insurance policy regarding the insurance coverage, the then effective BITMAIN cargo insurance policy shall prevail, and BITMAIN shall be required to provide the then effective insurance coverage to the Purchaser.

4.4 If BITMAIN, at its own fault, fails to send the Ready-to-Ship Notification within thirty (30) days after the expiration of the Shipping Period as set forth in Appendix A, the Purchaser shall be entitled to cancel such batch of Products and request BITMAIN to refund the respective price of such undelivered batch of Products already paid by the Purchaser together with an interest at 0.0333% per day for the period from the next day of each payment of the price of such batch of Products to the date immediately prior to the request. In the event that the Purchaser does not cancel undelivered batch of Products and requests BITMAIN to perform its delivery obligation, BITMAIN shall continue to perform its delivery obligation and compensate the Purchaser in accordance with Clause
4.5 of this Agreement.

4.5 If BITMAIN, at its own fault, fails to send the Ready-to-Ship Notification within thirty (30) days after expiration of the Shipping Period as set forth in Appendix A and the Purchaser does not cancel

such batch of Products and requests BITMAIN to perform its delivery obligations, BITMAIN shall make a compensation to the Purchaser on daily basis, the amount of which shall equal to 0.0333% of the respective price of such undelivered batch of Products, which already paid by the Purchaser,

which compensation shall be made in the form of delivery of more Products increasing the total hashrate. Compensation amount less than the equivalence to the Rated Hashrate per Unit of Product shall be credited to the balance of the Purchaser.

4.6 There is (1) batch of Products under this Agreement, excluding any batches that may become due as a result of the exercise of the Call Option by the Purchaser pursuant to Appendix C, and each batch shall constitute independent legal obligations of and shall be performed separately by the Parties. The delay of a particular batch shall not constitute waiver of the payment obligations of the Purchaser in respect of other batches. The Purchaser shall not terminate this Agreement solely on the ground of delay of delivery for a single batch of Products.

4.7 The Purchaser shall choose the following shipping method:

Shipping by BITMAIN via FedEx/DHL/UPS/other logistics company ✔Self-pick

Logistics costs shall be borne by the Purchaser. BITMAIN shall be entitled to collect payments on behalf of the logistics service providers and issue logistics service invoices if the Purchaser requests BITMAIN to send the Products. If the Purchaser requests BITMAIN to send the Products on behalf of the Purchaser, BITMAIN will send a shipping confirmation to the Purchaser after it has delivered the Products to the carrier.

4.8 Notwithstanding anything to the contrary contained in Clauses 4.4 and 4.5, under no circumstances, BITMAIN shall be responsible for any delivery delay caused by the Purchaser or any third party, including but not limited to the carrier, the customs, and the import brokers, nor shall it be liable for damages, whether direct, indirect, incidental, consequential, or otherwise, for any failure, delay or error in delivery of any Products for any reason whatsoever.

4.9 BITMAIN shall not be responsible for, and the Purchaser shall be fully and exclusively responsible for any loss of Product(s), personal injury, property damage, other damage or liability caused by the Product(s) or the transportation of the Product(s) either to the Purchaser or any third party, or theft of the Product(s) during transportation from BITMAIN to the Purchaser.

4.10BITMAIN has the right to discontinue the sales of the Products and to make changes to its Products at any time, without prior approval from or notice to the Purchaser.

4.11 If the Product(s) is rejected and/or returned to BITMAIN due to any reason and regardless of the cause of such delivery failure, the Purchaser shall be solely and exclusively liable for and shall defend, fully indemnify and hold harmless BITMAIN against any and all related expenses, fees, charges and costs incurred, arising out of or incidental to such rejection and/or return (the "**Return Expense**"). Furthermore, if the Purchaser would like to ask for BITMAIN's assistance in redelivering

such Product(s) or in any other manner, and if BITMAIN at its sole discretion decides to provide this assistance, then in addition to the Return Expense, the Purchaser shall also pay BITMAIN an administrative fee in accordance with BITMAIN's then applicable internal policy.

4.12If the Purchaser fails to provide BITMAIN with the Confirmation or the shipping address provided by the Purchaser is a false address or does not exist, or the Purchaser rejects to accept the Products when delivered, any related costs occurred (including storage costs, warehousing charge and labor costs) shall be borne by the Purchaser.

4.13The Purchaser or its designated representative shall inspect the Products within two (2) business days (the "**Acceptance Time**") after receiving the Products (the date of signature on the carrier's delivery voucher shall be the date of receipt, or the date when the Purchaser self-picks up the Products, whichever is applicable). If the Purchaser does not raise any written objection within the Acceptance Time, the Products delivered by BITMAIN shall be deemed to be in full compliance with the provisions of this Agreement. The Products delivered are neither returnable nor refundable.

5. Customs

5.1 BITMAIN shall obtain in due time and maintain throughout the term of this Agreement (if applicable), any and all approvals, permits, authorizations, licenses and clearances for the export of the Product(s) that are required to be obtained by BITMAIN or the carrier under Applicable Laws.

5.2 The Purchaser shall obtain in due time and maintain throughout the term of this Agreement (if applicable), any and all approvals, permits, authorizations, licenses and clearances required for the import of the Products to the country of delivery as indicated in the shipping information, that are required to be obtained by the Purchaser or the carrier under Applicable Laws, and shall be responsible for any and all additional fees, expenses and charges in relation to the import of the Products.

5.3 BITMAIN shall not be liable for any loss caused by confiscation, seizure, search or other actions taken by government agencies such as customs.

6. Warranty

6.1 The Warranty Period shall start on the Warranty Start Date and end on the 365th day after the

Warranty Start Date. During the Warranty Period, the Purchaser's sole and exclusive remedy, and BITMAIN's entire liability, will be to repair or replace, at BITMAIN's option, the defective part

/component of the Product(s) or the defective Product(s) at no charge to the Purchaser. If the Purchaser requires BITMAIN to provide any Warranty services, the Purchaser shall complete the

appropriate actions on the BITMAIN Website in accordance with the requirements of BITMAIN and send the Product(s) to the place designated by BITMAIN within the time limit required by BITMAIN. Otherwise, BITMAIN shall be entitled to refuse to provide the Warranty services.

6.2 The Parties acknowledge and agree that the warranty provided by BITMAIN as stated in the preceding paragraph does not apply to the following:

(a) normal wear and tear;

(b) damage resulting from accident, abuse, misuse, neglect, improper handling or improper installation;
(c) damage or loss of the Product(s) caused by undue physical or electrical stress, including but not limited to moisture, corrosive environments, high voltage surges, extreme temperatures, shipping, or abnormal working conditions;
(d) damage or loss of the Product(s) caused by acts of nature including, but not limited to, floods, storms, fires, and earthquakes;
(e) damage caused by operator error, or non-compliance with instructions as set out in accompanying documentation provided by BITMAIN;
(f) alterations by persons other than BITMAIN, or its associated partners or authorized service facilities;
(g) Product(s), on which the original software has been replaced or modified by persons other than BITMAIN, or its associated partners or authorized service facilities;
(h) counterfeit products;

(i) damage or loss of data due to interoperability with current and/or future versions of operating system, software and/or hardware;
(j) damage or loss of data caused by improper usage and behavior which is not recommended and/or permitted in the product documentation provided by BITMAIN;
(k) failure of the Product(s) caused by usage of products not supplied by BITMAIN; and

(l) hash boards or chips are burnt.

