Consensus Mining & Seigniorage Corporation

A Delaware Corporation 1
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10601

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SIC Code: 7379

Annual Report

For the period ending December 31, 2023 (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 year ended December 31, 2023 (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.

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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 cryptocurrency mining ties the success of our business to the success of the major cryptocurrencies we mine, particularly Bitcoin, as well as the success of cryptocurrencies, generally;

- our cryptocurrency 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 cryptocurrencies, particularly Bitcoin, at a value above our cost to mine them; however, the historical volatility in the market prices of these cryptocurrencies 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 cryptocurrency- 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 may be involved in 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.

Part A General Company Information

Item 1 The exact name of the issuer and its predecessor (if any).

Consensus Mining & Seigniorage Corporation. The Issuer was formed through the merger of HK Cryptocurrency Mining, LLC (formed in 2017) and HK Cryptocurrency Mining II, LLC (formed in 2018) and a capital raise conducted on November 30, 2021.

Item 2 The address of the issuer's principal executive offices and address(es) of the issuer's principal place of business:

Consensus Mining & Seigniorage Corporation
1 North Lexington Avenue, Suite 12C
White Plains, NY 10601

(i) the telephone of the issuer's principal executive offices is 646-495-7333.
(ii) www.consensusmining.com contains general information about the Issuer. The reference to our website is an interactive textual reference only, and the information contained on it shall not be deemed incorporated by reference herein.
(iii) name, phone number, email address, and mailing address of the person responsible for the issuer's investor relations.

- Horizon Kinetics
- Agustin Krisnawahjuesa
- 470 Park Avenue South
- New York, NY 100016
- 646-495-7330
- ir@consensusmining.com

Check box if principal executive office and principal place of business are the same address: ☐

Item 3 The jurisdiction(s) and date of the issuer's incorporation or organization.

The Company was formed as a corporation in the State of Delaware on October 21, 2021 and commenced operations on December 1, 2021. The Corporation is currently active in the State of Delaware.

Part B Share Structure

Item 4 The exact title and class of securities outstanding.

- Common stock – CUSIP 20848D105

Item 5 Par or stated value and description of the security.

A. *Par or Stated Value*. Provide the par or stated value for each class of outstanding securities.

  - Common stock par value: $0.01

B. *Common or Preferred Stock.*

1. For common equity, describe any dividend, voting and preemption rights.

    - Common stock receives (1) vote per share

Item 6 The number of shares or total amount of the securities outstanding for <u>each class</u> of securities authorized.

Common stock:

(i) Period end date; December 31, 2023
(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 7 The name and address of the transfer agent*.

The Issuer's transfer agent is Broadridge Corporate issuer Solutions, Inc (the "Transfer Agent"). The Transfer Agent's address is Broadridge Shareholder Services, c/o Broadridge Corporate Issuer Solutions, PO Box 1342, Brentwood, NY 11717-0718 and its telephone number is 877-830-4936. Broadridge Corporate Issuer Solutions, Inc is registered under the Securities Exchange Act and is regulated by the SEC.

<u>Part C Business Information</u>

Item 8 The nature of the issuer's business.

In describing the issuer's business, please provide the following information:

A. <u>Business Development</u>

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 substantially all of its operating revenue from the mining of digital assets, predominantly Bitcoin. The Company expects to hold these digital assets as non-current investments.

CMSG was incorporated on October 21, 2021 and was subsequently capitalized as a result of (i) a merger between HK Cryptocurrency Mining LLC and HK Cryptocurrency Mining II LLC (the "Merger"), two private funds focused on cryptocurrency mining that were created by Horizon Kinetics Asset Management LLC ("HKAM") in 2017 and 2018, respectively, and (ii) a capital raise, issuing securities pursuant to a private placement, which raised approximately $63 million in cash and equipment from new and existing shareholders. At the time of the Merger on December 1, 2021, we believe CMSG's enterprise value was approximately $86 million, consisting of a cash balance of approximately $71 million along with equipment valued at approximately $8 million and digital assets valued at approximately $7 million.

Since its formation, CMSG has focused on the mining and retention of Bitcoin but has also mined for and continues to retain other digital assets, including, among others, Bitcoin Cash and Litecoin.

As of December 31, 2023, the Issuer held approximately $11.6 million of digital assets at fair value consisting of the following:

	December 31, 2023		
	Cost Basis	**Fair Value**	**Units Held**
Bitcoin	$ 10,962,994	$ 11,082,695	262.08
Litecoin	688,109	460,912	6,330.34
Ethereum	2,279	1,089	0.48
Ethereum Classic	1,791	802	36.60
Z-Cash	19,287	2,125	78.92
Bitcoin Cash	8,743	9,552	36.79
Dogecoin	-	-	-
Total	$ 11,683,203	$ 11,557,175	6,745.20

Blockchain and Cryptocurrencies Generally

Distributed blockchain technology is a decentralized and encrypted ledger that is designed to offer a secure, efficient, verifiable, and permanent way of storing records and other information without the need for a central authority or intermediaries. Cryptocurrencies serve multiple purposes. They can serve as a medium of exchange, store of value or unit of account. Examples of cryptocurrencies include: Bitcoin, Bitcoin Cash, and Litecoin. Blockchain technologies are being evaluated for a multitude of industries due to the belief in their ability to have a significant impact in many areas of business, finance, information management, and governance.

Cryptocurrencies are decentralized currencies that enable near instantaneous transfers. Transactions occur via an open source, cryptographic protocol platform which uses peer-to-peer technology to operate with no central authority. The online network hosts the public transaction ledger, known as the blockchain, and each cryptocurrency is associated with a source code that comprises the basis for the cryptographic and algorithmic protocols governing the blockchain. In a cryptocurrency network, every peer has its own copy of the blockchain, which contains records of every historical transaction - effectively containing records of all account balances. Each account is identified solely by its unique public key and is secured with its associated private key (i.e., a password). The combination of private and public cryptographic keys constitutes a secure digital identity in the form of a digital signature, providing strong control of ownership.

No single entity owns or operates the network. The infrastructure is collectively maintained by a decentralized public user base. As the network is decentralized, it does not rely on either governmental authorities or financial institutions to create, transmit or determine the value of the currency units. Rather, the value is determined by market factors, supply and demand for the units, the prices being set in transfers by mutual agreement or barter among transacting parties, as well as the number of merchants that may accept the cryptocurrency. Since transfers do not require involvement of intermediaries or third parties, there are currently little to no transaction costs in direct peer-to-peer transactions. Units of cryptocurrency can be converted to fiat currencies, such as the US dollar, at rates determined by the market through various

exchanges, such as Coinbase. Cryptocurrency prices and products such as exchange-traded funds that are designed to offer exposure to cryptocurrencies are quoted on various exchanges and can fluctuate with extreme volatility.

Cryptocurrency Mining

Cryptocurrency mining is the process that Bitcoin and several other cryptocurrencies use to generate new coins and verify new transactions. It involves vast, decentralized networks of computers around the world that verify and secure blockchains – the virtual ledgers that document cryptocurrency transactions. In return for contributing their processing power, computers on the network are paid a block subsidy with new coins.

In addition to the standard block rewards, miners can also earn additional transactions fees for finding and verifying a block. A transaction fee is what a user pays to miners to get their transaction included in the blockchain. The more a user pays, the higher the chance their transaction will be picked up immediately as there is only a limited amount of space in each block.

Transaction fees are an important income stream for miners alongside the block subsidy. Users who pay transaction fees are contributing to the security of the bitcoin network. While the block subsidy is a set amount of the cryptocurrency, subject to the halving and difficulty protocols of the network (see below), transaction fees can differ significantly from one block to the next.

