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Quarterly Report **For the period ending March 31, 2025 (the “Reporting Period”)**

The number of shares outstanding of our Common Stock is 2,250,009 as of END OF REPORTING PERIOD.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: No:

OTCQX: CMSG

Consensus Mining & Seigniorage Corporation (the “Issuer”, or CMSG), is responsible for the content of this information and disclosure statement for the three months ended March 31, 2025 (the “Disclosure Statement”), which has been prepared to fulfill the disclosure requirements of the OTCQX U.S. marketplace. The information contained in this Disclosure Statement has not been filed with, or approved by, the U.S. Securities and Exchange Commission (the “SEC”) or any state securities commission. Any representation to the contrary is a criminal offense.

Table of Contents

<u>Cautionary Note Regarding Forward-Looking Statements</u>	<u>3</u>
<u>General Risks</u>	<u>5</u>
<u>Quarterly Report for the three months ended March 31, 2025 (Unaudited)</u>	
<u>Item 1. Exact name of the issuer and the address of its principal executive</u>	<u>23</u>
<u>Item 2. Shares outstanding</u>	<u>23</u>
<u>Item 3. Interim unaudited condensed financial statements</u>	<u>23</u>
<u>Item 4. Management’s discussion and analysis or plan of operation</u>	<u>23</u>
<u>Item 5. Legal proceedings</u>	<u>25</u>
<u>Item 6. Defaults upon senior securities</u>	<u>25</u>
<u>Item 7. Other information</u>	<u>25</u>
<u>Item 8. Exhibits</u>	<u>25</u>
<u>Item 9. Certifications</u>	<u>27</u>

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Information and Disclosure Statement contains forward-looking statements that involve risks and uncertainties, as well as assumptions that may not materialize or prove to be correct, which could cause our results to differ materially from those expressed in or implied by such forward-looking statements. All statements other than statements of historical fact, including those set forth under Part 3 “Management’s Discussion and Analysis,” are statements that could be deemed forward-looking statements, including, but not limited to, statements concerning: our plans, strategies and objectives for future operations; new equipment, systems, technologies, services or developments; future economic conditions, performance or outlook; future political conditions; the outcome of contingencies; potential acquisitions or divestitures; the value of Bitcoin awards in our mining operation; expected cash flows or capital expenditures; our beliefs or expectations; activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future; and assumptions underlying any of the foregoing. Forward-looking statements may be identified by their use of forward-looking terminology, such as “believes,” “expects,” “may,” “should,” “would,” “will,” “intends,” “plans,” “estimates,” “anticipates,” “projects” and similar words or expressions. You should not place undue reliance on these forward-looking statements, which reflect our management’s opinions only as of the date of filing and are not guarantees of future performance or actual results. Forward-looking statements are made in reliance on the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the U.S. Private Securities Litigation Reform Act of 1995. The following are some of the factors we believe could cause our actual results to differ materially from our historical results or our current expectations or projections:

- our strategic decision to concentrate on and make capital investments in digital asset mining ties the success of our business to the success of the major digital assets we mine, particularly Bitcoin, as well as the success of digital assets, generally;
- our digital asset mining operations are subject to unique industry risks, including, among others, risks associated with the need for significant electrical power, intense competition for new miners, cybersecurity and increased world-wide competition for a fixed supply of Bitcoin rewards, which could have a material adverse effect on our business;
- our mining operations could be materially and adversely impacted by a natural disaster or other significant disruption;
- our present use of a third-party co-location arrangement for our mining operations;
- we depend on our ability to mine digital assets, particularly Bitcoin, at a value above our cost to mine them; however, the historical volatility in the market prices of these digital assets significantly impairs our ability to accurately predict their future prices and, therefore, our future revenues;
- strategic transactions, including mergers, acquisitions, investments and divestitures in other digital asset- and blockchain-focused companies, involve significant risks and uncertainties that could adversely affect our business, financial condition, results of operations, cash flows and equity;
- we may need to raise additional capital to fund our business objectives, goals and strategies; however, volatility in the trading price of shares of our common stock may jeopardize our ability to maintain the OTC Marketplace listing of our common stock and/or make it difficult or impossible for us to raise the necessary capital;

- our reputation and ability to do business may be impacted by the improper conduct of our employees, agents or business partners;
- we have a small executive management team and board of directors, and it may be difficult for us to replace a departing member of our management team or board;
- we have a limited operating history and we may be unable to achieve or sustain profitability;
- we participate in markets that are often subject to uncertain economic conditions, which makes it difficult to estimate growth in our markets and, as a result, future income and expenditures;
- we cannot predict the consequences of future geo-political events, but they may adversely affect the markets in which we operate, our ability to insure against risks, our operations or our profitability;
- we could be negatively impacted by a security breach, through cyber attack, cyber intrusion, insider threats or otherwise, or other significant disruption of our IT networks and related systems;
- disputes with our suppliers, or their inability to perform or timely deliver new miners, parts or services, could adversely affect our expectations regarding future deployment of our miners;
- we face certain significant risk exposures and potential liabilities that may not be covered adequately by insurance or indemnity;
- unforeseen environmental issues could have a material adverse effect on our business, financial condition, results of operations, cash flows and equity; and
- the outcome of litigation or arbitration in which we are involved from time to time is unpredictable, and an adverse decision in any such matter could have a material adverse effect on our financial condition, results of operations, cash flows and equity

All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

General Risks

We may not be able to achieve or sustain profitability and may not be successful in this business.

Currently, our primary operations are focused on our digital asset mining business, which is dependent on securing locations in which the Company can operate its mining equipment. While the Company has a limited history, the industry is new and evolving and is subject to the risks discussed below. This strategy, like our prior ones, may not be successful, and we may lose money.

The impact of the recent Bitcoin halving is not understood at this time but we believe the Company is well positioned to manage through the uncertainty of mining operations after the halving.

We may not be able to sustain profitability.

We reported a net loss for the three months ended March 31, 2025 and for the years ended December 31, 2024 and 2023, respectively. We have also experienced net outflow from our operating activities during certain periods. While we have cash and cash equivalents of approximately \$61.2 million at March 31, 2025, we will need to continue to invest in additional equipment and incur operating expenses. To date, we have not relied on equity financings.

Our primary focus is on mining digital currencies in locations that have changed from time to time to respond to the availability of hosting facilities, power costs and other factors. Our current strategy will continue to expose us to the numerous risks and volatility associated within this sector.

Our mining operating costs outpace our mining revenues, which could seriously harm our business or increase our losses.

Our mining operations are costly and our expenses may increase in the future. This expense increase may not be offset by a corresponding increase in revenue. Our expenses may be greater than we anticipate, and our investments to make our business more efficient may not succeed and may outpace monetization efforts. Increases in our costs without a corresponding increase in our revenue would increase our losses and could seriously harm our business and financial performance.

If we are unable to successfully renew our hosting agreements or find new locations, our operations may be disrupted, and our business results may suffer.

The Company owns no real estate and instead leases space with third party hosting facilities who are generally responsible for installing and monitoring miners in each location. If we are forced to relocate our mining equipment, we may not be successful in identifying adequate replacement facilities to house our miners. And even if we do identify such facilities, we may not be successful in leasing those facilities at rates that are economically viable to support our mining activities. Relocating our mining activities may require us to incur costs to transition to a new facility including, but not limited to, transportation expenses and insurance, downtime while we are unable to mine, legal fees to negotiate the new lease, de-installation at our current facility and, ultimately, installation at any new facility we identify. These costs may be substantial, and we cannot guarantee that we will be successful in transitioning our miners to a new facility. If we are required to move our activities, our business may suffer and the results of our operations may be adversely affected.

Our business model is subject to various uncertainties.

Blockchain technologies are evolving as are the services and products associated with them. We may not be able to manage operations or growth effectively, which could damage our reputation and negatively affect our operating results.

We may acquire other businesses, form joint ventures or partner with companies that could negatively affect our operating results, dilute our stockholders' ownership, or cause us to incur significant expense.

We may consider opportunities to acquire or partner with other companies. These business changes may not be successful. 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 or partnerships 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. 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 or a combination of debt and equity as consideration, which could significantly dilute the ownership of our existing 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 may not be able to compete with other companies, many of whom have greater resources and experience.