In case the warranty is voided, BITMAIN may, at its sole discretion, provide repair service to the Purchaser, and the Purchaser shall bear all related expenses and costs.

6.3 Notwithstanding anything to the contrary herein, the Purchaser acknowledges and agrees that the Products provided by BITMAIN do not guarantee any cryptocurrency mining time and, BITMAIN shall not be liable for any cryptocurrency mining time loss or cryptocurrency mining revenue loss that are caused by downtime of any part/component of the Products. BITMAIN does not warrant that the Products will meet the Purchaser's requirements or the Products will be uninterrupted or error free. Except as provided in Clause 6.1, BITMAIN makes no warranties to the Purchaser with respect to the Products, and no warranties of any kind, whether written, oral, express, implied or statutory,

including warranties of merchantability, fitness for a particular purpose or non-infringement or arising from course of dealing or usage in trade shall apply.

6.4 In the event of any ambiguity or discrepancy between this Clause 6 and BITMAIN's After-sales Service Policy from time to time, it is intended that the After-sales Service Policy shall prevail and the Parties shall comply with and give effect to the After-sales Service Policy. Please refer to BITMAIN Website for detailed terms of warranty and after-sales maintenance. BITMAIN has no obligation to notify the Purchaser of the update or modification of such terms.

6.5 During the warranty period, if the hardware of the product(s) needs to be repaired or replaced, the Purchaser shall bear the logistics costs of shipping the Product(s) to the address designated by BITMAIN, and BITMAIN shall bear the logistics costs of shipping back the repaired or replaced Product(s) to the address designated by the Purchaser. The Purchaser shall bear all and any additional costs incurred due to incorrect or incomplete delivery information provided by the Purchaser and all and any risks of loss or damage to the Product(s), or the parts or components of the Products(s) during the transportation period (including the transportation period when the product is sent to BITMAIN and returned by BITMAIN to the Purchaser).

7. Representations and Warranties

7.1 The Purchaser makes the following representations and warranties to BITMAIN:

(a) It is duly incorporated or organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under the laws of the jurisdiction of its incorporation or organization. It has the full power and authority to own its assets and carry on its businesses.
(b) The obligations expressed to be assumed by it under this Agreement are legal, valid, binding and enforceable obligations.
(c) It has the power to enter into, perform and deliver, and has taken all necessary action to authorize its entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement.

(d) The entry into and performance by it of, and the transactions contemplated by, this Agreement do not and will not conflict with any Applicable Laws, its constitutional documents; or any agreement or instrument binding upon it or any of its assets.

(e) All authorizations required or desirable, to enable it lawfully to enter into, exercise its rights under and comply with its obligations under this Agreement; to ensure that those obligations are legal, valid, binding and enforceable; and to make this Agreement admissible in evidence in its jurisdiction of incorporation, have been, or will have been by the time, obtained or effected and are, or will be by the appropriate time, in full force and effect.

(f) It is not aware of any circumstances which are likely to lead to any authorization obtained or effected not remaining in full force and effect, any authorization not being obtained, renewed or effected when required or desirable; or any authorization being subject to a condition or requirement which it does not reasonably expect to satisfy or the compliance with which has or could reasonably be expected to have a material adverse effect.

(g) It is not the target of economic sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury of the United Kingdom or Singapore (**"Sanctions"**), including by being listed on the Specially Designated Nationals and Blocked Persons (SDN) List maintained by OFAC or any other Sanctions list maintained by one of the foregoing governmental authorities, directly or indirectly owned or controlled by one or more SDNs or other Persons included on any other Sanctions list, or located, organized or resident in a country or territory that is the target of Sanctions; and the purchase of the Products will not violate any Sanctions or import and export control related laws and regulations.

(h) All information supplied by the Purchaser is and shall be true and correct, and the information does not contain and will not contain any statement that is false or misleading.

(i) It acknowledges and agrees that, in entering into this Agreement, BITMAIN has relied on the warranties set forth in this Clause 7.1.

8. Indemnification and Limitation of Liability

8.1 The Purchaser shall, during the term of this Agreement and at any time thereafter, indemnify and save BITMAIN and/or its Affiliates harmless from and against any and all damages, suits, claims, judgments, liabilities, losses, fees, costs or expenses of any kind, including legal fees, whatsoever arising out of or incidental to the Products pursuant to this Agreement.

8.2 Notwithstanding anything to the contrary herein, BITMAIN and its Affiliates shall under no circumstances, be liable to the Purchaser for any consequential loss, or any indirect, incidental, special,

exemplary or punitive damages, or any measure of damages based on diminution in value or based on any loss of goodwill, business, anticipated profits, revenue, contract, or business opportunity or similar concept arising out of or in connection with this Agreement, and the Purchaser hereby waives any claim it may at any time have against BITMAIN and its Affiliates in respect of any such damages. The foregoing limitation of liability shall apply whether in an action at law, including but not limited to contract, strict liability, negligence, willful misconduct or other tortious action, or an action in equity.

8.3 BITMAIN and its Affiliates' cumulative aggregate liability pursuant to this Agreement, whether arising from tort, breach of contract or any other cause of action shall be limited to and not exceed the amount of one hundred percent (100%) of the payment actually received by BITMAIN from the Purchaser for the Products under this Agreement.

8.4 The Products are not designed, manufactured or intended for use in hazardous or critical environments or in activities requiring emergency or fail-safe operation, such as the operation of nuclear facilities, aircraft navigation or communication systems or in any other applications or activities in which failure of the Products may pose the risk of environmental harm or physical injury or death to humans. In addition to the disclaimer of warranties set forth in Clause 6.3, BITMAIN further disclaims any express or implied warranty of fitness for any of the above described applications and any such use shall be at the Purchaser's sole risk.

8.5 As far as permitted by laws, except for the Warranty as set forth in Clause 6, BITMAIN provides no other warranty, explicit or implied, in any form, including but not limited to the warranty of the marketability, satisfaction of the quality, suitability for the specific purpose, not infringing third party' s right, etc. In addition, BITMAIN shall not be responsible for any direct, specific, incidental, accidental or indirect loss arising from the use of the Products, including but not limited to the loss of commercial profits.

8.6 BITMAIN shall not be liable for any loss caused by: (a) failure of the Purchaser to use the Products in accordance with the manual, specifications, operation descriptions or operation conditions provided by BITMAIN in writing; or (b) the non-operation of the Products during the replacement/maintenance period or caused by other reasons.