Halving

Importantly for the industry, certain cryptocurrency protocols, including the Bitcoin blockchain, the cryptocurrency reward for solving a block is subject to periodic incremental halving. Halving is a process, which happens approximately every four (4) years, and is designed to control the overall supply and reduce the risk of inflation in cryptocurrencies 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 first halving was on November 28, 2012, reducing the reward from 50 Bitcoin to 25. The second having occurred on July 9, 2016 and again reduced the reward from 25 to 12.5. The third having, which took place on May 11, 2020, further reduced the reward from 12.5 to 6.25, and the next having occurred on April 19, 2024, and again reduced the reward to 3.125. This process will recur until the total amount of Bitcoin currency rewards issued reaches 21 million, which is expected to occur 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 having 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.

Network Hash Rate and Difficulty

In cryptocurrency mining, “hash rate” is a measure of the processing speed by a mining computer for a specific coin. An individual miner, such as CMSG has a hash rate total of its miners seeking to mine a specific coin, and system wide there is a total hash rate of all miners seeking to mine each specific type of coin. The higher total hash rate of a specific miner, as a percentage of the system wide total hash rate, generally results over time in a corresponding higher success rate in coin rewards as compared to miners with lower hash rates.

"Difficulty" is a relative measure of how complex the process is made to successfully solve the algorithm and obtain a coin award. Using Bitcoin as an example, the difficulty is adjusted periodically generally as a function of how much hashing power is deployed by the network of miners and designed to maintain certain mining results so that, on average, 10 minutes, is required to produce a block If the block is exceeding the 10-minute goal and miners are struggling with a target difficulty set too high, the network reduces it and vice versa, with this protocol called difficulty retargeting. At each interval of 2,016 blocks being mined (which takes roughly two weeks), the network re-analyzes the interval and revises the difficulty index, if needed.

Mining Pools

A "mining pool" is the pooling of resources by miners, who share their processing power over a network and split rewards according to the amount of work they contributed to the probability of placing a block on the blockchain. Mining pools emerged in response to the growing difficulty and available hashing power that competes to place a block on the Bitcoin blockchain.

The Company participates in mining pools wherein groups of miners associate to pool resources and earn cryptocurrency together allocated to each miner according to the "hashing" capacity they contribute to the pool. As additional miners competed for the limited supply of blocks, individuals found that they were working for months without finding a block and receiving any reward for their mining efforts. To address this variance, miners started organizing into pools to share mining rewards more evenly on a pro rata basis based on total hashing capacity contributed to the mining pool.

The mining pool operator provides a service that coordinates the computing power of the independent mining enterprise. Fees are paid to the mining pool operator to cover the costs of maintaining the pool. The pool uses software that coordinates the pool members' hashing power, identifies new block rewards, records how much work all the participants are doing, and assigns block rewards for successful algorithm solutions in-proportion to the individual hash rate that each participant contributed to a given successful mining transaction. While we do not pay pool fees directly, pool fees are deducted from amounts we may otherwise earn. Fees (and payouts) fluctuate and historically have been approximately 2% on average.

Mining pools are subject to various risks such as disruption and down time. The Company monitors its hashing performance and reward rates to monitor credits for our contributed hashing power. In the event that a pool experiences down time or not yielding returns, our results may be impacted.

Bitcoin and other Digital Asset Mining Operations

As of March 31, 2024, CMSG owned and operated 1,463 miners for Bitcoin and Bitcoin Cash (not including 137 units that are on order pending delivery), and 270 miners for Litecoin. The Company's online Bitcoin and Bitcoin Cash hashrate was approximately 180 PetaHash (PH), with approximately 27 PetaHash (PH) pending delivery. The Company's Litecoin hashrate was approximately 2.4 GH, with approximately 0.3 GH pending delivery.

Equipment is monitored regularly for profitability. Equipment placed out of service for profitability reasons may still be held should the profitability profile change.

We seek to increase our hashing power capacity relative to the total hashing power devoted to the Bitcoin blockchain by acquiring and deploying increasing numbers of the latest generation of more powerful and

energy-efficient miners.

Custody

Nearly all of the digital assets currently owned by the Company are held by NYDIG Trust Company, LLC and Coinbase, Inc., both institutional custody providers. As of March 31, 2024, approximately $4,000 or 0.02% of the cryptocurrencies owned by the Company were not supported by NYDIG or Coinbase and were maintained in hardware wallets pursuant to a set of policies and procedures designed to protect such digital assets from unauthorized access or distribution. Subsequent to March 31, 2024, all remaining digital assets held on hardware wallets were transferred to NYDIG.

1. **The form of organization of the issuer**: The Company is a Delaware corporation.

2. **Year that the issuer (or any predecessor) was organized:** The Company was organized in 2021.

3. **The issuer's fiscal year end date:** December 31

4. **Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding:** No prior bankruptcy, receivership or similar proceeding.

5. **Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets**; The Company was formed as a result of a merger between HK Cryptocurrency Mining LLC and HK Cryptocurrency Mining II LLC (the "Merger"), two private funds focused on cryptocurrency mining that were created by Horizon Kinetics Asset Management LLC ("HKAM") in 2017 and 2018, respectively, and a capital raise conducted on November 30, 2021.

6. **Any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments:** None

7. **Any change of control:** None

8. **Any increase of 10% or more of the same class of outstanding equity securities:** None

9. **Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization:** None

10. **Any delisting of the issuer's securities by any securities exchange:** None

11. **Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator:** None.

B. Business of Issuer.

   1. **The issuer's primary and secondary SIC Codes:** 7379

   2. **If the issuer has never conducted operations, is in the development stage, or is**

currently conducting operations: The Issuer is currently conducting operations.

3. **Whether the issuer has at any time been a "shell company**": The Issuer has not at any time been a "shell company".

4. **The names and contact information of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement:** Not applicable.

5. **The effect of existing or probable governmental regulations on the business:** Governments around the world continue to review and impose various regulations on cryptocurrencies 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.

6. **An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities were borne directly by customers:** None.

7. **Costs and effects of compliance with environmental laws (federal, state and local**): Not a significant impact.

8. **The number of total employees and number of full-time employees**: There are no employees of the Company, which is managed pursuant to a management services contract with Horizon Kinetics, LLC.

General Risks

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

Our primary operations are focused on our cryptocurrency 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 fully 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 experienced a net loss during the years ended December 31, 2023 and 2022, respectively. We have

also experienced net outflows from our operating activities during certain periods. While we have cash and cash equivalents of approximately $63.8 million as of December 31, 2023, we will need to continue to invest in additional equipment and incur operating expenses. To date, we have not relied on equity financings and do not anticipate the need to do so in the foreseeable future.

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 cryptocurrencies may adversely affect the value of Bitcoin and other cryptocurrencies.

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

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

We mine primarily in North Carolina and Texas. 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 cryptocurrency 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 cryptocurrency 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 cryptocurrencies 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, 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 cryptocurrencies we own, acquire or mine may be deemed an investment security by the SEC, although we do not believe any of the cryptocurrencies 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, 2024, 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 by 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.

Cryptocurrency-Related Risks

Regulatory changes may restrict the use of cryptocurrencies.

Governments around the world continue to review and impose various regulations on cryptocurrencies 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 cryptocurrencies is subject to a variety of factors that are difficult to evaluate.

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

A number of companies that engage in Bitcoin and/or other cryptocurrency-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 cryptocurrencies 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 cryptocurrencies 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 cryptocurrency-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 cryptocurrencies as a payment system and harming public perception of cryptocurrencies, and could decrease their usefulness and harm their public perception in the future.

The usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies

could be damaged if banks or financial institutions were to close the accounts of businesses engaging in Bitcoin and/or other cryptocurrency-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 cryptocurrencies 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 cryptocurrencies.

A disruption of the Internet may affect the use of cryptocurrencies and subsequently the value of our securities. Generally, cryptocurrencies and our business of mining cryptocurrencies 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 cryptocurrencies and our ability to mine cryptocurrencies.

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

Geopolitical crises may motivate large-scale purchases of Bitcoin and other cryptocurrencies, which could increase the price of Bitcoin and other cryptocurrencies 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 cryptocurrencies as investors focus their investment on less volatile asset classes as a means of hedging their investment risk.

As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to us and investors in our common stock. Political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies 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 cryptocurrencies we mine or otherwise acquire or hold for our own account.

Acceptance and/or widespread use of cryptocurrency is uncertain.

Currently, there is a relatively limited use of any cryptocurrency 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 cryptocurrency transactions, process wire transfers to or from cryptocurrency exchanges, cryptocurrency-related companies or service providers, or maintain accounts for persons or entities transacting in cryptocurrency. Conversely, a significant portion of cryptocurrency 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 cryptocurrency'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 cryptocurrency as a medium of exchange and payment method may always be low.

The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace, or a reduction of such use, limits the ability of end users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances could have a material adverse effect on 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 cryptocurrencies 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 cryptocurrency or to fiat currency. Either the requirement from miners of higher transaction fees in exchange for recording transactions in a blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoin 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 cryptocurrency systems may lead to slow or inadequate responses to crises, which may negatively affect our business.

The decentralized nature of the governance of cryptocurrency systems may lead to ineffective decision making that slows development or prevents a network from overcoming emergent obstacles. Governance of many cryptocurrency 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 cryptocurrency systems leads to ineffective decision making that slows development and growth of such cryptocurrencies, 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 Bitcoin, ether, or other cryptocurrencies, participate in blockchains or utilize similar cryptocurrency assets in one or more countries, the ruling of which would adversely affect us.

Although currently cryptocurrencies 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 cryptocurrency assets or to exchange for fiat currency. In some nations, it is illegal to accept payment in Bitcoin and other cryptocurrencies for consumer transactions and banking institutions are barred from accepting deposits of cryptocurrencies. Such restrictions may adversely affect us as the large-scale use of cryptocurrencies as a means of exchange is presently confined to certain regions 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 cryptocurrencies 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/cryptocurrency-based assets.

Cryptocurrencies 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 cryptocurrency 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 cryptocurrencies 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 cryptocurrencies.

We compete with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, including securities backed by or linked to cryptocurrencies 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 cryptocurrencies directly, which could limit the market for our shares and reduce their liquidity. The emergence of other financial vehicles and exchange-traded funds have 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 cryptocurrencies 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 cryptocurrencies we mine or otherwise acquire or hold for our own account, and harm investors.

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

More than 99.8% of the cryptocurrencies owned by the Company as of December 31, 2023 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 cryptocurrencies could be lost or stolen. Cryptocurrencies are stored in cryptocurrency sites commonly referred to as "wallets" by holders of cryptocurrencies which may be accessed to exchange a holder's cryptocurrency assets. A hot wallet refers to any cryptocurrency wallet that is connected to the Internet. Generally, hot wallets are easier to set up and access then wallets in cold storage, but they are also more susceptible to hackers and other technical vulnerabilities. Cold storage refers to any cryptocurrency 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 cryptocurrency assets. Coinbase and NYDIG generally hold most of our cryptocurrencies in cold storage to reduce the risk of malfeasance, but the risk of loss of our cryptocurrency assets cannot be wholly eliminated.

Hackers or malicious actors may launch attacks to steal, compromise or secure cryptocurrencies, such as by attacking the cryptocurrency network source code, exchange miners, third-party platforms, cold and hot storage locations or software, or by other means. The custodians of our holdings may be in control and possession of one of the more substantial holdings of cryptocurrency. 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 cryptocurrency 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.

Cryptocurrencies 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 cryptocurrency 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 cryptocurrencies 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 cryptocurrencies we mine or otherwise acquire or hold for our own account.

Risks due to hacking or adverse software event.

Although less than 0.2% of the cryptocurrencies owned by the Company as of December 31, 2023 are maintained in hardware wallets, in order to minimize risk, CMSG has established processes to manage wallets that are associated with our cryptocurrency 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 cryptocurrency due to an adverse software or cybersecurity event.

Incorrect or fraudulent cryptocurrency transactions may be irreversible.

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

Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the cryptocurrencies from the transaction. In theory, cryptocurrency 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 cryptocurrency or a theft thereof generally will not be reversible and we may not have sufficient recourse to recover our losses from any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, our cryptocurrency rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

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 cryptocurrency 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.

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

Cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times and attempts to increase the volume of transactions may not be effective. Scaling cryptocurrencies is essential to the widespread acceptance of cryptocurrencies as a means of payment, which widespread acceptance is necessary to the continued growth and development of our business. Many cryptocurrency networks face significant scaling challenges. For example, cryptocurrencies are limited with respect to how many transactions can occur per second. Participants in the cryptocurrency ecosystem debate potential approaches to increasing the average number of transactions per second that the network can handle and have implemented mechanisms or are researching ways to increase scale, such as 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 cryptocurrency 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 cryptocurrencies may be affected by the sale of such cryptocurrencies by other vehicles

investing in cryptocurrencies or tracking cryptocurrency markets.

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

Over the years, there have been a number of changes with respect to the financial accounting of cryptocurrencies 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 cryptocurrencies. Such amendments in the ASU are effective for entities with fiscal years beginning after December 31, 2024. The Company has elected to early adopt the ASU as of January 1, 2024.

Cryptocurrency Mining-Related Risks

There are risks related to technological obsolescence, the vulnerability of the global supply chain for cryptocurrency 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 cryptocurrencies 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 cryptocurrency 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 cryptocurrency 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 cryptocurrencies for which we mine, Bitcoin, Bitcoin Cash and Litecoin, are subject to halvings; the cryptocurrency 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 cryptocurrencies 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 having 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 cryptocurrencies 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 cryptocurrency 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 cryptocurrencies.

Bitcoin and other cryptocurrency 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 cryptocurrencies, 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 cryptocurrency network install software that changes the cryptocurrency network or properties of a cryptocurrency, including the irreversibility of transactions and limitations on the mining of new cryptocurrency, the cryptocurrency network would be subject to new protocols and software. However, if less than a significant majority of users and miners on the cryptocurrency 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 cryptocurrency 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 cryptocurrency, 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 cryptocurrency 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 cryptocurrency at the time of a hard fork into two cryptocurrencies, 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 cryptocurrency exceed the benefits of owning the new cryptocurrency. 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 cryptocurrency mining algorithms transitioning to proof of stake validation and other mining related risks, which could make us less competitive and ultimately adversely affect our business and the value of our stock.

Proof of stake is an alternative method in validating cryptocurrency 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 cryptocurrency 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 form 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 cryptocurrencies 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 cryptocurrencies.

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 cryptocurrencies, 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 cryptocurrencies 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 cryptocurrency 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 cryptocurrency, it may be able to alter blockchains on which transactions of cryptocurrency 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 cryptocurrency (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 cryptocurrency 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 cryptocurrencies 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 cryptocurrencies we mine or otherwise acquire or hold for our own account, and harm investors.