The Company has only been in existence since December 2021. As such, with a limited history, we may not be able to compete successfully against present or future competitors. We may not have the resources to compete with larger providers of similar services at this time. A number of high-profile and well-established operators, some of which have substantially greater liquidity and financial resources than we do, pose significant challenges for the acquisition of equipment and the leasing of hosting space. With the limited resources we have available, we may experience great difficulties in expanding and improving our network of computers to remain competitive. Competition from existing and future competitors, some of whom have access to more competitively priced energy, could result in our inability to secure acquisitions and partnerships that we may need to grow our business in the future.

The development of new digital assets may adversely affect the value of Bitcoin and other digital assets.

There are more than 9,000 digital assets in existence. Many have or could face significant government intervention. Existing or new digital assets could become more widely used to the detriment and potential exclusion of existing digital assets, such as our primary digital asset, Bitcoin.

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

We mine in three locations. With such reliance on limited facilities, damage to any location could leave us inoperable, temporarily or permanently, as a result of a fire, weather or other natural disaster or by a terrorist or other attack on the mine. The security and other measures we take, and those taken by our vendors, to protect against these risks may not be sufficient. Additionally, a location 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. Our insurance does 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 operations are dependent on the Services Agreement with Horizon, and the termination of that agreement or the loss of any of our management team could adversely affect our business.

The Company has seven executive officers who oversee the management of the Company. Those executive officers also serve in similar roles for Horizon and related entities. The executive officers are not compensated by the Company. Instead, the Company has entered into a Services Agreement with Horizon, under which Horizon is paid \$1,000 per month for its services in managing the affairs of the Company. As such, our success will depend to a large degree on the services provided by Horizon. Further, without the Services Agreement with Horizon, the Company would be forced to pay salaries and other payroll related costs or engage other third parties, the sum of which would be significantly greater than the amount paid under the Services Agreement.

Additionally, the Company's officers devote a significant portion of their time to Horizon and the competition for their time could impact the services they provide to the Company. Furthermore, if we fail to execute an effective contingency or succession plan with the loss of any member of management or the Services Agreement, the loss of such management personnel may significantly disrupt our business.

We may require personnel with different skills and experiences, and who have a thorough understanding of our business and the digital asset industry. The market for highly qualified personnel in this industry is very competitive and we may be unable to attract such personnel. If we are unable to attract such personnel, our business could be harmed.

Negative publicity could affect our business.

There is a growing negative sentiment in the press with digital asset mining companies as well as government regulators. Any adverse publicity associated with operating in this industry could lead to litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable.

We will incur significant costs and demands upon management and accounting and finance resources as a result of complying with the laws and regulations affecting public companies; if we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and our reputation.

As a public company, we are required to, among other things, maintain a system of effective internal control over financial reporting. Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Substantial work will continue to be required to further implement, document, assess, test and remediate our system of internal controls.

If our internal control over financial reporting is not effective, we may be unable to issue our financial statements in a timely manner, we may be unable to obtain the required audit or review of our financial statements by our independent registered public accounting firm in a timely manner or we may be otherwise unable to comply with the periodic reporting requirements applicable to companies such as ours, our common

stock listing could be suspended or terminated and our stock price could materially suffer. In addition, we or members of our management could be subject to investigation and sanction by federal and state regulatory authorities and to stockholder lawsuits, which could impose significant additional costs on us.

There may be identified material weaknesses in our internal control over financial reporting in the future or we may otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations.

We or our auditors may identify material weaknesses in our internal controls over financial reporting and management's assessment of our internal control over financial reporting. 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.

If we fail to comply with any requirements imposed on the Company relative to the accuracy and timeliness of the filing of our annual and quarterly reports, it may adversely affect us and could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock. In addition, a material weakness in the effectiveness of our internal control over financial reporting could result in an increased chance of fraud and the loss of customers, reduce our ability to obtain financing and require additional expenditures to comply with these requirements, each of which could have a material adverse effect on our business, results of operations and financial condition.

Because digital assets may be determined to be investment securities, we may inadvertently violate the Investment Company Act and incur large losses as a result and potentially be required to register as an investment company or terminate operations and we may incur third party liabilities.

We believe that we are not engaged in the business of investing, reinvesting, or trading in securities, and we do not hold ourselves out as being engaged in those activities. However, under the Investment Company Act a company may be deemed an investment company under section 3(a)(1)(C) thereof if the value of its investment securities is more than 40% of its total assets (exclusive of government securities and cash items) on an unconsolidated basis.

The value of all our investments and our mining activities, including investments in which we do not have a controlling interest, the investment securities we hold could exceed 40% of our total assets, exclusive of cash items and, accordingly, we could determine that we have become an inadvertent investment company. The digital asset we own, acquire or mine may be deemed an investment security by the SEC, although we do not believe any of the digital assets we own, acquire or mine are securities. An inadvertent investment company can avoid being classified as an investment company if it can rely on one of the exclusions under the Investment Company Act. One such exclusion, Rule 3a-2 under the Investment Company Act, allows an inadvertent investment company a grace period of one year from the earlier of (a) the date on which an issuer owns securities and/or cash having a value exceeding 50% of the issuer's total assets on either a consolidated or unconsolidated basis and (b) the date on which an issuer owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of government securities and cash items) on an unconsolidated basis. As of March 31, 2025, we do not believe we are an inadvertent investment company, however there are open questions that have yet to be resolved by SEC rules or regulations.

Classification as an investment company under the Investment Company Act requires registration with the SEC. If an investment company fails to register, it would have to stop doing almost all business, and its contracts would become voidable. Registration is time consuming and restrictive and would require a restructuring of our operations, and we would be very constrained in the kind of business we could do as a

registered investment company. Further, we would become subject to substantial regulation concerning management, operations, transactions with affiliated persons and portfolio composition, and would need to file reports under the Investment Company Act regime. The cost of such compliance would result in the Company incurring substantial additional expenses, and the failure to register if required would have a materially adverse impact to conduct our operations.

Our insurance may be inadequate to cover existing and future claims against the Company and our ability to pay for such claims may be limited, which may adversely affect our business.

We are subject to claims by shareholders and regulatory authorities, all of which may result in claims for indemnification by our officers and directors (both present and past) named in such claims. If our existing insurance policies expire or are otherwise inadequate to cover such liabilities and claims for indemnification, we may be required to pay for such liabilities directly, which could negatively affect our liquidity. To the extent we are required to pay for such liabilities directly, our available cash reserves will be affected, which may affect our ability to respond to market conditions and to pay for other emergent expenses, which could negatively affect the results of our operations and our business.

Digital Asset-Related Risks

Regulatory changes may restrict the use of digital assets.

Governments around the world continue to review and impose various regulations on digital assets and the companies involved with them. Certain governments have attempted to prohibit them or declare them illegal, and others have allowed their use and trade without restriction, while in some jurisdictions, such as in the U.S., subject to extensive, and in some cases overlapping, unclear and evolving regulatory requirements. Ongoing and future regulatory actions may impact our ability to continue to operate, and such actions could affect our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations.

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

The use of digital assets to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. Large-scale acceptance of digital assets as a means of payment has not, and may never, occur. The growth of this industry in general, and the use of digital assets 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.

Banks and financial institutions may not provide banking services, or may cut off services, to businesses that engage in digital asset-related activities or that accept digital assets as payment, including financial institutions of investors in our securities.

A number of companies that engage in bitcoin and/or other digital asset-related activities have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, a number of companies and individuals or businesses associated with digital assets may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions in response to government action, particularly in China, where regulatory response to digital assets has been to exclude their use for ordinary consumer transactions within China. We also may be unable to obtain or maintain these services for our business. The difficulty that many businesses that provide bitcoin and/or

derivatives on other digital asset-related activities have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of digital assets as a payment system and harming public perception of digital assets, and could decrease their usefulness and harm their public perception in the future.

The usefulness of digital assets as a payment system and the public perception of digital assets could be damaged if banks or financial institutions were to close the accounts of businesses engaging in bitcoin and/or other digital asset-related activities. 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 derivatives on commodities exchanges, the over-the-counter market, and the Depository Trust Company, which, if any of such entities adopts or implements similar policies, rules or regulations, could negatively affect our relationships with financial institutions and impede our ability to convert digital assets to fiat currencies. Such factors could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and harm investors.

We may face risks of Internet and power disruptions, which could have an adverse effect on the price of digital assets.

A disruption of the Internet may affect the use of digital assets and subsequently the value of our securities. Generally, digital assets and our business of mining digital assets is dependent upon the Internet. A significant disruption in Internet connectivity could disrupt a currency's network operations until the disruption is resolved and have an adverse effect on the price of digital assets and our ability to mine digital assets.