8.7 The above limitations and exclusions shall survive and apply: (a) notwithstanding failure of essential purpose of any exclusive or limited remedy; and (b) whether or not BITMAIN has been advised of the possibility of such damages. The Parties acknowledge the limitation of liability and the allocation of risks in this Clause 8 is an essential element of the basis of the bargain between the Parties under this Agreement and BITMAIN's pricing reflects this allocation of risks and the abovementioned limitations of liability.

9. Distribution

9.1 This Agreement does not constitute a distributor agreement between BITMAIN and the Purchaser. Therefore, the Purchaser acknowledges that it is not an authorized distributor of BITMAIN.

9.2 The Purchaser shall in no event claim or imply to a third party that it is an authorized distributor of BITMAIN or BITMAIN (ANTMINER) or their respective Affiliates, or perform any act that will cause it to be construed as an authorized distributor of BITMAIN or BITMAIN (ANTMINER) or their respective Affiliates. As between the Purchaser and BITMAIN, the Purchaser shall be

exclusively and fully responsible for complying with the Applicable Laws regarding repackaging the Products for the Purchaser's redistribution needs, and shall be solely liable for any and all liabilities or costs directly incurred or incidental to such redistribution.

10. Intellectual Property Rights

10.1The Parties agree that the Intellectual Property Rights in any way contained in the Products, made, conceived or developed by BITMAIN and/or its Affiliates for the Products under this Agreement and/or, achieved, derived from, related to, connected with the provision of the Products by BITMAIN and/or acquired by BITMAIN from any other person in performance of this Agreement shall be the exclusive property of BITMAIN and/or its Affiliates.

10.2Notwithstanding anything to the contrary herein, all Intellectual Property Rights in the Products shall remain the exclusive property of BITMAIN and/or its Affiliates and/or its licensors. Except for licenses explicitly identified in BITMAIN's shipping confirmation or in this Clause 10.2, no rights or licenses are expressly granted, or implied, whether by estoppel or otherwise, in respect of any Intellectual Property Rights of BITMAIN and/or its Affiliates or any Intellectual Property residing in the Products provided by BITMAIN to the Purchaser, including in any documentation or any data furnished by BITMAIN. BITMAIN grants the Purchaser a non-exclusive, non-transferrable, royalty- free and irrevocable license of BITMAIN and/or its Affiliates' Intellectual Property Rights to solely use the Products delivered by BITMAIN to the Purchaser for their ordinary function, and subject to the provisions set forth herein. The Purchaser shall in no event violate the Intellectual Property Rights of BITMAIN and/or its Affiliates and/or its licensors.

10.3The Purchaser shall not illegally use or infringe the Intellectual Property Rights of BITMAIN in any way. Otherwise, BITMAIN shall have the right to request the Purchaser to take immediate remedial measures and assume full responsibilities, including but not limited to ceasing the infringement immediately, eliminating the impact, and compensating BITMAIN and/or its Affiliates for all losses arising out of the infringement, etc.

10.4The Purchaser shall not use any technical means to disassemble, mapping or analyze the Products of BITMAIN, and shall not reverse engineer or otherwise attempt to derive or obtain information about the function, manufacture or operation of the Products, to retrieve relevant technical information of the

Products and use it for commercial purposes. Otherwise, the Purchaser shall be liable for losses caused to BITMAIN in accordance with Clause 10.3.

10.5If applicable, payment by the Purchaser of non-recurring charges to BITMAIN for any special designs, or engineering or production materials required for BITMAIN's performance of obligations

for customized Products, shall not be construed as payment for the assignment from BITMAIN to the Purchaser of title to such special design, engineering or production materials. BITMAIN shall be the sole owner of such special designs, engineering or production materials with regard to such Products.

11. Confidentiality and Communications

11.1All information concerning this Agreement and matters pertaining to or derived from the provision of Products pursuant to this Agreement between the Parties, whether in oral or written form, or in the form of drawings, computer programs or other, as well as all data derived therefrom (" **Confidential Information**"), shall be deemed to be confidential and, as such, may not be divulged to any unauthorized person. The Purchaser undertakes and agrees to take all reasonable and practicable steps to ensure and protect the confidentiality of the Confidential Information which cannot be passed, sold, traded, published or disclosed to any unauthorized person.

12. Term of this Agreement

12.1The Parties agree that, unless this Agreement specifies otherwise, no Party shall terminate this Agreement in advance.

12.2This Agreement shall be effective upon execution by both Parties of this Agreement and shall remain effective up to and until the delivery of all Products (including any delivery of Forward Deliverables if the Purchaser exercises its Call Option).

13. Notices

13.1All notices, requirements, requests, claims, and other communications in relation to this Agreement shall be in writing, and shall be given or made by delivery in person, by an internationally recognized overnight courier service, by facsimile or registered or certified mail (postage prepaid, return receipt requested) or electronic mail to the respective Parties at the addresses specified below or at such other address for a Party as may be specified in a notice given in accordance with this Clause 13.

13.2The Purchaser undertakes that the documents, materials, vouchers, order information, payment account information, credential numbers, mobile phone numbers, transaction instructions and so on provided by the Purchaser shall be true, correct, complete and effective, and the information does not

contain any statement that is false or misleading.

13.3If there is any suspicious transaction, illegal transaction, risky transaction or other risky events of the Purchaser's account registered on BITMAIN Website, the Purchaser agrees that BITMAIN shall have the right to disclose the Purchaser's registration information, transaction information,

identity information, logistics information upon the request of relevant judicial agencies, regulatory agencies or third-party payment institutions for investigation purpose. In addition, if necessary, the Purchaser shall provide further information upon BITMAIN's request.

13.4 The following are the initial address of each Party:

If to the Purchaser:

Address: One Vanderbilt Avenue, Floor 54, Suite C, New York, USA, 10017 Attn: Patrick Kelly, Co-President & COO
Phone: ***

Email: ***, with a copy to ***

If to BITMAIN:

Address: 840 New Burton Street, Suite 201, Dover, Kent, DE 19904 Attn: Alyssa. Liu
Phone: ***

Email: ***, with a copy to *** and ***

13.5 All such notices and other communications shall be deemed effective in the following situations:

(a) if sent by delivery in person, on the same day of the delivery;

(b) if sent by registered or certified mail or overnight courier service, on the same day the written confirmation of delivery is sent; and

(c) if sent by electronic mail, at the entrance of the related electronic mail into the recipient's electronic mail server.

14. Compliance with Laws and Regulations

14.1 The Purchaser undertakes that it will fully comply with all Applicable Laws in relation to export and import control and Sanctions and shall not take any action that would cause BITMAIN or any of its Affiliates to be in violation of any export and import control laws or Sanctions. The Purchaser shall also be fully and exclusively liable for and shall defend, fully indemnify and hold harmless BITMAIN and/or

its Affiliates from and against any and all claims, demands, actions, costs or proceedings brought or instituted against BITMAIN and/or its Affiliates arising out of or in connection with any breach by the Purchaser or the carrier of any Applicable Laws in relation to export and import control or Sanction.