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

As with any computer code generally, flaws in cryptocurrency 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 cryptocurrencies 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, or impose additional taxes specifically targeted at electricity consumption for mining operations..

The operation of a Bitcoin or other cryptocurrency 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 or 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 cryptocurrency 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 cryptocurrency 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 cryptocurrency 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 cryptocurrencies 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 cryptocurrency industry require that we use sophisticated technology in the operation of our business. The industry for blockchain technology is characterized by rapid technological changes, new product introductions, enhancements and evolving industry standards. New technologies, techniques or products could emerge that might offer better performance than the software and other technologies we currently utilize, and we may have to manage transitions to these new technologies to remain competitive. We may not be successful, generally or relative to our competitors in the cryptocurrency industry, in timely implementing new technology into our systems, or doing so in a cost-effective manner. During the course of implementing any such new technology into our operations, we may experience system interruptions and failures during such implementation. Furthermore, there can be no assurances that we will recognize, in a timely manner or at all, the benefits that we may expect as a result of our implementing new technology into our operations. As a result, our business 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-cryptocurrency 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 cryptocurrencies 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 cryptocurrencies, 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 9 The nature of products or services offered.

A. **Principal products or services, and their markets:** The Company participates in digital asset mining activities, principally of Bitcoin, with operations in North Carolina and Texas.

B. **Distribution methods of the products or services:** Not applicable

C. **Status of any publicly announced new product or service:** Not applicable

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D. **Competitive business conditions, the issuer's competitive position in the industry, and methods of competition:**

In cryptocurrency mining, companies, individuals and groups generate units of cryptocurrency through mining. Miners can range from individual enthusiasts to professional mining operations with dedicated data centers. Miners may organize themselves in mining pools. The Company competes or may in the future compete with other companies that focus all or a portion of their activities on owning or operating cryptocurrency exchanges, developing programming for the blockchain, and mining activities. At present, the information concerning the activities of these enterprises is not readily available as the vast majority of the participants in this sector do not publish information publicly or the information may be unreliable. Published sources of information include "bitcoin.org" and "blockchain.info"; however, the reliability of that information and its continued availability cannot be assured.

Several public (traded in the U.S. and Internationally) and private companies compete with us for the mining of digital assets. Some of these entities have substantially more financial resources and management resources experienced in the mining of mining digital assets.

The cryptocurrency industry is a highly competitive and evolving industry and new competitors and/or emerging technologies could enter the market and affect our competitiveness in the future. For more information regarding those risk factors known to us, see the section entitled "Risk Factors" herein.

E. **Sources and availability of raw materials and the names of principal suppliers:** Currently, the Company engages the services of three different digital asset miner hosting companies. The Company has contracted with HM Tech LLC, Blockstream ULC and Tidal Data Systems, LLC to host the Company's mining equipment. These service providers provide the Company with technical assistance and facilitate the supply of electric power to the mining assets. Additionally the company utilizes the services of Foundry USA Pool and litecoinpool.org as its mining pool operators.

F. **Dependence on one or a few major customers:** Not applicable

G. **Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration:** The Company maintains a trademark over its name and associated logo.

H. **The need for any government approval of principal products or services and the status of any requested government approvals**: Not applicable

Item 10 The nature and extent of the issuer's facilities.

The Company does not own real estate. The Company leases rack space with third party hosting facilities who are generally responsible for installing and monitoring miner rigs at each location.

As of March 31, 2024, CMSG owned and operated 1,463 miners for Bitcoin and Bitcoin Cash (not including 137 units that are on order pending delivery), and 270 miners for Litecoin. The Company's online Bitcoin and Bitcoin Cash hashrate was approximately 180 PetaHash (PH), with approximately 27 PetaHash (PH) pending delivery. The Company's Litecoin hashrate was approximately 2.4 GH, with approximately 0.3 GH pending

delivery.

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 by the Company to be 3 years. The useful life of used digital asset miners is estimated by the Company to be 1.5 years. Mining rigs that are no longer functional are written down and generally disposed of. The Company recognized losses of $69,891 and 186,173 for the disposal of equipment during the years ended December 31, 2023 and 2022, respectively.

Property and equipment consisted of the following:

		December 31, 2023	December 31, 2022
Computer equipment (digital asset miners)		$13,156,287	$13,792,774
Less accumulated depreciation		($8,378,252)	($6,778,803)
		$4,778,035	$7,013,971

The Company recorded depreciation expense of $4.5 million and $6.5 million for the years ended December 31, 2023 and 2022, respectively.

Part D Management Structure and Financial Information

Item 11 Company Insiders (Officers, Directors, and Control Persons).

A. Officers and Directors

The Company has seven executive officers listed below and is operated under a Services Agreement between the Company and Horizon Kinetics LLC ("Horizon"), under which Horizon is paid One Thousand Dollars ($1,000) per month for its services. The executive officers, who also have executive roles with Horizon, are not compensated by the Company. The services provided by Horizon include, among other things, financial accounting, the strategic deployment of capital, the selection of service providers, daily reconciliation of digital asset payouts and balances, performing hash rate and monitoring of mining equipment, coordinating maintenance and repairs of mining equipment, tracking the profitability of each digital asset being mined and each mining pool being utilized, etc. Without the Services Agreement with Horizon, the Company would be required to pay salaries to its executive officers or other third parties, the sum of which would be significantly greater than the amount paid under the Services Agreement.

Murray Stahl, Chief Strategy Officer: 470 Park Avenue South, New York, NY 10016. Mr. Stahl is not compensated by the Issuer. Mr. Stahl does not hold any common stock shares of the Issuer.

Mr. Murray Stahl, is Chairman of the Board, Chief Executive Officer and Chief Investment Officer of Horizon Kinetics, and one of its co-founders. He has more than thirty years of investing experience and is responsible for overseeing Horizon Kinetics' proprietary research. Mr. Stahl chairs Horizon Kinetics' Investment Committee, which is responsible for portfolio management decisions. He is also the Co-Portfolio Manager for a number of registered investment companies, private funds, and institutional separate accounts. He serves as director and Chief Investment Officer of Kinetics Mutual Funds, Inc., a series of nine mutual funds with combined assets under management of approximately $1.46 billion as of

December 31, 2023. Additionally, Mr. Stahl is the Chairman and Chief Executive Officer of FRMO Corp. (OTC Pink: FRMO) and serves as director and Portfolio Manager of the RENN Fund, Inc. (NYSE: RCG), a closed-end fund with assets under management of approximately $14.0 million as of December 31, 2023. He is also a member of the Board of Directors of Texas Pacific Land Corporation (NYSE: TPL), the Minneapolis Grain Exchange, the Bermuda Stock Exchange and MSRH, LLC, an investment advisory company. Prior to co-founding Horizon Kinetics, Mr. Stahl spent 16 years at Bankers Trust Company (1978-1994) as a senior portfolio manager and research analyst. He received a Bachelor of Arts in 1976 and a Master of Arts in 1980 from Brooklyn College, and an MBA from Pace University in 1985. Mr. Stahl will bring to the Board of the combined company a wealth of experience as public and private company director and 30 years of experience as an investment management executive.

Alun Williams, President and a Director of the Issuer: 470 Park Avenue South, New York, NY 10016. Mr. Williams is not compensated by the Issuer. Mr. Williams holds 652 common stock shares of the Issuer.