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

Geopolitical crises may motivate large-scale purchases of bitcoin and other digital assets, which could increase the price of bitcoin and other digital assets rapidly. This may increase the likelihood of a subsequent price decrease 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 digital assets 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, digital assets, 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 investors in our common stock. Political or economic crises may motivate large-scale acquisitions or sales of digital assets either globally or locally. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or any other digital assets we mine or otherwise acquire or hold for our own account.

Acceptance and/or widespread use of digital assets is uncertain.

Currently, there is a relatively limited use of any digital asset in the retail and commercial marketplace, thus contributing to price volatility that could adversely affect an investment in our securities. Banks and other established financial institutions may refuse to process funds for digital asset transactions, process wire transfers to or from digital asset exchanges, digital asset-related companies or service providers, or maintain

accounts for persons or entities transacting in digital assets. Conversely, a significant portion of digital asset demand 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. Price volatility undermines any digital asset's role as a medium of exchange, as retailers are much less likely to accept it as a form of payment. Market capitalization for a digital asset as a medium of exchange and payment method may always be low.

The relative lack of acceptance of digital assets 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 our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of bitcoin or any other digital assets we mine or otherwise acquire or hold for our own account.

Transactional fees may decrease demand for bitcoin and prevent expansion.

As the number of bitcoins currency rewards awarded for solving a block in a blockchain decreases, the incentive for miners to continue to contribute to the bitcoin network may transition from a set reward to transaction fees.

In order to incentivize miners to continue to contribute to the bitcoin network, the bitcoin network may either formally or informally transition from a set reward to transaction fees earned upon solving a block. This transition could be accomplished by miners independently electing to record in the blocks they solve only those transactions that include payment of a transaction fee. 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 digital asset 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 that could adversely impact an investment in our securities. Decreased use and demand for bitcoin may adversely affect its value and result in a reduction in the price of bitcoin and the value of our common stock.

The decentralized nature of digital asset systems may lead to slow or inadequate responses to crises, which may negatively affect our business.

The decentralized nature of the governance of digital asset systems may lead to ineffective decision making that slows development or prevents a network from overcoming emergent obstacles. Governance of many digital asset systems is by voluntary consensus and open competition with no clear leadership structure or authority. To the extent lack of clarity in corporate governance of digital systems leads to ineffective decision making that slows development and growth of such digital assets, the value of our common stock may be adversely affected.

It may be illegal now, or in the future, to acquire, own, hold, sell or use digital assets, participate in blockchains or utilize similar digital assets in one or more countries, the ruling of which would adversely affect us.

Although currently digital assets generally are not regulated or are lightly regulated in most countries, one or more countries may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these digital assets or to exchange for fiat currency. In some nations, it is illegal to accept payment in bitcoin and other digital assets for consumer transactions and banking institutions are barred from accepting deposits of digital assets. Such restrictions may adversely affect us as the large-scale use of digital

assets as a means of exchange is presently confined to certain regions globally. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account, and harm investors.

There is a lack of liquid markets, and possible manipulation of blockchain/digital assets.

Digital assets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers; requiring them to be subjected to rigorous listing standards and rules, and monitor investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The more casual a distributed ledger platform is about vetting issuers of digital assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of the ledger due to a control event. These factors may decrease liquidity or volume or may otherwise increase volatility of investment securities or other assets trading on a ledger-based system, which may adversely affect us. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account and harm investors.

Our operations, investment strategies and profitability may be adversely affected by competition from other methods of investing in digital assets.

We compete with other users and/or companies that are mining digital assets and other potential financial vehicles, including securities backed by or linked to digital assets through entities similar to us. 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 digital assets directly, which could limit the market for our shares and reduce their liquidity. The emergence of other financial vehicles and exchange-traded funds have been scrutinized by regulators and such scrutiny and the negative impressions or conclusions resulting from such scrutiny could be applicable to us and impact our ability to successfully pursue our new strategy or operate at all, or to establish or maintain a public market for our securities. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account, and harm investors.

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 utilizes 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 ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account, and harm investors.

Our digital assets may be subject to loss, theft or restriction on access.

More than 99.5% of the digital assets owned by the Company as of March 31, 2025 are held by Coinbase, Inc. (“Coinbase”) or NYDIG Trust Company LLC (“NYDIG”). Custodians such as Coinbase face the risk that some or all of our digital assets could be lost or stolen. Digital assets are stored in digital asset sites commonly referred to as “wallets” by holders of digital assets which may be accessed to exchange a holder’s digital assets. A hot wallet refers to any digital asset wallet that is connected to the Internet. Generally, hot wallets are easier to set up and access than wallets in cold storage, but they are also more susceptible to hackers and other technical vulnerabilities. Cold storage refers to any digital asset wallet that is not connected to the Internet. Cold storage is generally more secure than hot storage, but is not ideal for quick or regular transactions and we may experience lag time in our ability to respond to market fluctuations in the price of our digital assets. Coinbase and NYDIG generally hold most of our digital assets in cold storage to reduce the risk of malfeasance, but the risk of loss of our digital assets cannot be wholly eliminated.

Hackers or malicious actors may launch attacks to steal, compromise or secure digital assets, such as by attacking the digital asset network source code, exchange miners, third-party platforms, cold and hot storage locations or software, or by other means. The custodians of our holdings may be in control and possession of one of the more substantial holdings of digital assets. As our custodians increase in size, they may become a more appealing target of hackers, malware, cyber-attacks or other security threats. Any of these events may adversely affect our operations and, consequently, our investments and profitability. The loss or destruction of a private key required to access our digital wallets may be irreversible and we may be denied access for all time to our digital asset holdings or the holdings of others held in those compromised wallets. Our loss of access to our private keys or our experience of a data loss relating to our digital wallets could adversely affect our investments and assets.

Digital assets are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held, which wallet’s public key or address is reflected in the network’s public blockchain. To the extent any private keys are lost, destroyed or otherwise compromised, we will be unable to access our digital asset rewards and such private keys may not be capable of being restored by any network. Any loss of private keys relating to digital wallets used to store our digital assets could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account.

Risks due to hacking or adverse software event.

Although less than 0.5% of the digital assets owned by the Company as of March 31, 2025 are maintained in hardware wallets, in order to minimize risk, CMSG has established processes to manage wallets that are associated with our digital asset holdings. There can be no assurances that any processes we have adopted or will adopt in the future are or will be secure or effective, and we would suffer significant and immediate adverse effects if we suffered a loss of our digital assets due to an adverse software or cybersecurity event.

Incorrect or fraudulent digital asset transactions may be irreversible.

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

Digital asset transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the digital assets from the transaction. In theory, digital asset transactions may be reversible with the control or consent of a majority of processing power on the network, however, 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 digital asset 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 digital asset rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

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 US Department of Treasury requires us to comply with its sanction program and not conduct business with persons named on its specially designated nationals (“SDN”) list. However, because of the pseudonymous nature of blockchain transactions we may inadvertently and without our knowledge engage in transactions with persons named on OFAC’s SDN list. Our Company’s policy prohibits 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, federal law prohibits any US person from knowingly or unknowingly possessing any visual depiction commonly known as child pornography. Recent media reports have suggested that persons have 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 affect the value of our common stock.

Digital assets face significant scaling obstacles that can lead to high fees or slow transaction settlement times.

Digital assets 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 digital assets is essential to the widespread acceptance of digital assets as a means of payment, which widespread acceptance is necessary to the continued growth and development of our business. Many digital asset networks face significant scaling challenges. For example, digital assets are limited with respect to how many transactions can occur per second. Participants in the digital asset 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 increasing the allowable sizes of blocks, and therefore the number of transactions per block, and sharding (a horizontal partition of data in a database or search engine), which would not require every single transaction to be included in every single miner’s or validator’s block. However, there is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of digital asset transactions will be effective, or how long they will take to become effective, which could adversely affect an investment in our securities.

The price of digital assets may be affected by the sale of such digital assets by other vehicles investing in digital assets or tracking digital asset markets.

The global market for digital assets 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 digital assets 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 digital assets or tracking digital asset markets form and come to represent a significant proportion of the demand for digital assets, large redemptions of the securities of those vehicles and the subsequent sale of digital assets by such vehicles could

negatively affect digital asset prices and therefore affect the value of the digital asset inventory we hold. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account.

Because there has been limited precedent set for financial accounting of bitcoin and other digital assets, the determination that we have made for how to account for digital assets transactions may be subject to change.