14.2The Purchaser acknowledges and agrees that the Products in this Agreement are subject to the export control laws and regulations of all related countries, including but not limited to Export Administration Regulations of the United States ("EARs"). Without limiting the foregoing, the Purchaser shall not, without receiving the proper licenses or license exceptions from all related governmental authorities, including but not limited to the U.S. Bureau of Industry and Security, distribute, re-distribute, export, re-export, or transfer any Products subject to this Agreement either directly or indirectly, to any national of any country identified in Country Groups D:1 or E:1 as defined in the EARs. In addition, the Products under this Agreement may not be exported, re- exported, or transferred to (a) any person or entity for military purposes; (b) any person or entity listed on the "Entity List", "Denied Persons List" or the SDN List as such lists are maintained by the

U.S. Government, or (c) an end-user engaged in activities related to weapons of mass destruction. Such activities include but are not necessarily limited to activities related to: (x) the design, development, production, or use of nuclear materials, nuclear facilities, or nuclear weapons; (y) the design, development, production, or use of missiles or support of missiles projects; and (z) the design, development, production, or use of chemical or biological weapons. The Purchaser further agrees that it will not do any of the foregoing in violation of any restriction, law, or regulation of the European Union or an individual EU member state that imposes on an exporter a burden equivalent to or greater than that imposed by the U.S. Bureau of Industry and Security.

14.3The Purchaser undertakes that it will not take any action under this Agreement or use the Products in a way that will be a breach of any anti-money laundering laws, any anti-corruption laws, and/or any counter-terrorist financing laws.

14.4The Purchaser warrants that the Products have been purchased with funds that are from legitimate sources and such funds do not constitute proceeds of criminal conduct, or realizable property, or proceeds of terrorism financing or property of terrorist. If BITMAIN receives, including but not limited to investigation, evidence collection, restriction and other measures, from any competent organizations or institutions, the Purchaser shall immediately cooperate with BITMAIN and such competent organizations or institutions in the investigation process, and BITMAIN may request the Purchaser to provide necessary security if so required. If any competent organizations or institutions request BITMAIN to seize or freeze the Purchaser's Products and funds (or take any other measures),

BITMAIN shall be obliged to cooperate with such competent organizations or institutions, and shall not be deemed as breach of this Agreement. The Purchaser understands that if any Person resident in the Relevant Jurisdiction knows or suspects or has reasonable grounds for knowing or suspecting that another Person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the Person will be required to report such knowledge or suspicion to the competent authorities. The Purchaser acknowledges that such a report shall not be treated as breach of confidence or violation of any restriction upon the disclosure of information imposed by any Applicable Law, contractually or otherwise.

15. Force Majeure

15.1To the extent that the performance of any obligation of either Party under this Agreement (other than an obligation to make payment) is prevented, frustrated, hindered or delayed as a consequence of a Force Majeure Event and subject to the exercise of reasonable diligence by the other Party, the obligations of Parties to the extent they are affected by the Force Majeure Event (other than an obligation to make payment), shall be suspended for the duration of any inability so caused; provided that, the Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of such event: (i) notify the other Party of the nature, condition, date of inception and expected duration of such Force Majeure Event and the extent to which the claiming Party expects that the Force Majeure Event may delay, prevent or hinder such Party from performing its obligations under this Agreement; and (ii) use its best effort to remove any such causes and resume performance under this Agreement as soon as reasonably practicable and mitigate its effects.

15.2Except in the case of an event of Force Majeure, neither party may terminate this Agreement prior to its expiry date.

15.3The Purchaser hereby acknowledges and warrants that this Agreement shall not be terminated by the Purchaser for the reasons of the restrictions or prohibitions of the cryptocurrency mining activities by any Applicable Laws or Governmental Authority. This Clause 15.3 shall prevail over all other clauses herein.

16. Entire Agreement and Amendment

16.1This Agreement constitutes the entire agreement of the Parties hereto and can only be amended with the written consent of both Parties or otherwise as mutually agreed by both Parties.

17. Assignment

17.1Each Party may freely assign or transfer any of its rights, benefits or obligations under this Agreement in whole or in part to its Affiliates or to any third party.

17.2This Agreement shall be binding upon and inure to the benefit of each Party to this Agreement and its successors in title and permitted assigns.

18. Severability

18.1To the extent possible, if any provision of this Agreement is held to be illegal, invalid or unenforceable in whole or in part by a competent court or arbitral tribunal, the provision shall apply with whatever deletion or modification is necessary so that such provision is legal, valid and enforceable and gives effect to the commercial intention of the Parties. The remaining provisions of this Agreement shall not be affected and shall remain in full force and effect.

19. Personal Data

19.1Depending on the nature of the Purchaser's interaction with BITMAIN, some examples of personal data which BITMAIN may collect from the Purchaser include the Purchaser's name and identification information, contact information such as the Purchaser's address, email address and telephone number, nationality, gender, date of birth, and financial information such as credit card numbers, debit card numbers and bank account information.

19.2BITMAIN generally does not collect the Purchaser's personal data unless (a) it is provided to BITMAIN voluntarily by the Purchaser directly or via a third party who has been duly authorized by the Purchaser to disclose the Purchaser's personal data to BITMAIN (the Purchaser's "authorized representative") after (i) the Purchaser (or the Purchaser's authorized representative) has been notified of the purposes for which the data is collected, and (ii) the Purchaser (or the Purchaser's authorized representative) has provided written consent to the collection and usage of the Purchaser's personal data for those purposes, or (b) collection and use of personal data without consent is permitted or required by related laws. BITMAIN shall seek the Purchaser's consent before collecting any additional personal data and before using the Purchaser's personal data for a purpose which has not been notified to the Purchaser (except where permitted or authorized by Applicable Laws).

20. Survival

20.1. All provisions of Clauses 5, 6, 8, 9, 10, 11, 14 and 19 shall survive the termination or completion of this Agreement.

21. Conflict with the Terms and Conditions

21.1In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Terms and Conditions of BITMAIN from time to time, the provisions of this Agreement shall prevail and the Parties shall comply with and give effect to this Agreement.

22. Governing Law and Dispute Resolution

22.1This Agreement shall be solely governed by and construed in accordance with the laws of the State of New York, the United States.

22.2All disputes arising under this agreement shall be governed by and interpreted in accordance with the laws of the State of New York, without regard to principles of conflict of laws. The parties to this agreement will submit all disputes arising under this agreement to arbitration in New York, New York before a single arbitrator of the American Arbitration Association (**"AAA"**). The arbitrator shall be an attorney admitted to practice law in the State of New York. No party to this agreement will challenge the jurisdiction or venue provisions as provided in this section. No party to this agreement will challenge the jurisdiction or venue provisions as provided in this section. Nothing contained herein shall prevent the party from obtaining an injunction. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY.