Mr. Williams joined Horizon Kinetics in 2009 and, after 12 years as the firm's Director of Trading and Operations, took over the role of Chief Operating Officer in 2021. As Chief Operating Officer, Mr. Williams is responsible for overseeing daily operations and administrative functions for Horizon Kinetics. Prior to 2009, Mr. Williams was at Goldman Sachs where he was the head of GSAM Operations Salt Lake City. He joined Goldman Sachs in 1996 and in his time there held a number of operational and control positions within the equity, private wealth and asset management divisions. He is also a member of the Board of Directors and the President of CMSG (Consensus Mining & Seigniorage Corp.). Mr. Williams received a BSc in Business Administration from Bath University, England.

Kevin McRae, Chief Technology Officer and a Director of the Issuer: 470 Park Avenue South, New York, NY 10016. . Mr. McRae is not compensated by the Issuer. Mr. McRae holds 652 common stock shares of the Issuer.

Mr. McRae is the Chief Technology Officer and Director of CMSG and oversees all technological aspects of the mining operations. Mr. McRae joined Horizon Kinetics in 2010 as the Director of Technology and Chief Information Security Officer of Horizon Kinetics, responsible for the oversight of technology and information security. Previously, Mr. McRae spent 10 years at Goldman Sachs as a Vice President in the Technology Division supporting the Asset Management (GSAM) and Investment Banking Divisions. Mr. McRae received an MBA in Finance from New York University and a BS in Computer Science from Hobart College. Kevin is CISSP (Certified Information Systems Security Professional) certified.

Mark Herndon, Chief Financial Officer: 470 Park Avenue South, New York, NY 10016. Mr. Herndon is not compensated by the Issuer. Mr. Herndon does not hold any common stock shares of the Issuer.

Mr. Herndon is the Chief Financial Officer of Horizon Kinetics. Mr. Herndon joined the Firm in 2024 and currently serves as Chief Financial Officer. He is responsible for overseeing all financial reporting functions of Horizon Kinetics. Previously, Mr. Herndon was Senior Vice President and Chief Financial Officer at Safeguard Scientifics, Inc. (NASDAQ: SFE) from 2018 to 2023, a company that provided capital and relevant expertise to a portfolio of private entities. Prior to 2018, Mr. Herndon spent 27 years at PricewaterhouseCoopers serving in a variety of client service and national office roles, including as Assurance Partner from 2006 through 2018. Mr. Herndon earned a BBA in Accounting from Georgia Southern University and an MBA from Emory University's Goizueta Business School.

Michael Feeley, Chief Operating Officer: 470 Park Avenue South, New York, NY 10016. Mr. Feeley

is not compensated by the Issuer. Mr. Feeley does not hold any common stock shares of the Issuer.

Mr. Feeley is responsible for the day-to-day operations of the mining business. Mr. Feeley joined Horizon Kinetics in 2005 and serves as Director of Trading and Operation for Horizon Kinetics where he is responsible for operations and trading functions that support the daily portfolio management activities of Horizon Kinetics. He received an MBA with a concentration in Finance and a BBA in Accounting from Hofstra University.

Jay Kesslen, General Counsel: 470 Park Avenue South, New York, NY 10016. Mr. Kesslen is not compensated by the Issuer. Mr. Kesslen holds 1663 common stock shares of the Issuer.

Mr. Kesslen, joined Horizon Kinetics in 1999 and currently serves as General Counsel, Managing Director, and a member of its Board. He oversees all aspects of Horizon Kinetics' legal affairs, advises on all material compliance matters, and is responsible for the firm's corporate governance. Mr. Kesslen is Horizon Kinetics' Anti-Money Laundering Officer and also serves as a director for several private funds managed by subsidiaries of Horizon Kinetics. He is also Vice President and Assistant Secretary for Kinetics Mutual Funds, Inc., and Vice President and Chief Compliance Offer for Renn Fund, Inc., a closed-end fund. Mr. Kesslen also serves as the General Counsel of FRMO Corp. (OTC Pink: FRMO) and Consensus Mining and Seigniorage Corporation. Mr. Kesslen holds a BA in Economics from the State University of New York at Plattsburgh (cum laude) and a JD from Albany Law School.

Russell Grimaldi, Secretary: 470 Park Avenue South, New York, NY 10016. Mr. Grimaldi is not compensated by the Issuer. Mr. Grimaldi does not hold any common stock shares of the Issuer.

Mr. Grimaldi joined Horizon Kinetics in 2005 and currently serves as the Chief Compliance Officer and Associate General Counsel. He oversees Horizon Kinetics' compliance program and supports all legal and regulatory functions. He also serves as Secretary for Renn Fund, Inc., a closed-end fund, and for Consensus Mining and Seigniorage Corporation. Mr. Grimaldi holds a BA in Legal Studies from Quinnipiac University (cum laude) and a JD from Albany Law School.

Christopher W. Capps, Director. Mr. Capps is the Co-Founder and Chief Executive Officer of KGC Capital Holdings, where he oversees all the investments and operational activities of the Kiphart Family Office and Kiphart Family Foundation. Mr. Capps is not compensated by the Issuer. Mr. Capps holds 52,138 common stock shares of the Issuer and has an indirect beneficial interest in the Issuer via his position with KGC Capital Holdings.

Utako Kojima, Director: 470 Park Avenue South, New York, NY 10016. Ms. Kojima is not compensated by the Issuer. Ms. Kojima does not any common stock shares of the Issuer.

Ms. Kojima joined Horizon Kinetics in 2010 as a Portfolio Analyst, primarily focusing on the Firm's Asia Strategy. Prior to this, Ms. Kojima was an equity analyst at AS Hirota Capital Management, LLC. Her experience includes consulting in the Valuation Division at Shin-Nihon Ernst & Young Transaction Advisory Services, Tokyo, Japan. Previously, she served in the International Products Client Services and Sales Operations group at Deutsche Securities Limited, Tokyo, Japan, managing post transaction processes and client services. Ms. Kojima received a BA in Political Science from Keio University, Tokyo, Japan, and is a CFA® charter holder.

Alan Swimmer, Director: 470 Park Avenue South, New York, NY 10016. Mr. Swimmer is not compensated by the Issuer. Mr. Swimmer holds 4,158 common stock shares of the Issuer.

Mr. Swimmer joined Horizon Kinetics in 2018 and is responsible for conducting research for the Firm with a focus on exchange related investment opportunities. Previously, he was a Managing Director at

Environmental Financial Products, a Derivatives Exchange Incubator, and immediately prior to that , he was President of Prescient Ridge Management, a Commodity Trading Advisor. Mr. Swimmer has spent over 28 years in various senior roles in institutional futures and options businesses including as Head of North American Sales at JP Morgan, Head Of Futures at Bear Stearns, and Manager of the Chicago Institutional Futures Business for Citibank. He has held Board of Directors positions at RMG Networks and with The Minneapolis Grain Exchange. He is currently the Executive Vice Chair of the Alumni Board of Governors, and a Trustee of, Washington University in St. Louis, where he received a B.A. in Psychology.

Andrew Webber, Director: 470 Park Avenue South, New York, NY 10016. Mr. Webber is not compensated by the Issuer and holds no shares of the Issuer. Mr. Webber is the founder and Chief Executive Officer of Digital Power Optimization, Inc. ("DPO"), a company created to help power companies better manage the output of their assets and maximize both operational efficiency as well as overall profitability. Prior to forming DPO, Mr. Webber served as the Chief Financial Officer of searCH4power LLC, a cryptocurrency mining operation focused around the use of flared gas as an energy source. He has 12 years of hedge fund and investment banking experience in multiple roles at Goldman Sachs, Surveyor Capital and Steadfast Financial and Fortress Investment Group. Prior to his career on Wall Street, Mr. Webber spent four years as an enlisted active-duty U.S. Marine including several years at the Pentagon with classified security clearance.