Over the years, there have been a number of changes with respect to the financial accounting of digital assets and related revenue recognition. In December 2023, the Financial Accounting Standards Board published an Account Standards Update (“ASU”) intended to improve the accounting for, and disclosure of, certain digital assets. Such amendments in the ASU are effective for entities with fiscal years beginning after December 31, 2024. The Company has elected to adopt the ASU as of January 1, 2024.

Digital Asset Mining-Related Risks

There are risks related to technological obsolescence, the vulnerability of the global supply chain for digital asset hardware disruption, and difficulty in obtaining new hardware which may have a negative effect on our business.

Our mining operations can only be successful and ultimately profitable if the costs, including hardware and electricity costs, associated with mining digital assets are lower than the price of a bitcoin. As our miners experience ordinary wear and tear and may also face more significant malfunctions caused by a number of extraneous factors beyond our control. The degradation of our miners will require us to, over time, replace those miners which are no longer functional. Additionally, as the technology evolves, we may be required to acquire newer models of miners to remain competitive in the market and the cost of new machines is unpredictable but could be extremely high. As a result, at times, we may obtain miners from third parties at premium prices, to the extent they are available. This upgrading process requires substantial capital investment, and we may face challenges in doing so on a timely and cost-effective basis.

Also, because we depreciate our new equipment over a three-year period for financial reporting purposes, our reported operating results will be negatively affected. Further, the global supply chain for digital asset miners is presently heavily dependent on China, which was severely affected by the emergence of the COVID-19 coronavirus global pandemic. Should similar outbreaks or other disruptions to the China-based global supply chain for digital asset hardware occur, we may not be able to obtain adequate replacement parts for our existing miners or to obtain additional miners from the manufacturer on a timely basis.

The Company’s reliance on a third-party mining pool service providers for our mining revenue payouts may have a negative impact on the Company operations.

We use third-party mining pools to receive our mining rewards from the network. Mining pools allow miners to combine their processing power, increasing their chances of solving a block and getting paid by the network. The rewards are distributed by the pool operator, proportionally to our contribution to the pool’s overall mining power, used to generate each block. Should the pool operator’s system suffer downtime due to a cyber-attack, software malfunction or other similar issues, it will negatively impact our ability to mine and receive revenue. Furthermore, we are dependent on the accuracy of the mining pool operator’s record keeping to accurately record the total processing power provided to the pool for a given bitcoin mining application in order to assess the proportion of that total processing power we provided. While we have internal methods of tracking both our power provided and the total used by the pool, the mining pool operator uses its own record-keeping to

determine our proportion of a given reward. We have little means of recourse against the mining pool operator if we determine the proportion of the reward paid out to us by the mining pool operator is incorrect, other than leaving the pool. If we are unable to consistently obtain accurate proportionate rewards from our mining pool operators, we may experience reduced reward for our efforts, which would have an adverse effect on our business and operations.

The primary digital assets for which we mine, Bitcoin, Bitcoin Cash and Litecoin, are subject to halvings; the digital asset reward for successfully uncovering a block will halve several times in the future and their value may not adjust to compensate us for the reduction in the rewards we receive from our mining efforts.

Halving is a process designed to control the overall supply and reduce the risk of inflation in digital assets using a Proof-of-Work consensus algorithm. At a predetermined block, the mining reward is cut in half, hence the term “halving.” For Bitcoin, the reward was initially set at 50 bitcoin currency rewards per block and this was cut in half to 25 in November 28, 2012 at block 210,000 and again to 12.5 on July 9, 2016 at block 420,000, again to 6.25 on May 11, 2020 and again to 3.125 on April 19, 2024. This process will recur until the total amount of bitcoin currency rewards issued reaches 21 million, which is expected around 2140. Similarly, Litecoin first halved on August 25, 2015 at block 840,000 from 50 to 25 and the second halving occurred on August 5, 2019 at block 1,680,000 from 25 to 12.5. On August 2, 2023, the next halving reduced the reward from 12.5 to 6.25. Many factors influence the price of Bitcoin and Litecoin and potential increases or decreases in prices in advance of or following a future halving is unknown.

Our future success will depend in large part upon the value of Bitcoin; the value of Bitcoin and other digital assets may be subject to pricing risk and has historically been subject to wide swings.

Our operating results will depend in large part upon the value of Bitcoin because it’s the primary digital asset we currently mine. Specifically, our revenues from our bitcoin mining operations are based upon two factors: (1) the number of Bitcoin rewards we successfully mine and (2) the value of Bitcoin. In addition, our operating results are directly impacted by changes in the value of bitcoin, because under the value measurement model, both realized and unrealized changes will be reflected in our statement of operations (i.e., starting in 2024 we will be marking bitcoin to fair market value each quarter). This means that our operating results will be subject to swings based upon increases or decreases in the value of Bitcoin and other digital assets.

Bitcoin and other digital asset market prices, which have historically been volatile and are impacted by a variety of factors (including those discussed below), are determined primarily using data from various exchanges, over-the-counter markets and derivative platforms. Furthermore, such prices may be subject to factors such as those that impact commodities, more so than business activities, which could be subjected to additional influence from fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. Pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of digital assets, or our share price, inflating and making their market prices more volatile or creating “bubble” type risks for both bitcoin and shares of our common stock.

We may not be able to realize the benefits of forks.

To the extent that a significant majority of users and miners on a digital asset network install software that changes the digital asset network or properties of a digital asset, including the irreversibility of transactions and limitations on the mining of new digital assets, the digital asset network would be subject to new protocols and software. However, if less than a significant majority of users and miners on the digital asset network consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “fork” of the network, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the digital asset running in parallel, yet lacking interchangeability and

necessitating exchange-type transaction to convert currencies between the two forks. Additionally, it may be unclear following a fork which fork represents the original asset and which is the new asset. Different metrics adopted by industry participants to determine which is the original asset include: referring to the wishes of the core developers of a digital asset, blockchains with the greatest amount of hashing power contributed by miners or validators; or blockchains with the longest chain. A fork in the network of a particular digital asset could adversely affect an investment in our securities or our ability to operate.

We may not be able to realize the economic benefit of a fork, either immediately or ever, which could adversely affect an investment in our securities. If we hold a digital asset at the time of a hard fork into two digital assets, industry standards would dictate that we would be expected to hold an equivalent amount of the old and new assets following the fork. However, we may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, we may determine that there is no safe or practical way to custody the new asset, that trying to do so may pose an unacceptable risk to our holdings in the old asset, or that the costs of taking possession and/or maintaining ownership of the new digital asset exceed the benefits of owning the new digital asset. Additionally, laws, regulation or other factors may prevent us from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset.

There is a possibility of digital asset 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 and the value of our stock.

Proof of stake is an alternative method in validating digital asset transactions. Should the algorithm shift from a proof of work validation method to a proof of stake method, mining would require less energy and may render any company that maintains advantages in the current climate (for example, from lower priced electricity, processing, real estate, or hosting) less competitive. We, as a result of our efforts to optimize and improve the efficiency of our digital asset mining operations, may be exposed to the risk in the future of losing the benefit of our capital investments and the competitive advantage we hope to gain from this as a result, and may be negatively impacted if a switch to proof of stake validation were to occur. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account.

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 digital assets.

Over the 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 digital assets, whether existing now or introduced in the future. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of Bitcoin and any other digital assets we mine or otherwise acquire or hold for our own account, and harm investors.

If a malicious actor or botnet obtains control of more than 50% of the processing power on a digital asset network, such actor or botnet could manipulate blockchains to adversely affect us, which would adversely affect an investment in us or our ability to operate.

If a malicious actor 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 a digital asset, it may be able to alter blockchains on which transactions of digital assets reside and rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new units or transactions using such control. The malicious actor could “double-spend” its own digital asset (i.e., spend the same bitcoin in more than one transaction) and prevent the confirmation of other users’ transactions for as long as it maintained control. To the extent that such malicious actor or botnet does not yield its control of the processing power on the network or the digital asset community does not reject the fraudulent blocks as malicious, reversing any changes made to blockchains may not be possible. The foregoing description is not the only means by which the entirety of blockchains or digital assets may be compromised but is only an example.