23. Waiver

23.1Failure by either Party to enforce at any time any provision of this Agreement, or to exercise any election of options provided herein shall not constitute a waiver of such provision or option, nor affect the validity of this Agreement or any part hereof, or the right of the waiving Party to thereafter enforce each and every such provision or option.

24. Counterparts and Electronic Signatures

24.1This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement, and all of which, when taken together, will be deemed to constitute one and the same agreement. The facsimile, email or other electronically delivered signatures of the Parties shall be deemed to constitute original signatures, and facsimile or electronic copies hereof shall be deemed to constitute duplicate originals.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

25. Further Assurance

25.1 Each Party undertakes to the other Party to execute or procure to be executed all such documents and to do or procure to be done all such other acts and things as may be reasonable and necessary to give all Parties the full benefit of this Agreement.

[The rest part of the page is intentionally left in blank]

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

Signed for and on behalf of BITMAIN

BITMAIN TECHNOLOGIES DELAWARE LIMITED

Signature /s/ Ran Cheng

Title Ran Cheng, Director

Signed for and on behalf of the Purchaser

Cipher Mining Infrastructure LLC

Signature /s/ William Iwaschuk

Title William Iwaschuk, Co-President and Chief Legal Officer

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

APPENDIX A

1. Information of Products.

1.1 The specifications of the Products are as follows:

Type	Details
Product Name	HASH Super Computing Server
Model	T21
Rated hashrate per unit, T	190.00
Rated power per unit, W	3,610.00
J/T	19.00
Contracted Hashrate, T	7,105,240.00
Quantity of the Products	37,396
Description	1. BITMAIN undertakes that the error range of the J/T indicator does not exceed 10%. 2. The Rated Hashrate per Unit and rated power per unit are for reference only and such indicator of each batch or unit of Products may differ. BITMAIN makes no representation on the Rated Hashrate per Unit and/or the rated power per unit of any Products. 3. Purchaser shall not reject the Products on the grounds that the parameters of the delivered Products are not in consistence with the reference indicators.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

1.2 It is estimated that each batch of Products shall be purchased and delivered in accordance with the following arrangements:

Batch	Model	Shipping Period	Reference Quantity	Total Rated Hashrate (T)	Purchase Unit Price(US$/T)	Corresponding Total Purchase Price(US$)
SALE-1205-2023-T21-1-03	T21	April 2025	37,396	7,105,240.00	14.00	99,473,360.00
In Total			37,396		/	99,473,360.00

1.3 Total Purchase Price (tax exclusive): US$ 99,473,360.00 (exclusive of Call Purchase Fee, Call Purchase Price as applicable)

1.4 BITMAIN represents that all Products shall have a country of origin other than China and/or any OFAC-Sanctioned country. Purchaser may reject any Products with a country of origin inside China or any other OFAC-Sanctioned country and BITMAIN shall replace and provide identical Product manufactured in accordance herewith, per the inspection provisions as set out in in Section 4.13 of the Agreement.

1.5 Both Parties confirm and agree that BITMAIN shall be entitled to adjust the quantity of each batch of Products based on the total hashrate; provided that, the total hashrate of the Products actually delivered by BITMAIN to the Purchaser shall not be less than the Contracted Hashrate as agreed in Clause 1.1 of this Appendix A. BITMAIN makes no representation that the quantity of the actually delivered Products shall be the same as the Quantity of the Products set forth in Clause 1.1 of this Appendix A.

1.6 In the event that BITMAIN publishes any new type of products with less J/T value and suspends the production of the type of the Products as agreed in this Agreement, BITMAIN shall be entitled to release itself from any future obligation to deliver any subsequent Products by 10-day prior notice to the Purchaser and continue to deliver new types of products to the Purchaser, the total hashrate of which shall be no less than such subsequent Products replaced under this Agreement and the price of which

shall be determined in accordance with the J/T value. In the event that the Purchaser explicitly refuses to accept new types of products, the Purchaser is entitled to request, after two (2) years from the date of such refusal, for a refund of the remaining balance of the Total Purchase Price already paid by the Purchaser with no interest. If the Purchaser accepts the new types of Products delivered by BITMAIN, BITMAIN shall be obliged to deliver such new types of products to fulfill its obligations under this Agreement. The Purchaser may request to lower the total hashrate of the products delivered but shall not request to increase the total hashrate to the level exceeding the Contracted Hashrate.

1.7 Both Parties hereby agree that the Purchaser shall be entitled to elect to change the Products and/or the Forward Deliverables (as defined in Appendix C) to any new type of products, to the extent such new type of products becomes reasonably available before the respective Shipping Periods of the Products hereunder and the Forward Deliverables, as applicable. If the J/T value of the new products is lower than that of the Products hereunder, the purchase unit price of the new products shall be separately negotiated and agreed upon in writing by both Parties. Otherwise, the purchase unit price of the new products shall remain the same as the Purchase Unit Price.

2. Cargo insurance coverage limitations.

2.1 This Clause 2 of Appendix A is only applicable if the Purchaser requests BITMAIN to send the Products pursuant to Clause 4.7.

2.2 The cargo insurance coverage provided by BITMAIN is subject to the following limitations and exceptions:

(a) loss damage or expense attributable to willful misconduct of the Assured;

(b) ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured;
(c) loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured (for the purpose of this paragraph, “packing” shall be deemed to include stowage in a container or liftvan but only when such stowage is carried out prior to attachment of this insurance or by the Assured or their servants)
(d) loss damage or expense caused by inherent vice or nature of the subject matter insured

(e) loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against (except expenses payable);
(f) loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the vessel;

(g)loss, damage, or expense arising from the use of any weapon of war employing atomic or nuclear fission, and/or fusion or other like reaction or radioactive force or matter;
(h)loss, damage or expense arising from unseaworthiness of vessel or craft, unfitness of vessel craft conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Assured or their servants are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein;
(i) the Underwriters waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination, unless the Assured or their servants are privy to such unseaworthiness or unfitness;
(j) loss, damage or expense caused by (1) war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, (2) capture, seizure, arrest, restraint or detainment (piracy excepted), and the consequences thereof or any attempt threat, (3) derelict mines, torpedoes, bombs, or other derelict weapons of war; and
(k)loss, damage, or expense caused by strikers, locked-out workmen, or persons taking part in labor disturbances, riots or civil commotion, resulting from strikes, lock-outs, labor disturbances, riots or civil commotions, caused by any terrorist or any person acting from a political motive.