Eric Sites, Director: 470 Park Avenue South, New York, NY 10016. Mr. Sites is not compensated by the Issuer. Mr. Sites does not hold any shares of the issuer.

Mr. Sites joined Horizon Kinetics 2004 and is responsible for conducting and authoring research for the Firm. In particular, Mr. Sites co-authors the Stahl Report, which identifies opportunities in the large capitalization arena. He is also a Portfolio Manager for several private funds, and serves on the investment team for certain of the registered investment companies managed by the Firm. He is also a member of the Board of Directors of IL&FS Securities Services Limited, the Bermuda Stock Exchange and the Canadian Securities Exchange. He received a BA from Southern Illinois University in 2000 and an MA from Columbia University, Teachers College in 2002.

All members of the management team are provided through a management services contract with Horizon Kinetics. See Item C, Related party transactions, for further information.

B. Other Control Persons. In responding to this item, please provide the following information for all persons beneficially owning more than five percent (5%) of any class of the issuer's equity securities as of the date of this information statement. Do not include Officers or Directors previously listed.

There are no additional control persons

Legal/Disciplinary History.

None

B. Disclosure of Family Relationships. None

C. Disclosure of Related Party Transactions.

Horizon Kinetics LLC holds 36,969 common shares, or 1.6% of the Issuer's shares outstanding. The Issuer entered into a mining operations services agreement with Horizon Kinetics LLC to provide oversight supervision on December 1, 2021. The Company incurs a monthly management fee in the amount of $1,000 for the resources utilized in operating under this agreement. The agreement can be terminated by either party at any time, for any reason upon 10 days' prior written notice.

Foundry Digital LLC holds 62,558 common shares, or 2.8% of the Issuer's shares outstanding. Foundry Digital LLC operates the Foundry USA Pool, to which the Issuer contributes all of its Bitcoin processing hashrate in exchange for a portion of the Pool's rewards, typically Bitcoin. A substantial portion of the Issuer's Digital asset mining revenues result from the rewards received from the Foundry USA Pool.

The Issuer holds a Note receivable from HM Tech LLC ("HMT") in the amount $303,206 as of December 31, 2023. HMT is also a related party of Horizon Kinetics LLC due to its ownership interest in HMT. For the years ended December 31, 2023 and 2022, the Issuer incurred hosting fees from HMT of $1,109,782 and $947,311, respectively.

Disclosure of Conflicts of Interest. None.

Item 12 Financial information for the issuer's most recent fiscal period.

The Company's audited financial statements as of and for the years ended December 31, 2023 and 2022 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 audited financial statements attached as exhibits to this Disclosure Statement are incorporated herein by reference and are considered as part of this Disclosure Statement.

Item 13 Similar financial information for such part of the preceding two fiscal years as the issuer or its predecessor has been in existence.

Not applicable

Item 14 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

1. Investment Banker: None
2. Promoter: None
3. Securities Counsel: None
4. Independent Registered Public Accounting Firm:

   Withum Smith + Brown, PC
   Engagement Leader: Allen Goh
   Email: Allen.goh@withum.com
   Phone: 949-261-2808
   100 Spectrum Center Drive
   Suite 1000
   Irvine, CA 92618

5. Public Relations Consultant: None

6. Investor Relations Consultant: None

Item 15 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 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, 2023 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 cryptocurrency 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 its revenue from the mining of digital assets.

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

Year ended December 31, 2023 as compared to the year ended December 31, 2022

The Company's revenues from digital asset mining were approximately $3.7 million and approximately $4.0 million for the years ended December 31, 2023 and 2022, respectively. This decrease of approximately $0.3 million, or 6.8%, was due primarily to a decrease of our proportion of processing power as compared to the total network over the period.

The Company's hosting fees were $2,324,152 and $2,252,774 for the years ended December 31,

2023 and 2022, respectively. This increase of approximately $0.1 million, or 3.2%, was primarily related to the cost of electricity and increased volume of power consumed in the markets where we have mining operations.

The Company's depreciation expense was $4.5 million and $6.5 million for the years ended December 31, 2023 and 2022, respectively. This decrease of $2.0 million, or 31.3%, was due to the shorter expected useful life of the Company's initial mining equipment contributed at its inception. As the Company has added additional, newer equipment a greater proportion of our equipment is being depreciated over 3 years instead of 1.5 years.

The Company recorded impairments of its digital assets of $0.2 million and $4.0 million for the years ended December 31, 2023 and 2022, respectively. In accordance with the AICPA's practice aid, "Accounting for and auditing of digital assets", digital assets are accounted for as an indefinite-lived intangible asset and are initially valued based on the current price of the digital asset at the time the digital asset was received. The Company evaluates digital assets for impairment on a daily basis of when events or changes indicate the carrying value may not be recoverable by using the daily low price. The decrease in the impairments recognized during 2023 is primarily the result of the price direction of Bitcoin during 2023.

The Company's general and administrative expenses were $0.5 million and $0.3 million for the years ended December 31, 2023 and 2022, respectively. This increase of $0.2 million, 63.0%, is primarily the result of higher professional fees and certain franchise taxes during 2023.

Interest income was $3.1 million and $0.9 million for the years ended December 31, 2023 and 2022, respectively. The $2.2 million, or 241% increase, in interest income during 2023 was primarily the result of the increase in market interest rates.

The Company's provision for income taxes during the years ended December 31, 2023 and 2022, respectively, was limited to miscellaneous state income tax matters. We have recorded a full valuation allowance to reduce our net deferred tax assets, which are primarily related to the impairments recorded with respect to digital assets and net operating loss carryforwards.

Liquidity and Capital Resources

As of December 31, 2023, the Company had $63.8 million of cash and cash equivalents.

The Company is also accumulating digital assets with a fair value of $11.6 million that it has accumulated from digital asset mining activities. While these digital assets are primarily intended to be held as non-current investments, the Company has from time sold them for cash to pay for operating expenses.

The Company believes that its cash and cash equivalents at December 31, 2023 will be sufficient to fund operations past one year from the issuance of these financial statements.

A. Off-Balance Sheet Arrangements.

None

Part E Issuance History

Item 16 List of securities offerings and shares issued for services in the past two years.

None

Part F Exhibits

- Exhibit 1 (attached): Audited Financial Statements for the years ended December 31, 2023 and 2022

Item 17 Material Contracts.

- Exhibit 2 (attached): Cryptocurrency Mining Operations Services Agreement with Horizon Kinetics LLC

Item 18 Articles of Incorporation and Bylaws.

- Exhibit X (attached): Articles of Incorporation
- Exhibit Y (attached): Bylaws

Item 19 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

None

Item 20 Issuer's Certifications.