Although there are no known reports of malicious activity or control of blockchains achieved through controlling over 50% of the processing power on the network, it is believed that certain mining pools may have exceeded the 50% threshold in bitcoin. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of bitcoin transactions. To the extent that the bitcoin ecosystem, and the administrators of mining pools, do not act to ensure greater decentralization of bitcoin mining processing power, the feasibility of a malicious actor obtaining control of the processing power will increase because the botnet or malicious actor could compromise more than 50% mining pool and thereby gain control of blockchain, whereas if the blockchain remains decentralized it is inherently more difficult for the botnet of malicious actor to aggregate enough processing power to gain control of the blockchain, may adversely affect an investment in our common stock. Such lack of controls and responses to such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account, and harm investors.

Digital assets, including those maintained by or for us, may be exposed to cybersecurity threats and hacks.

As with any computer code generally, flaws in digital asset codes may be exposed by malicious actors. Several errors and defects have been found previously, including those that disabled some functionality for users and exposed users' information. Exploitations of flaws in the source code that allow malicious actors to take or create money have previously occurred. Despite our efforts (as well as those of our custodian) and processes to prevent breaches, our devices, as well as our miners, computer systems and those of third parties that we use in our operations, are vulnerable to cyber security risks, including cyber-attacks such as viruses and worms, phishing attacks, denial-of-service attacks, physical or electronic break-ins, employee theft or misuse, and similar disruptions from unauthorized tampering with our miners and computer systems or those of third parties that we use in our operations. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account.

We are subject to risks associated with our need for significant electrical power. Government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours.

The operation of a bitcoin or other digital asset mine can require massive amounts of electrical power. Further, our mining operations can only be successful and ultimately profitable if the costs, including electrical power costs, associated with mining a bitcoin are lower than the price of a bitcoin. As a result, any hosting facilities in which we operate can only be successful if we are able to obtain sufficient electrical power for that mine on a cost-effective basis, and our establishment of new mines requires us to find locations where that is the case. There may be significant competition for suitable mine locations, and government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations in times of electricity shortage, or may otherwise potentially restrict or prohibit the provision of electricity to mining operations. Additionally, our mines could be materially adversely affected by a power outage. Given the power requirement, it would not be feasible to run miners on back-up power generators in the event of a government restriction on electricity or a power outage. If we are unable to receive adequate power supply and are forced to reduce our operations due to the availability or cost of electrical power, our business would experience materially negative impacts.

If the digital asset rewards are not sufficiently high, we may not have an adequate incentive to continue mining and may cease mining operations, which will likely lead to our failure to achieve profitability.

As the number of digital asset rewards awarded for solving a block in a blockchain decreases, our ability to achieve profitability worsens. Decreased use and demand for bitcoin rewards may adversely affect our incentive to expend processing power to solve blocks. If the award of bitcoin rewards for solving blocks and transaction fees are not sufficiently high, we may not have an adequate incentive to continue mining and may cease our mining operations. For instance, the fixed reward for solving a new block on the Bitcoin blockchain was reduced to 3.125 in April 2024. This reduction may result in a reduction in the aggregate hash rate of the bitcoin network as the incentive for miners decreased. Miners ceasing operations would reduce the collective processing power on the network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to a blockchain until the next scheduled adjustment in difficulty for block solutions) and make digital asset networks more vulnerable to a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on a blockchain, potentially permitting such actor or botnet to manipulate a blockchain in a manner that adversely affects our activities. A reduction in confidence in the confirmation process or processing power of the network could result and be irreversible. Such events could have a material adverse effect on our ability to continue to pursue our new strategy at all,

which could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other digital assets we mine or otherwise acquire or hold for our own account.

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

Competitive conditions within the digital asset 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 digital asset 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 and operations may suffer, and there may be adverse effects on the price of our common stock.

Risks Related to Intellectual Property

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

We plan to rely upon trademarks, copyright and trade secret protection (and possibly also patents in the future), as well as non-disclosure agreements and invention assignment agreements with employees, consultants and third parties, to protect all confidential and proprietary information. Significant elements of our intended products and services are based on unpatented trade secrets and know-how that are not publicly disclosed. In addition to contractual measures, we try to protect the confidential nature of our proprietary information using physical and technological security measures. Such measures may not, for example, in the case of misappropriation of a trade secret by an employee or third party with authorized access, provide adequate protection for our proprietary information. The security measures may not prevent an employee or consultant from misappropriating our trade secrets and providing them to a competitor, and the recourse we take against such misconduct may not provide an adequate remedy to protect our interests fully. 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. In addition, trade secrets may be independently developed by others in a manner that could prevent legal recourse by us. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, our competitive position could be harmed.

We may infringe the intellectual property rights of others.

We do not intend to infringe on the patents and other intellectual property rights of third parties however, due to the open-source and constantly evolving nature of our business, we may not always be able to determine that we are using or accessing protected information or software. 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 our products infringe.

Accordingly, we could expend significant resources defending against patent infringement and other intellectual property right claims; which could require us to divert resources away from operations. Any damages we are required to pay or injunctions against our continued use of such intellectual property in

resolution of such claims may cause a material adverse effect to our business and operations, which could adversely affect the trading price of our securities and harm our investors.

Risks Related to Ownership of Our Common Stock

The trading price of our common stock may be volatile; you might not be able to sell your shares at or above the price that you paid for them and we may not be able to stop the decline of our stock price.

The trading price of our common stock may be volatile, and may be influenced by numerous factors, some of which are beyond our control; you might not be able to sell your shares at or above the price that you paid for them. In addition, the trading prices of bitcoin have been highly unpredictable. Specifically, we may experience adverse effects on our stock price when the value of bitcoin falls. If the market for bitcoin company stocks or the stock market in general experiences a loss of investor confidence, the trading price of our stock could decline for reasons unrelated to our business, operating results or financial condition. That is, the trading price of our common stock is subject to arbitrary pricing factors that are not necessarily associated with traditional factors that influence stock prices or the value of non-digital assets such as revenue, cash flows, profitability, growth prospects or business activity levels since the value and price, as determined by the investing public, may be influenced by future anticipated adoption or appreciation in value of digital assets or blockchains generally, factors over which we have little or no influence or control.

Other factors which could cause volatility in the market price of our common stock include, but are not limited to the commercial success and acceptance of blockchain and Bitcoin and other digital assets, actions taken by us, prevailing economic conditions, actions taken (or refrain from being taken) by our executives, including Horizon, disruptions cause by natural disasters, legal proceedings involving the Company, the level of any short interest in our stock, and other risks and uncertainties described in this document.

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of the issuer. These broad market fluctuations may negatively impact the price or liquidity of our common stock. When the price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the issuer.

We may be unable to comply with the applicable continued listing requirements.

Our common stock is intended to be listed and traded over-the-counter. There is often limited liquidity and different reporting standards to list over the counter as compared to a major exchange such as Nasdaq. Securities that trade OTC can be more difficult to dispose of and to obtain accurate price quotations. If this were to occur for our common stock, the price of our common stock could decline. Nonetheless, if we do not meet the listing requirements, our stock may be deemed ineligible for trading or delisted entirely.

Our Bylaws contain a forum selection clause requiring stockholder suits against us to be brought in Delaware and our stockholders may be prejudiced by this clause.

In general, Delaware has traditionally been a favorable jurisdiction for companies in stockholder disputes. Our Bylaws require our stockholders to bring their derivative suits against us in Delaware. Accordingly, our stockholders may incur increased expense in bringing their own claims and may be prejudiced in such claims by judicial deference shown to corporate defendants in our chosen forum, Delaware.

Delaware law contains provisions that could discourage, delay or prevent a change in control of our company, prevent attempts to replace or remove current management and reduce the market price of our stock.

Provisions in Delaware corporate law may discourage, delay or prevent a merger or acquisition involving us that our stockholders may consider favorable. For example, Delaware corporate law contains strong “anti-takeover” provisions, which prohibit us from entering into a business combination with an “interested stockholder” or their affiliates for a period of two years after they become an “interested stockholder” unless certain provisions are met. As a result, a proposed merger favored by our stockholders could be blocked by operation of Delaware law.

If securities or industry analysts publish unfavorable commentary about our business, our stock price and trading volume could decline.

The trading market for our common stock could be influenced by whether industry or securities analysts publish research and reports about us, our business, our market or our competitors and, if any analysts do publish such reports, what they publish in those reports. We may not obtain or maintain analyst coverage in the future. Any analysts that do cover us may make adverse recommendations regarding our stock, adversely change their recommendations from time to time and/or provide more favorable relative recommendations about our competitors. If analysts who may cover us in the future were to cease coverage of our company or fail to regularly publish reports on us, or if analysts fail to cover us or publish reports about us at all, we could lose (or never gain) visibility in the financial markets, which in turn could cause the stock price of our common stock or trading volume to decline. Moreover, if our operating results do not meet the expectations of the investor community, one or more of the analysts who cover our company may change their recommendations regarding our company and our stock price could decline.