3. Payment of the Total Purchase Price

3.1 BITMAIN's BANK ACCOUNT info:

Company Name: Bitmain Technologies Delaware Limited

Company Address: 840 New Burton Street, Suite 201, Dover, Delaware, DE 19904 Account Number: ***
Currency: USD

Incoming Domestic (US) Wires:

Beneficiary Bank: ***

Beneficiary Bank ABA: ***
Beneficiary Bank Address: ***

International Incoming Wires:

Receiving Bank: ***

Receiving Bank SWIFT Code: ***

Receiving Bank Address: ***
Beneficiary Bank: ***
Beneficiary Bank ABA: ***

Beneficiary Bank Address: ***

3.2 The payment shall be arranged by the Purchaser as Appendix B.

3.3 Without prejudice to any provisions hereof, the Purchase Unit Price and the Total Purchase Price of the Products and any amount paid or payable by the Purchaser under this Agreement shall be denominated and paid by the Purchaser in US Dollars (US$). In the event that the Parties agree that the Purchaser may make payment under this Agreement in Digital Currency, unless otherwise explicitly specified herein, the amount of the Digital Currency payable by the Purchaser, if converted in US$ using the spot rate at the time of such payment (the "**Return Spot Rate**"), shall be no less than the amount that BITMAIN would receive in US$. The Return Spot Rate of such Digital Currency shall be determined by BITMAIN. Unless otherwise agreed by BITMAIN, where the Parties agree that the Purchaser may make payment under this Agreement in Digital Currency, the designated Digital Currency shall be USDT. In any circumstance, the Purchaser shall not ask for any refund due to the change of exchange rate.

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

APPENDIX B

Payment	Payment Percentage	Payment Date
Down Payment	10%	10% of the Total Purchase Price of all batches of Products hereunder has been paid by the Purchaser through its affiliate, Cipher Mining Technologies Inc. ("**CMTI**") on December 12, 2023 as "Earnest Money" for the Products, pursuant to the *Letter of Intent for Bulk Purchase* entered by and between BITMAIN DEVELOPMENT PTE. LTD. ("**BITMAIN DEVELOPMENT**") and CMTI, executed by CMTI on December 8, 2023 and by BITMAIN DEVELOPMENT on December 12, 2023.
Interim Payment	40%	40% of the Total Purchase Price of each batch of Products shall be paid at least one hundred and eighty (180) days prior to the first day of the Shipping Period of such batch of Products
Balance Payment	50%	50% of the Total Purchase Price of each batch of Products shall be paid at least seven (7) days prior to the first day of the Shipping Period of such batch of Products

***** Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit because such information is both (i) non-material and (ii) would be competitively harmful if publicly disclosed.**

APPENDIX C

1. Grant of Call Option for Purchasing Additional Products

1.1 Right to Purchase. Subject to the terms and conditions of this Agreement, at any time during the period from the date of this Agreement to December 31, 2024 (the "**Call Option Period**"), the Purchaser shall have the right (the "**Call Option**"), but not the obligation, to purchase, in whole or in part, additional Products having the same or better stated specifications set out in clause 1.1. of Appendix A (the "**Forward Deliverables**") at the Call Purchase Price (as defined below) in one or more transactions, which may be done in more than one batch in non-consecutive months. The maximum rated hashrate of the Forward Deliverables if exercising the Call Option shall be 8,684,140 T with a total purchase price of US$ 121,577,960 ("**Call Purchase Price**"), representing US$14 per T and a full unit price of US$2,660 per unit, and the maximum quantity of Forward Deliverables shall be approximately 45,706 units.

1.2 Call Purchase Fee. The Purchaser shall pay BITMAIN an amount of US$12,157,796 as the consideration of the Call Option ("**Call Purchase Fee**"), which is calculated as 10% of the Call Purchase Price, within seven (7) days after the execution of this Agreement. In the event the Purchaser exercises the Call Option in whole, the Call Purchase Fee shall be applied in whole towards the settlement of the Call Purchase Price. In the event that the Purchaser only exercises Call Option in part at the end of the Call Option Period, the Call Purchase Fee corresponding to the proportion of the quantity to be purchased by the Purchaser to 45,706 units shall be applied by the Purchaser to settle the total purchase price of Forward Deliverables, while the remaining proportion of the Call Purchase Fee shall be forfeited to BITMAIN. To further clarify, upon exercise of the Call Option the Purchaser shall be obligated to pay the corresponding proportionate amount of the Call Purchase Price associated with the exercise of the Call Option less the corresponding proportionate amount of the Call Purchase Fee already paid to BITMAIN, according to the schedule of payment as follows:

Payment	Payment Percentage	Payment Date
Down Payment / Call Purchase Fee	10%	10% of the total purchase price of Forward Deliverables shall be paid by the Purchaser within seven (7) days after the execution of this Agreement
Interim Payment	40%	40% of the total purchase price of Forward Deliverables shall be paid at least one hundred and eight (180) days prior to the first day of the Shipping Period of Call Purchase (as defined below) of such batch of Forward Deliverables
Balance Payment	50%	50% of the Call Purchase Price of each batch of Forward Deliverables shall be paid at least seven (7) days prior to the first day of the Shipping Period of Call Purchase of such batch of Forward Deliverables

1.3 A request to cancel such Call Option or refund any part of Call Purchase Fee would not be entertained by BITMAIN.

1.4 Procedure.

i. In the event the Purchaser desires to exercise the Call Option to purchase any Forward Deliverables, the Purchaser shall deliver to BITMAIN during the Call Option Period a written, unconditional, and irrevocable notice of exercise ("**Notice of Exercise**") which shall specify: (a) the estimated time period when BITMAIN shall deliver or ship the applicable batch of Forward Deliverables on condition that the Purchaser has fulfilled its payment of corresponding proportionate amount of the Call Purchase Price associated with the exercise of the Call Option hereunder ("**Shipping Period of Call Purchase**"); (b) the quantity and total rated hashrate of the applicable batch of Forward Deliverables; and (c) a shipping address or its intention to self-pick up the Forward Deliverables in a manner as agreed by the Parties. The Parties agree that BITMAIN shall deliver or ship the Forward Deliverables contemplated in any Notice of Exercise as soon as possible but in any event no later than 180 days from of date of the receipt by BITMAIN of the applicable Notice of Exercise. By way of example, if the Purchaser delivers a Notice of Exercise to BITMAIN on December 31, 2024, being the last date of the Call Option Period, then BITMAIN shall have until June 29, 2025 to deliver or ship the Forward Deliverables specified in such notice.

ii. The Parties agree that the shipping of the Forward Deliverables shall be completed in accordance with the procedure as set forth in Clause 4 of this Agreement, and the Forward Deliverables shall be subject to all other applicable terms and conditions of this Agreement regarding Products, including but not limited to Clause 5 Customs, Clause 6 Warranty and Appendix A, unless otherwise specified in this Appendix C.

1.5 Cooperation. In the event the Purchaser exercises the Call Option, the Purchaser and BITMAIN shall take all actions as may be reasonably necessary to consummate the purchase of any Forward Deliverables pursuant to this Appendix C.