I, Alun Williams, certify that:

1. I have reviewed this Annual 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: September 11, 2024

/s/ Alun Williams

President

I, Mark A. Herndon, certify that:

4. I have reviewed this Annual 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: September 11, 2024

/s/ Mark A. Herndon

Chief Financial Officer

Consensus Mining & Seigniorage Corporation

Financial Statements
Report of Independent Registered Public Accounting Firm

December 31, 2023 and 2022

Consensus Mining & Seigniorage Corporation
Financial Statements
December 31, 2023 and 2022

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ADVISORY TAX AUDIT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Consensus Mining & Seigniorage Corporation:

Opinion

We have audited the financial statements of Consensus Mining & Seigniorage Corporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

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

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

Emphasis of Matter – Uncertainties and Accounting Matters Related to Cryptocurrency Assets (also referred to as "Digital Assets")

As disclosed in the financial statements, the Company held digital assets with a carrying value of approximately $5.5 million and $2.7 million, representing approximately 7% and 4% of total assets at December 31, 2023 and 2022, respectively. Significant information and risks related to such digital assets include, but is not necessarily limited to the following:

Digital Assets are Unregulated and Have Risks of Ownership

As of the date of these financial statements, the regulatory landscape continues to evolve and while cryptocurrencies have public keys (e.g., account numbers) of virtual wallets the holding of cryptocurrencies reside on distributed networks and can be viewed publicly, the ownership of the wallets are not registered and therefore, anonymous. Ownership in the currencies residing in any wallet are evidenced only by demonstrating knowledge of both the public key of the virtual wallet holding the currencies and the underlying private key of the cryptocurrencies residing within the virtual wallet. Knowledge of both these keys is required in order to demonstrate possession of the cryptocurrencies and therefore, ownership. Accordingly, prior to investing, investors who are directly or indirectly invested in such currencies should carefully evaluate and understand all relevant internal controls put in place by companies holding such assets on their behalf to understand how their investments are being protected and how inappropriate transfers of such assets are prevented.

Risks Related to Maintaining Private Key Security

Digital assets require the execution of the aforementioned confidential encrypted private key in order to initiate a transfer of the asset to another party. If the private key were to become lost, the Company would not be able to access the digital assets, thereby deeming the asset worthless to the Company. In addition, if another party were to gain access to the private key, along with the public key of the wallet holding the digital assets, the other party could demonstrate ownership of the digital assets and could either execute a transfer of the cryptocurrency asset or inappropriately utilize the digital assets as collateral for unauthorized financing.

Risks Related to Current and Continued Market Acceptance

Digital assets are virtual currencies that have recently become significant in the marketplace and utilize blockchain technology in order to account for the transfer of such assets. These digital assets have significant market volatility, which can significantly vary in a short period of time and can potentially vary between various pricing sources. These digital assets are highly speculative in nature, and have potentially significant risks of ownership, which include, but are not necessarily limited to risks identified herein.

Regulatory Oversight and Considerations

As of the date of these financial statements, the U.S. Securities and Exchange Commission has expressed concerns regarding the adequacy and accuracy of marketplace information of cryptocurrency assets, which could impact individual state blue sky laws, potentially impacting the exchange of such assets for more widely accepted currencies, such as the U.S. Dollar. In the event that regulations were implemented to address these concerns, such regulations could potentially have a significant adverse effect on the realization of these digital assets.

Risks Associated With Majority Control

Since cryptocurrencies are virtual and transactions in such currencies reside on distributed networks, governance of the underlying distributed network could be adversely altered should any individual or group obtain 51% control of the distributed network. Such control could have a significant adverse effect on either the ownership or value of the digital asset.

As discussed herein, holdings in digital assets are subject to current, emerging and potentially significant risks, including, but not necessarily limited to legal, regulatory, market valuation and proof of ownership risks. Risks are also described in Note 2 to the financial statements. Users of financial statements for entities that are associated with or hold cryptocurrency assets should carefully understand, consider and evaluate these and other risks related to cryptocurrency assets, when making investing decisions in such entities.



We have served as the Company's auditor since 2023.

Irvine, California
May 23, 2024
PCAOB Number 100

Consensus Mining & Seigniorage Corporation
Balance Sheets

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 63,779,788	$ 65,151,094
Federal tax receivable	238,269	238,269
Prepaid expenses	719,684	386,384
Other receivables	4,200	6,505
Total current assets	64,741,941	65,782,252
Non-current assets		
Property and equipment, net	4,778,035	7,013,971
Digital assets, net	5,548,988	2,719,120
Loans receivable - related party	303,206	374,693
Total non-current assets	10,630,229	10,107,784
Total assets	$ 75,372,170	$ 75,890,036
Liabilities		
Current liabilities		
Accrued state taxes	$ 144,971	$ 48,509
Accrued accounting fees	118,495	35,957
Accrued hosting fees	99,208	10,891
Other accrued expenses	4,542	2,837
Total current liabilities	367,216	98,194
Total liabilities	367,216	98,194
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	(11,304,359)	(10,517,471)
Total stockholders' equity	75,004,954	75,791,842
Total liabilities and stockholders' equity	$ 75,372,170	$ 75,890,036

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

Consensus Mining & Seigniorage Corporation
Statements of Operations

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Revenues		
Digital asset mining	$ 3,708,172	$ 3,978,473
Total revenues	**3,708,172**	**3,978,473**
Cost of revenues		
Hosting fees	2,324,152	2,252,774
Total cost of revenues	2,324,152	2,252,774
Operating expenses		
Depreciation expense	4,491,770	6,540,695
Impairment of digital assets	236,429	4,026,745
General and administrative	499,822	306,603
Total operating expenses	5,228,021	10,874,043
Operating loss	(3,844,001)	(9,148,344)
Non-operating income (expense)		
Interest income	3,055,731	894,815
Gain on sale of property and equipment	75,375	-
Loss on disposal of property and equipment	(69,891)	(186,173)
Other income	11,751	-
Total non-operating income	3,072,966	708,642
Loss before provision for income taxes	(771,035)	(8,439,702)
Provision for income taxes	15,853	1,749
Net loss	**$ (786,888)**	**$ (8,441,451)**
Basic and diluted net loss per share	$ (0.35)	$ (3.75)
Weighted average shares (basic and diluted)	2,250,009	2,250,009

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

Consensus Mining & Seigniorage Corporation
Statements of Changes in Stockholders' Equity

	Common Stock		Accumulated	Total Stockholders'
	Shares	Amount	Deficit	Equity
Balance at December 31, 2021	2,250,009	$ 86,309,313	$ (2,076,020)	**$ 84,233,293**
Net loss	-	-	(8,441,451)	(8,441,451)
Balance at December 31, 2022	**2,250,009**	**$ 86,309,313**	**$ (10,517,471)**	**$ 75,791,842**
Net loss	-	-	(786,888)	(786,888)
Balance at December 31, 2023	**2,250,009**	**$ 86,309,313**	**$ (11,304,359)**	**$ 75,004,954**

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

Consensus Mining & Seigniorage Corporation
Statement of Cash Flows

	For the Year Ending December 31, 2023	For the Year Ending December 31, 2022
Operating activities:		
Net loss	$ (786,888)	$ (8,441,451)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Impairment of digital assets	233,295	4,026,745
Depreciation expense	4,491,770	6,540,695
Digital asset mining	(3,708,172)	(3,978,473)
Loss on disposal of property and equipment	69,891	186,173
Gain on sale of property and equipment	(75,375)	-
Changes in operating assets and liabilities:		
Federal tax receivable	-	(238,269)
Interest and other receivables	15,951	61,976
Prepaid expenses	(333,300)	(226,351)
Accrued state taxes	96,462	(92,142)
Accrued accounting fees	82,538	667
Accrued hosting fees	88,317	2,835
Other accrued expenses	1,705	(269,134)
Net cash provided by (used in) operating activities	176,194	(2,426,729)
Investing activities:		
Purchases of property and equipment	(2,325,725)	(6,218,014)
Proceeds from sales of digital assets	645,009	2,413,949
Payments on (proceeds from) loans receivable to related party	57,841	(350,000)
Proceeds from sale of property and equipment	75,375	39,000
Net cash used in investing activities	(1,547,500)	(4,115,065)
Net decrease in cash and cash equivalents	(1,371,306)	(6,541,794)
Cash and cash equivalents, beginning of year	65,151,094	71,692,888
Cash and cash equivalents, end of year	$ 63,779,788	$ 65,151,094
Supplemental disclosure of cash flow information:		
Income taxes paid	$ 12,725	$ 328,020

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

Consensus Mining & Seigniorage Corporation
Notes to Financial Statements
December 31, 2023

Note 1 – Organization and nature of business

Consensus Mining & Seigniorage Corporation (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 December 31, 2023, the Company engages the services of three different digital asset miner hosting companies. The Company has contracted with HM Tech LLC, Blockstream ULC and Tidal Data Systems, LLC to host the Company's mining equipment. As of December 31, 2022, the Company had engaged the services of four different digital asset miner hosting companies: Core Scientific, Inc., HM Tech LLC, Blockstream ULC and Blockware Solutions LLC.