The Company may issue warrants that are exercisable for shares of our common stock, which, upon exercise, will dilute the Company’s current stockholders’ equity value.

We could issue warrants to third parties, including to those who operate the Company, which would be exercisable into common shares of the Company. To the extent such warrants are issued and exercised, additional shares of common stock will be issued, which will result in dilution to the holders of common stock. Sales of substantial numbers of such shares in the public trading market could adversely affect the market trading price of the Company’s common stock and would dilute our existing stockholders.

Because we do not intend to pay any cash dividends on our common stock, our stockholders will not be able to receive a return on their shares unless they sell them.

We intend to retain future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them. There is no assurance that stockholders will be able to sell shares when desired.

Item 1 Exact name of the issuer and the address of its principal executive offices.

Consensus Mining & Seigniorage Corporation
470 Park Avenue South, 4th Floor
New York, NY 10016

Item 2 Shares outstanding.

Common stock:

- (i) Period end date; March 31, 2025
- (ii) Number of shares authorized; 5,000,000 shares
- (iii) Number of shares outstanding; 2,250,009 shares
- (iv) Freely tradable shares (public float); 0
- (v) Number of beneficial shareholders owning at least 100 shares; 367
- (vi) Total number of shareholders of record: 367

Item 3 Interim unaudited condensed financial statements.

The Company's unaudited condensed financial statements as of and for the three months ended March 31, 2025 are attached as Exhibit 1 to this Disclosure Statement. The historical results presented herein are not necessarily indicative of financial results to be achieved in future periods. The Company's unaudited condensed financial statements attached as exhibits to this Disclosure Statement are incorporated herein by reference and are considered as part of this Disclosure Statement.

Item 4 Management's discussion and analysis or plan of operation.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (this "MD&A") should be read in conjunction with our Unaudited Condensed Financial Statements and the related notes (the "Notes") and other financial information included elsewhere in this Disclosure Statement and with our audited financial statements for the fiscal years ended December 31, 2024 and 2022.

This MD&A contains statements of management's beliefs, expectations and assumptions regarding our future business, and any statements other than statements of historical fact are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act ("PSLRA"), which are made in reliance of the safe harbor provisions of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the PSLRA. Such statements express management's beliefs, opinions, projections and expectations regarding future events and circumstances, based on information available to management as of the date of this Disclosure Statement, and are subject to risks and uncertainties, and our actual results could differ materially from those discussed in these forward-looking statements. Further, these forward-looking statements should not be construed either as assurances of performance or as promises of a given course of action. You should review the sections of this Disclosure Statement entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of factors that could cause actual results to differ materially – and potentially adversely – from the results described in or implied by the forward-looking statements contained in the following this MD&A and elsewhere in this Disclosure Statement.

Business Overview

Consensus Mining and Seigniorage Corporation (“CMSG” or the “Company”) is a digital asset mining company with strategic partnerships in hosting, repair and management that enable it to operate with minimal overhead expenses and a conservative capital structure that allows for flexible and patient capital allocation. The Company earns all of its operating revenue from the mining of digital assets.

We operate in an environment which is constantly evolving based on the proliferation of Bitcoin and digital assets in general. A significant component of our strategy is to effectively and efficiently allocate capital between opportunities that generate the highest return on investment.

Industry Overview

Digital asset Prices and Mining Profitability

During the first quarter of 2025, bitcoin averaged approximately \$93,000 during the quarter while the quarter-end price had decreased approximately 12% from December 31, 2024.

The Company mined 6.7 bitcoin during the first quarter, acquired 1.4 and has accumulated 328 bitcoin from inception.

Over the quarter, network hashrate rose about 3%, and network difficulty rose around 4%. However, since the end of the quarter, network hashrate and network difficulty have continued to rise.

Equipment Developments

The cost of new mining equipment fell over the Period, primarily related to lower mining as a result of the halving.

The Luxor ASIC index for older, less efficient 19-25 J/TH equipment fell around 20% to \$11.05/TH, und the same level as at the beginning of the fourth quarter of 2024. The Luxor ASIC Index for newer, less than 19 J/TH machines, has been mostly stable over the course of the quarter at around \$17.20/TH.

In light of these factors, we expect to continue to acquire assets available in a size consistent with our measured pace of capital deployment.

We operate as one operating segment as the Company earns substantially all of its operating revenue from the mining of digital assets. The Company generally seeks to accumulate digital assets, primarily Bitcoin, however from time to time, we will sell some of the digital assets mined to pay for operating expenses or because the rewards earned are for digital assets that we do not want to hold for the long-term. For example, during the quarter the Company has generally sold Dogecoin that it has mined.

While we do not anticipate being required to raise additional capital in the form of equity or debt to fund our immediate operations and pursue our business strategy, we may explore partnerships or other transactions that could involve a capital raise or exchange of stock.

There is intense competition in the digital asset mining industry in which we operate. It is characterized by rapidly changing technology, evolving industry standards, and evolving government regulation. Our future success depends on each our ability to execute our business plan and to adapt to the rapidly changing digital asset industry.

For the three months ended March 31, 2025 as compared to the three months ended March 31, 2024

The Company's revenues from digital asset mining were \$1.4 million and \$1.5 million for the three months ended March 31, 2025 and 2024, respectively. This decrease of \$0.2 million, or 13%, was primarily due to less bitcoin mined in 2025 (6.7) as compared to 2024 (22.9). This decrease in bitcoin rewards was primarily the result of the April 2024 halving event, but the Company has also decreased its share of the overall network hashrate. These decreases were partially offset by the higher value of bitcoin in 2025 as compared to 2024. The Company has also engaged in certain script mining during 2025, which resulted in receiving rewards of both Litecoin and Dogecoin from the Company's third party mining pool operator. Increases in this type of digital asset mining also contributed to offsetting the revenue decline from lower bitcoin quantity mined.

The Company's hosting fees were \$0.7 million and \$0.7 million for the three months ended March 31, 2025 and 2024, respectively.

The Company's depreciation expense was \$0.6 million and \$0.7 million for the three months ended March 31, 2025 and 2024, respectively. This decrease was due primarily to certain equipment that has been taken out of operation for reliability or high cost to operation reasons during 2024.

The Company presents digital assets at fair value as of the balance sheet date and records the net appreciation or depreciation during the period as a non-operating income (expense). During the quarter ended March 31, 2025, the Company recorded an unrealized loss of \$(3.8) million on digital assets, primarily due to the decrease in the value of Bitcoin during the quarter.

The Company's general and administrative expenses were approximately \$0.1 million and \$0.1 million for the three months ended March 31, 2025 and 2024, respectively.

Interest income was \$0.6 million and \$0.8 million for the three months ended March 31, 2025 and 2024, respectively. The decrease was primarily the result of lower market interest rates.

The Company recorded a benefit from income taxes of \$(0.6) million and an expense of \$2.0 million during the three months ended March 31, 2025 and 2024, respectively.

Liquidity and Capital Resources

As of March 31, 2025, the Company had \$61.2 million of cash and cash equivalents.

The Company is also accumulating digital assets with a fair value of \$28.0 million that it has mined. While these digital assets are primarily intended to be held as non-current investments, the Company has periodically sold them for cash to pay for operating expenses.

The Company believes that its cash and cash equivalents at March 31, 2025 will be sufficient to fund operations past one year from the issuance of these unaudited financial statements.

Item 5 Legal proceedings.

None

Item 6 Defaults upon senior securities.

None

Item 7 Other information.

None

Item 8 Exhibits.

- Exhibit 1 (attached): Unaudited Financial Statements for the three months ended March 31, 2025 and 2024

Item 9 Certifications.