1.6 Constriction. In the event that the Purchaser is in default of its obligations under this Agreement, including but not limited to the payment obligation, then without prejudice to any other rights and remedies that BITMAIN may have under this Agreement or otherwise, the Parties agree that the Call Option shall not be exercised and shall immediately become of no effect without any penalty to BITMAIN, unless such default is waived by BITMAIN.

Exhibit 21.1

SUBSIDIARIES OF CIPHER MINING INC.

Name of Subsidiary	**Jurisdiction**
Alborz LLC	Delaware
Alborz Mining LLC	Delaware
Bear LLC	Delaware
Bear Mining 1 LLC	Delaware
Bear Mining 2 LLC	Delaware
Chief Mining LLC	Delaware
Chief Mountain LLC	Delaware
Cipher Black Pearl LLC	Delaware
Cipher Mining (Canada) Inc.	Canada
Cipher Mining Infrastructure LLC	Delaware
Cipher Mining Technologies Inc.	Delaware
Cipher Operations and Maintenance LLC	Delaware
Cipher Red Dragon Limited	Hong Kong
Cipher Technology Inc.	Delaware
CMO Mining LLC	Delaware
Odessa Mining LLC	Delaware

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Cipher Mining Inc. on Form S-8 (File No. 333-261148), Form S-3 (File No. 333-267537) and Form S-3 (File No. 333-271641) of our report dated March 5, 2024, with respect to our audits of the consolidated financial statements of Cipher Mining Inc. as of December 31, 2023 and December 31, 2022 and for the years ended December 31, 2023 and December 31, 2022, which report is included in this Annual Report on Form 10-K of Cipher Mining Inc. for the year ended December 31, 2023.

/s/ Marcum LLP

San Francisco, CA
March 5, 2024

Exhibit 31.1

CERTIFICATION

I, Tyler Page, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cipher Mining Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2024

By: /s/ Tyler Page

Tyler Page
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Edward Farrell, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cipher Mining Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2024

By: /s/ Edward Farrell

Edward Farrell
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Cipher Mining Inc. (the "Company") for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 5, 2024

By: /s/ Tyler Page

Tyler Page
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Cipher Mining Inc. (the "Company") for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 5, 2024

By: /s/ Edward Farrell

Edward Farrell
Chief Financial Officer

Exhibit 97.1

CIPHER MINING INC.
COMPENSATION RECOUPMENT POLICY

This CIPHER MINING INC. Compensation Recoupment Policy (the "**Policy**") has been adopted by the Board of Directors (the "**Board**") of CIPHER MINING INC. (the "**Company**") on November 2, 2023. This Policy provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under U.S. federal securities laws in accordance with the terms and conditions set forth herein. This Policy is intended to comply with the requirements of Section 10D of the Exchange Act (as defined below) and Section 5608 of the Nasdaq Listing Rules (the "**Listing Rule**").

1. Definitions. For the purposes of this Policy, the following terms shall have the meanings set forth below. Capitalized terms used but not defined in this Policy shall have the meanings set forth in the Cipher Mining Inc. 2021 Incentive Award Plan (as may be amended from time to time).

(a) "**Committee**" means the compensation committee of the Board or any successor committee thereof. If there is no compensation committee of the Board, references herein to the Committee shall refer to the Company's committee of independent directors that is responsible for executive compensation decisions, or in the absence of such a compensation committee, the independent members of the Board.

(b) "**Covered Compensation**" means any Incentive-based Compensation "received" by a Covered Executive during the applicable Recoupment Period; *provided* that:

(i) such Incentive-based Compensation was received by such Covered Executive (A) on or after the Effective Date, (B) after he or she commenced service as an Executive Officer and (C) while the Company had a class of securities publicly listed on a United States national securities exchange; and

(ii) such Covered Executive served as an Executive Officer at any time during the performance period applicable to such Incentive-based Compensation.

For purposes of this Policy, Incentive-based Compensation is "**received**" by a Covered Executive during the fiscal period in which the Financial Reporting Measure applicable to such Incentive-based Compensation (or portion thereof) is attained, even if the payment or grant of such Incentive-based Compensation is made thereafter.

(c) "**Covered Executive**" means any (i) current or former Executive Officer and (ii) any other employee of the Company and its subsidiaries designated by the Committee as subject to this Policy from time to time.

(d) "**Effective Date**" means October 2, 2023.

(e) "**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

(f) "**Executive Officer**" means, with respect to the Company, (i) its president, (ii) its principal financial officer, (iii) its principal accounting officer (or if there is no such accounting officer, its controller), (iv) any vice-president in charge of a principal business unit, division or function (such as sales, administration or finance), (v) any other officer who performs a policy-making function for the Company (including any officer of the Company's parent(s) or subsidiaries if they perform policy-making functions for the Company) and (vi) any other person who performs similar policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. The determination as to an individual's status as an Executive Officer shall be made by the Committee and such determination shall be final, conclusive and binding on such individual and all other interested persons.

(g) "**Financial Reporting Measure**" means any (i) measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, (ii) stock price measure or (iii) total shareholder return measure (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above). For the avoidance of doubt, any such measure does not need to be presented within

the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission to constitute a Financial Reporting Measure.

(h) "**Financial Restatement**" means a restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under U.S. federal securities laws that is required in order to correct:

(i) an error in previously issued financial statements that is material to the previously issued financial statements; or

(ii) an error that would result in a material misstatement if the error were (A) corrected in the current period or (B) left uncorrected in the current period.

For purposes of this Policy, a Financial Restatement shall not be deemed to occur in the event of a revision of the Company's financial statements due to an out-of-period adjustment (i.e., when the error is immaterial to the previously issued financial statements and the correction of the error is also immaterial to the current period) or a retrospective (1) application of a change in accounting principles; (2) revision to reportable segment information due to a change in the structure of the Company's internal organization; (3) reclassification due to a discontinued operation; (4) application of a change in reporting entity, such as from a reorganization of entities under common control; or (5) revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

(i) "**Incentive-based Compensation"** means any compensation (including, for the avoidance of doubt, any cash or equity or equity-based compensation, whether deferred or current) that is granted, earned and/or vested based wholly or in part upon the achievement of a Financial Reporting Measure. For purposes of this Policy, "Incentive-based Compensation" shall also be deemed to include any amounts which were determined based on (or were otherwise calculated by reference to) Incentive-based Compensation (including, without limitation, any amounts under any long-term disability, life insurance or supplemental retirement or severance plan or agreement or any notional account that is based on Incentive-based Compensation, as well as any earnings accrued thereon).

(j) "**Nasdaq**" means the NASDAQ Global Select Market, or any successor thereof.

(k) "**Recoupment Period**" means the three fiscal years completed immediately preceding the date of any applicable Recoupment Trigger Date. Notwithstanding the foregoing, the Recoupment Period additionally includes any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years, provided that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.

(l) "**Recoupment Trigger Date**" means the earlier of (i) the date that the Board (or a committee thereof or the officer(s) of the Company authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement, and (ii) the date on which a court, regulator or other legally authorized body directs the Company to prepare a Financial Restatement.