I, Alun Williams, certify that:

1. I have reviewed this Quarterly disclosure statement of Consensus Mining & Seigniorage Corporation;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 15, 2025

/s/ Alun Williams
President

I, Mark A. Herndon, certify that:

4. I have reviewed this Quarterly disclosure statement of Consensus Mining & Seigniorage Corporation;

5. Based on my knowledge, this disclosure statement 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 disclosure statement; and

6. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 15, 2025

/s/ Mark A. Herndon
Chief Financial Officer

Consensus Mining & Seigniorage Corporation

Financial Statements

For the three months ended March 31, 2025 (unaudited)

Consensus Mining & Seigniorage Corporation
Financial Statements
For the three months ended March 31, 2025 (unaudited)

Index

<u>Balance Sheets</u>	<u>3</u>
<u>Statements of Operations</u>	<u>4</u>
<u>Statements of Changes in Stockholders' Equity</u>	<u>5</u>
<u>Statements of Cash Flows</u>	<u>6</u>
<u>Notes to Financial Statements</u>	<u>7-11</u>

Consensus Mining & Seigniorage Corporation
Balance Sheets

	March 31, 2025	December 31, 2024
	<u>(unaudited)</u>	
Assets		
Current assets		
Cash and cash equivalents	\$ 61,201,921	\$ 61,251,236
Federal tax receivable	89,600	223,100
Prepaid expenses	115,775	567,851
Other receivables	80,343	163,736
Total current assets	<u>61,487,639</u>	<u>62,205,923</u>
Non-current assets		
Property and equipment, net	4,411,510	4,201,154
Digital assets, net	27,983,390	30,942,301
Loans receivable - related party	343,375	335,045
Total non-current assets	<u>32,738,275</u>	<u>35,478,500</u>
Total Assets	<u>\$ 94,225,914</u>	<u>\$ 97,684,423</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accrued taxes	\$ 68,097	\$ 35,314
Accrued accounting fees	40,826	115,012
Other accrued expenses	23,778	11,439
Total current liabilities	<u>132,701</u>	<u>161,765</u>
Non-current liabilities		
Deferred tax liabilities, net	2,742,926	3,488,926
Total Liabilities	<u>2,875,627</u>	<u>3,650,691</u>
Commitments and contingencies (Note 5)		
Stockholders' Equity		
Common stock (\$0.01 par value, 5,000,000 shares authorized, 2,250,009 issued and outstanding)	22,500	22,500
Additional paid-in capital	86,286,813	86,286,813
Accumulated deficit	5,040,974	7,724,419
Total Stockholders' Equity	<u>91,350,287</u>	<u>94,033,732</u>
Total Liabilities and Stockholders' Equity	<u>\$ 94,225,914</u>	<u>\$ 97,684,423</u>

Consensus Mining & Seigniorage Corporation
Statements of Operations

	Three Months Ended March 31,	
	2025	2024
	(unaudited)	
Digital asset mining revenues	\$ 1,350,315	\$ 1,547,745
Cost of revenues - hosting fees	670,546	664,939
Operating expenses:		
Depreciation expense	602,642	749,895
(Gains) losses on disposals, net	49,211	-
General and administrative expenses	126,947	122,213
Total operating expenses	778,800	872,108
Operating loss	(99,031)	10,698
Non-operating income (expense):		
Net change in unrealized appreciation on digital assets	(3,786,659)	8,292,639
Interest income	614,681	790,781
Realized (loss) gain on sale of digital assets	(7,936)	29,456
Total non-operating income	(3,179,914)	9,112,876
Income (loss) before income taxes	(3,278,945)	9,123,574
Provision for income taxes	(595,500)	2,003,625
Net income (loss)	\$ (2,683,445)	\$ 7,119,949
Basic and diluted net income (loss) per share	\$ (1.19)	\$ 3.16
Weighted average shares (basic and diluted)	2,250,009	2,250,009

Consensus Mining & Seigniorage Corporation
Statements of Changes in Equity

Three Months Ended March 31, 2025

	<u>Common Stock</u>			<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Additional Paid in Capital</u> (unaudited)		
Balance at December 31, 2024	2,250,009	\$ 22,500	\$ 86,286,813	\$ 7,724,419	\$ 94,033,732
Net income (loss)	—	—	—	(2,683,445)	(2,683,445)
Balance at March 31, 2025	<u>2,250,009</u>	<u>\$ 22,500</u>	<u>\$ 86,286,813</u>	<u>\$ 5,040,974</u>	<u>\$ 91,350,287</u>

Three Months Ended March 31, 2024

	<u>Common Stock</u>			<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Amount</u> (unaudited)		
Balance at December 31, 2023	2,250,009	\$ 22,500	\$ 86,309,313	\$ (11,304,359)	\$ 75,004,954
Cumulative effect of the adoption of an accounting standard	—	—	—	6,011,337	6,011,337
Net income (loss)	—	—	—	7,119,949	7,119,949
Balance at March 31, 2024	<u>2,250,009</u>	<u>\$ 22,500</u>	<u>\$ 86,309,313</u>	<u>\$ 1,826,927</u>	<u>\$ 88,136,240</u>

Consensus Mining & Seigniorage Corporation
Statements of Cash Flows

	Three Months Ended March 31,	
	2025	2024
	(unaudited)	
Operating activities:		
Net cash (used in) provided by operating activities	\$ 298,263	\$ 18,425
Investing activities:		
Purchases of property and equipment	(862,209)	(797,460)
Proceeds from sales of digital assets	647,812	174,379
Purchases of digital assets	(133,181)	-
Net cash used in investing activities	(347,578)	(623,081)
Net decrease in cash and cash equivalents	(49,315)	(604,656)
Cash and cash equivalents, beginning of year	61,251,236	63,779,788
Cash and cash equivalents, end of year	\$ 61,201,921	\$ 63,175,132
Supplemental disclosures of cash flow information		
Income taxes paid	\$ -	\$ -

Note 1 – Organization and nature of business

The accompanying unaudited interim Condensed Financial Statements of Consensus Mining & Seigniorage Corporation (the “Company”) were prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, these statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the Condensed Financial Statements. The interim operating results are not necessarily indicative of the results for a full year or for any interim period. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements. The Condensed Financial Statements included herein should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations and with the Company’s annual 2023 Financial Statements and Notes.

The Company was formed through the merging of HK Cryptocurrency Mining, LLC and HK Cryptocurrency Mining II, LLC on November 30, 2021. The Company was originally incorporated in Delaware on October 21, 2021. It is principally engaged in the mining of digital assets. The Company is managed by Horizon Kinetics LLC (“HK”) through a service agreement.

Revenues result principally from the mining of digital assets; see Note 2 – Revenue Recognition. Digital assets are currencies in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank. Mining is the process of utilizing computer hardware to perform mathematical calculations for a digital asset network in order to confirm transactions on the network. As compensation for their services, digital asset miners receive newly created coins/tokens, known as block rewards, along with small transaction fees for the transactions they confirm.

Hosting Facilities / Material Contracts

As of March 31, 2025, the Company engages the services of three different digital asset miner hosting companies. The Company has contracted with HM Tech LLC, Radiant Tech LLC and Tidal Data Systems, LLC to host the Company’s mining equipment. As of December 31, 2024, the Company had engaged the services of the same digital asset miner hosting companies.

Related Party Transactions

HM Tech LLC is a related party of HK. Several of the Company’s mining rigs are hosted by HM Tech LLC. The hosting fees incurred from HM Tech LLC for the three months ended March 31, 2025 and 2024 were \$284,124 and \$228,105, respectively. During the three months ended March 31, 2025 and 2024, the Company incurred hosting fees from HM Tech LLC of \$284,124 and \$228,105. The Company has loans receivable with accrued interest from HM Tech LLC. The total value of the loans receivable, including accrued interest, is \$343,375 and \$335,045 as of March 31, 2025 and December 31, 2024, respectively. The interest accrued is \$51,217 and \$42,887 as of March 31, 2025 and December 31, 2024, respectively. Additionally, the Company records a monthly management fee in the amount of \$1,000, payable to HK, for the resources utilized in running its day-to-day operations. This is a contractual agreement with a related party and not necessarily indicative of the value being received.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”). The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and

Use of Estimates

assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Company estimates the useful life of new and used mining rigs at 36 months and 18 months, respectively.

The Company prices its digital assets and calculates impairment using prices from Coinbase.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU No. 2023-09 establishes incremental disaggregation of income tax disclosures pertaining to the effective tax rate reconciliation and income taxes paid. This standard is effective for fiscal years beginning after December 15, 2024, and requires prospective application with the option to apply it retrospectively. We intend to adopt this standard in our Annual Report on Form 10-K for the year ending December 31, 2025. We are currently evaluating the potential impact of adopting this standard on our disclosures.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid Investments, those purchased with an original maturity of three months or less, held at banks or other financial institutions. The Company holds its cash at one financial institution through a money market fund, which is insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000. In addition to the SIPC protection, the financial institution provides its brokerage customers with additional coverage in excess of SIPC. The total aggregate excess of SIPC coverage available through the financial institution’s policy is up to \$1 billion. The Company has \$61,201,921 in cash equivalents as of March 31, 2025 and \$61,251,236 in cash equivalents as of December 31, 2024.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. Exposure to credit risk is reduced by placing such deposits or other temporary investments in high credit quality financial institutions. There is no history of losses with respect to these balances. The Company provides all of its computing power to a single digital asset mining pool.