2. Recoupment of Erroneously Awarded Compensation.

(a) In the event of a Financial Restatement, if the amount of any Covered Compensation received by a Covered Executive (the "**Awarded Compensation**") exceeds the amount of such Covered Compensation that would have otherwise been received by such Covered Executive if calculated based on the Financial Restatement (the "**Adjusted Compensation**"), the Company shall reasonably promptly recover from such Covered Executive an amount equal to the excess of the Awarded Compensation over the Adjusted Compensation, each calculated on a pre-tax basis (such excess amount, the "**Erroneously Awarded Compensation**").

(b) If (i) the Financial Reporting Measure applicable to the relevant Covered Compensation is stock price or total shareholder return (or any measure derived wholly or in part from either of such measures) and (ii) the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the amount of Erroneously Awarded Compensation shall be determined (on a pre-tax basis) based on the Company's reasonable estimate of the effect of the Financial Restatement on the Company's

stock price or total shareholder return (or the derivative measure thereof) upon which such Covered Compensation was received.

(c) For the avoidance of doubt, the Company's obligation to recover Erroneously Awarded Compensation is not dependent on (i) if or when the restated financial statements are filed or (ii) any fault of any Covered Executive for the accounting errors or other actions leading to a Financial Restatement.

(d) Notwithstanding anything to the contrary in Sections 2(a) through (c) hereof, the Company shall not be required to recover any Erroneously Awarded Compensation if both (x) the conditions set forth in either of the following clauses (i) or (ii) are satisfied and (y) the Committee (or a majority of the independent directors serving on the Board) has determined that recovery of the Erroneously Awarded Compensation would be impracticable:

(i) the direct expense paid to a third party to assist in enforcing the recovery of the Erroneously Awarded Compensation under this Policy would exceed the amount of such Erroneously Awarded Compensation to be recovered; *provided* that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation pursuant to this Section 2(d), the Company shall have first made a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to make such recovery and provide that documentation to the Nasdaq; or

(ii) recovery of the Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

(e) The Company shall not indemnify any Covered Executive, directly or indirectly, for any losses that such Covered Executive may incur in connection with the recovery of Erroneously Awarded Compensation pursuant to this Policy, including through the payment of insurance premiums or gross-up payments.

(f) The Committee shall determine, in its sole discretion, the manner and timing in which any Erroneously Awarded Compensation shall be recovered from a Covered Executive in accordance with applicable law, including, without limitation, by (i) requiring reimbursement of Covered Compensation previously paid in cash; (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-based awards; (iii) offsetting the Erroneously Awarded Compensation amount from any compensation otherwise owed by the Company or any of its affiliates to the Covered Executive; (iv) cancelling outstanding vested or unvested equity or equity-based awards; and/or (v) taking any other remedial and recovery action permitted by applicable law. For the avoidance of doubt, except as set forth in Section 2(d), in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation; *provided* that, to the extent necessary to avoid any adverse tax consequences to the Covered Executive pursuant to Section 409A of the Code, any offsets against amounts under any nonqualified deferred compensation plans (as defined under Section 409A of the Code) shall be made in compliance with Section 409A of the Code.

3. Administration. This Policy shall be administered by the Committee. All decisions of the Committee shall be final, conclusive and binding upon the Company and the Covered Executives, their beneficiaries, heirs, executors, administrators and any other legal representative. The Committee shall have full power and authority to (i) administer and interpret this Policy; (ii) correct any defect, supply any omission and reconcile any inconsistency in this Policy; and (iii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by Section 10D of the Exchange Act and the Listing Rule, the Board may, in its sole discretion, at any time and from time to time, administer this Policy in the same manner as the Committee.

4. Amendment/Termination. Subject to Section 10D of the Exchange Act and the Listing Rule, this Policy may be amended or terminated by the Committee at any time. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Erroneously Awarded Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Erroneously Awarded Compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations. Unless otherwise required by applicable law, this Policy shall no

longer be effective from and after the date that the Company no longer has a class of securities publicly listed on a United States national securities exchange.

5. Interpretation. Notwithstanding anything to the contrary herein, this Policy is intended to comply with the requirements of Section 10D of the Exchange Act and the Listing Rule (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict.

6. Other Compensation Clawback/Recoupment Rights. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies, rights or requirements with respect to the clawback or recoupment of any compensation that may be available to the Company pursuant to the terms of any other recoupment or clawback policy of the Company (or any of its affiliates) that may be in effect from time to time, any provisions in any employment agreement, offer letter, equity plan, equity award agreement or similar plan or agreement, and any other legal remedies available to the Company, as well as applicable law, stock market or exchange rules, listing standards or regulations; *provided*, *however*, that any amounts recouped or clawed back under any other policy that would be recoupable under this Policy shall count toward any required clawback or recoupment under this Policy and vice versa.

7. Exempt Compensation. Notwithstanding anything to the contrary herein, the Company has no obligation under this Policy to seek recoupment of amounts paid to a Covered Executive which are granted, vested or earned based solely upon the occurrence or non-occurrence of nonfinancial events. Such exempt compensation includes, without limitation, base salary, time-vesting awards, compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures or compensation awarded solely at the discretion of the Committee or the Board, *provided* that such amounts are in no way contingent on, and were not in any way granted on the basis of, the achievement of any Financial Reporting Measure performance goal.

8. Miscellaneous.

(a) Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after the Effective Date, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Covered Executive's compensation became effective, including, without limitation, compensation received under the Cipher Mining Inc. 2021 Incentive Award Plan and any successor plan thereto.

(b) This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

(c) All issues concerning the construction, validity, enforcement and interpretation of this Policy and all related documents, including, without limitation, any employment agreement, offer letter, equity award agreement or similar agreement, shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(d) The Covered Executives, their beneficiaries, heirs, executors, administrators and any other legal representative and the Company shall initially attempt to resolve all claims, disputes or controversies arising under, out of or in connection with this Policy by conducting good faith negotiations amongst themselves. To ensure the timely and economical resolution of disputes that arise in connection with this Policy, the federal and state courts sitting in New York, New York shall be the sole and exclusive forums for any and all disputes, claims, or causes of action arising from or relating to the enforcement, performance or interpretation of this Policy. The Covered Executives, their beneficiaries, heirs, executors, administrators and any other legal representative and the Company, shall not commence any suit, action or other proceeding arising out of or based upon this Agreement except in the United States District Court for the Southern District of New York or any New York court, and hereby waive, and

agree not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, any claim that such party is not subject to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Policy or the subject matter hereof may not be enforced in or by such courts. To the fullest extent permitted by law, the Covered Executives, their beneficiaries, heirs, executors, administrators, and any other legal representative, and the Company, shall waive (and shall hereby be deemed to have waived) the right to resolve any such dispute through a trial by jury.

(e) If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.