Below are the hosting expenses by provider for the three months ended March 31, 2025 and 2024.

	Three Months Ended March 31,	
	2025	2024
	(unaudited)	
HM Tech LLC (related party)	\$ 284,124	\$ 228,105
Blockstream ULC	(1,190)	188,644
Tidal Data Systems, LLC	296,529	248,190
Radiant Tech LLC	91,083	—
Total	\$ 670,546	\$ 664,939

Loans Receivable – Related Party

The Company has loaned \$350,000 to HM Tech LLC, a related party, at an interest rate of 10% over an original term of 30 months with all payments due and paid on or before July 15, 2024. The loan has since been extended to July 15, 2026. Interest is accrued monthly. The borrower is to use the proceeds to finance the construction of one or more structures for the purpose of providing space for hosting digital asset mining equipment and related activities. As of March 31, 2025, there was a loans receivable balance of \$343,375 which includes accrued interest of \$51,217. As of December 31, 2024, there was a loans receivable balance of \$335,045 which includes accrued interest of \$42,887. During 2023, HM Tech LLC repaid \$105,000.

Prepaid Expenses

The Company's prepaid expenses are summarized in the following table:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
	(unaudited)	
Prepaid property and equipment	\$ —	\$ 420,300
Hosting - Tidal Data Systems, LLC	93,375	101,625
Prepaid insurance	22,400	45,926
Total	<u>\$ 115,775</u>	<u>\$ 567,851</u>

Risks and Uncertainties

The below are some risks and uncertainties that may cause future results to differ from historical results.

- The success of the Company is directly correlated with the success of digital assets, primarily Bitcoin.
- Our digital asset mining operations require significant and cost effective electricity, the pricing and availability of which may be subject to local laws.
- Our mining operations require a reliable high speed and secure internet connection which can be at risk to cybersecurity breach.
- Our mining operations are also focused in discrete locations that may be subject to severe weather and natural disasters.
- Public perception of energy consumption for purposes of mining digital assets may result in new laws or regulation resulting in a negative impact to the Company's operations.

Bitcoin Halving Risk to Revenues

New bitcoin are paid to bitcoin miners once they have completed a block on the blockchain, plus transaction fees. The new bitcoin rewards are fixed bitcoin payments. At the inception of bitcoin, the block reward was 50 bitcoin. However, built into the blockchain protocol is an event called a halving. After 210,000 blocks have been verified, the block rewards are cut in half. As of March 31, 2025, the block reward was 3.125 bitcoin.

Property and equipment

Property and equipment are recorded at cost less depreciation. Depreciation is computed using a straight-line method based on the estimated useful lives of the assets. The useful life of new digital asset miners is estimated to be 3 years. The useful life of used digital asset miners is estimated to be 1.5 years. For the three months ended March 31, 2025 and 2024, depreciation related to property and equipment amounted to \$602,642 and \$749,895, respectively. For the three months ended March 31, 2025 and 2024, depreciation related to property and equipment amounted to \$2,870,004 and \$3,844,946, respectively.

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
	(unaudited)	
Computer equipment (digital asset miners)	\$ 7,969,691	\$ 7,490,894
Less accumulated depreciation.	(3,558,181)	(3,289,740)
Total	<u>\$ 4,411,510</u>	<u>\$ 4,201,154</u>

Digital Assets

The following tables present additional information about the Company's digital assets as of March 31, 2025 and December 31, 2024, respectively:

	March 31, 2025			December 31, 2024		
	Units Held	Cost Basis	Fair Value	Units Held	Cost Basis	Fair Value
Bitcoin	328	\$ 15,196,940	\$ 27,050,374	320	\$ 14,571,281	\$ 29,842,075
Litecoin	10,809	1,050,743	896,530	10,168	980,778	1,048,055
Dogecoin	18,000	2,999	2,999	15,000	4,730	4,730
All others	219	58,562	33,487		57,889	47,441
		<u>\$ 16,309,243</u>	<u>\$ 27,983,390</u>		<u>\$ 15,614,677</u>	<u>\$ 30,942,301</u>

	Bitcoin	
	Units	Amount
Balance at December 31, 2024	320	\$ 29,842,075
Revenue recognized	7	625,661
Proceeds from sale	-	-
Purchases	1	133,181
Change in fair value	-	(3,550,543)
Balance at March 31, 2025	<u>328</u>	<u>\$ 27,050,374</u>

	Litecoin		Dogecoin		Other Coins
	Units	Amount	Units	Amount	Amount
Balance at December 31, 2024	10,168	\$ 1,048,055	15,000	\$ 4,730	\$ 47,441
Revenue recognized	641	69,964	2,433,579	654,018	672
Proceeds from sale	-	-	(2,430,579)	(647,814)	-
Realized gain (loss)	-	-	-	(7,935)	-
Change in fair value	-	(221,489)	-	-	(14,626)
Balance at March 31, 2025	<u>10,809</u>	<u>\$ 896,530</u>	<u>18,000</u>	<u>\$ 2,999</u>	<u>\$ 33,487</u>

The Company measures mining rewards based on the quoted price of the Company's principal market.

Revenue Recognition

In accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), we determine revenue recognition through the following steps:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the performance obligations are satisfied

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

To identify the performance obligations in the contract, the Company must assess the goods or services to be rendered as distinct. Per ASC 606, a good or service is distinct if the following criteria are satisfied: 1) the customer can benefit from the good or service on its own or in conjunction with other readily available resources and 2) the provider's promise to transfer the good or service is separately identifiable in the contract.

Consensus Mining & Seigniorage Corporation
Notes to Financial Statements
March 31, 2025 (unaudited)

The transaction price is the consideration the provider is expecting to receive in exchange for the good or services rendered to the customer. The transaction price can include non-cash compensation and should factor in any discounts or other pricing customizations. The Company recognizes revenue when the single performance obligation is satisfied at a point in time.

Our contracts generally contain a single performance obligation in the form of services where the Company provides computing power to a single digital asset mining pool. In exchange for providing computing power, the Company is allocated a fractional share of the digital asset reward the mining pool operator receives for validating a new block on the blockchain. The Company and pool operator can terminate the contracts at any time and at no cost to either party. There are no significant financing components in these transactions as the performance obligations and settlement of the transactions occurs daily.

Revenue Recognition

	Three Months Ended March 31,	
	2025	2024
	(unaudited)	
Bitcoin	\$ 625,661	\$ 1,221,982
Dogecoin	654,018	200,017
Litecoin	69,964	119,108
Other	672	6,638
Total revenue from mining of digital assets	<u>\$ 1,350,315</u>	<u>\$ 1,547,745</u>

The Company's aggregated revenue earned from the mining of digital assets by location for the three months ended March 31, 2025 and 2024 and the three months ended March 31, 2025 and 2024 are as follows:

	Three Months Ended March 31,	
	2025	2024
	(unaudited)	
North Carolina	\$ 1,237,144	\$ 1,033,901
Quebec, Canada	—	16,020
Texas	—	497,824
Nebraska	113,171	—
Total revenue from mining of digital assets	<u>\$ 1,350,315</u>	<u>\$ 1,547,745</u>

Net Income (Loss) Per Share

The Company computes net income (loss) per share using the weighted average number of common shares outstanding during each year. There were no potentially dilutive securities outstanding during the three months ended March 31, 2025 and 2024, respectively.

Note 3 - Income Taxes

The Company recorded a benefit from income taxes of \$0.6 million and an income tax expense of \$2.0 million for the three months ended March 31, 2025 and 2024, respectively, primarily related to the deferred tax liability associated with unrealized appreciation or depreciation in certain digital assets. There are no unrecognized benefits for uncertain tax matters.

Note 4 – Commitments and Contingencies

The Company has agreed to indemnify, hold harmless and defend certain service providers from and against any loss, liability or expense, including reasonable attorneys' fees, except to the extent that the loss, liability or expense arose from the service provider's intentional misconduct or gross negligence. The Company has not had any prior claims or losses pursuant to such indemnification obligations to date and cannot predict the extent of a potential claim.