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 years ended December 31, 2023 and December 31, 2022 were $1,109,782 and $947,311, respectively. The Company has loans receivable with accrued interest from HM Tech LLC. The total value of the loans receivable, including accrued interest, is $303,206 and $374,693 as of December 31, 2023 and 2022, respectively. The interest accrued is $11,047 and $24,693 as of December 31, 2023 and 2022, 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation. The Company now presents cash flows for the loans receivable to related party in the Investing activities section.

Use of Estimates

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. 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 cryptocurrency and calculates impairment using prices from Coinbase.

Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326). ASU No. 2016-13 requires immediate recognition of management's estimates of current expected credit losses (CECL) rather than when incurred. ASU No. 2016-13 is effective for annual periods beginning after December 15, 2022 and interim periods within annual periods beginning after December 15, 2022. The Company adopted this ASU using the modified retrospective method. The impact of adopting this ASU on January 1, 2023 was not material.

In December 2023, the FASB issued ASU No. 2023-08, *Intangibles - Goodwill and Other - Crypto Assets* (Topic 350-60). ASU No. 2023-08 requires that an entity present crypto assets measured at fair value separately from other intangible assets on the balance sheet and changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the income statement. ASU No. 2023-08 is effective for annual periods

Recent Accounting Pronouncements (*continued*)

beginning after December 15, 2024 and interim periods within annual periods beginning after December 15, 2024, with early adoption permitted. The Company expects to adopt ASU 2023-08 as of January 1, 2024 resulting in certain expanded disclosures about our digital assets and recording an increase to our Digital assets and a reduction to our Accumulated deficit of approximately $6.0 million.

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 $63,779,788 in cash equivalents as of December 31, 2023 and $65,151,094 in cash equivalents as of December 31, 2022.

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 years ended December 31, 2023 and 2022.

	2023	2022
HM Tech LLC (related party)	$ 1,109,782	$ 947,311
Blockstream ULC	633,568	352,455
Tidal Data Systems, LLC	535,308	-
Core Scientific, Inc.	32,313	772,245
Other provider(s)	13,181	180,763
Total	$ 2,324,152	$ 2,252,774

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 (See Note 6). 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 December 31, 2023, there was a loans receivable balance of $303,206 which includes accrued interest of $11,047. As of December 31, 2022, there was a loans receivable balance of $374,693 which includes accrued interest of $24,693.

Prepaid Expenses

The Company has $337,242 in prepaid hosting expenses, $323,000 in prepaid property and equipment and $59,442 in prepaid insurance as of December 31, 2023 and $375,865 in prepaid hosting expenses and $10,519 in prepaid insurance as of December 31, 2022. See below for a breakout of the Company's prepaid expenses. Hosting expenses are displayed by provider:

	2023	2022
Prepaid property and equipment	$ 323,000	$ -
Hosting - Blockstream ULC	278,783	316,901
Hosting - Tidal Data Systems, LLC	58,459	-
Hosting - HM Tech LLC (related party)	-	20,674
Hosting - Core Scientific, Inc.	-	35,065
Hosting - Blockware Solutions LLC	-	3,225
Prepaid insurance	59,442	10,519
Total	$ 719,684	$ 386,384

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.
- Loss of the private security key which would prevent the Company from accessing the digital assets and render the digital assets worthless to the Company.
- Current and continued market acceptance driven by significant market volatility.
- Should any individual or group obtain 51% control of the distributed network, such control could have a significant adverse effect on the ownership or value of the digital asset.

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 the beginning of 2024, the block reward was 6.25 bitcoin. At the next halving event, those rewards will be reduced to 3.125 bitcoin (See Note 6). As a result, the bitcoin rewards the Company receives from its mining activities will be cut in half. Unless there is a commensurate increase in transactions fees, reduction in the network hashrate (resulting a similar difficulty adjustment) or increase in the price of bitcoin (or some combination thereof), the Company could see a reduction in its revenues, in fiat terms, which could impact the Company's profitability. The potential changes to these factors as a result of the halving are unknown at this time.

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 year ended December 31, 2023 and 2022, depreciation related to property and equipment amounted to $4,491,770 and $6,540,695, respectively.

	2023	2022
Computer equipment (digital asset miners)	$ 13,156,287	$ 13,792,774
Less accumulated depreciation	(8,378,252)	(6,778,803)
Total	$ 4,778,035	$ 7,013,971

As needed, mining rigs which are no longer functional, are written off of the Company's books. The mining rigs written off are determined by an analysis of their functionality by the Company. During the year ended December 31, 2023, equipment with a historical cost of $268,456 and accumulated depreciation of $198,565 was written off resulting in a loss of $69,891. Machines sold during 2023 resulted in a gain of $75,375. The cost basis of these machines was $0. During the year ended 2022, equipment with a historical cost of $366,536 and accumulated depreciation of $203,519 was written off resulting in a loss of $163,017. Machines sold during 2022 resulted in a loss of $23,156.

Digital Assets

Digital assets represent the only intangible assets held by the Company. The Company accounts for digital assets in accordance with the AICPA's practice aid "Accounting for and auditing of digital assets." In accordance with this practice aid, digital assets are accounted for as an indefinite-live intangible asset and are valued based on the current price of the digital asset at the time the digital asset was received. The Company evaluates digital assets for impairment on a daily basis or when events or changes indicate the carrying value may not be recoverable by using the daily low price. The Company has evaluated its digital assets for impairment and has recorded impairment for the years ended December 31, 2023 and 2022 of $236,429 and $4,026,745, respectively. The following tables present additional information about the Company's digital assets as of December 31, 2023 and 2022, respectively:

Digital Assets (*continued*)

	2023		2022	
	Cost*	**Carrying Value**	**Cost***	**Carrying Value**
Bitcoin	$ 10,962,994	$ 5,202,044	$ 8,105,265	$ 2,555,105
Litecoin	688,109	335,593	487,498	159,066
Ethereum	2,279	424	2,279	424
Ethereum Classic	1,791	457	1,791	457
Z-Cash	19,287	3,011	19,287	3,948
Bitcoin Cash	8,743	7,458	787	120
Total	$ 11,683,204	$ 5,548,988	$ 8,616,907	$ 2,719,120

* The cost basis of the Company's digital assets above is the Company's historical cost basis of all digital assets since its inception.

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.

Revenue Recognition (*continued*)

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.

The Company earns its revenue from the mining of digital assets. The Company's aggregated revenue earned from the mining of digital assets by coin for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Bitcoin	$ 3,453,255	$ 3,759,889
Litecoin	246,961	209,415
Bitcoin Cash	7,956	8,174
Z-Cash	-	995
Total revenue from mining of digital assets	$ 3,708,172	$ 3,978,473

Revenue Recognition (*continued*)

The Company's aggregated revenue earned from the mining of digital assets by location for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
North Carolina	$ 2,483,189	$ 2,765,987
Kentucky	11,451	297,347
North Dakota	9,532	110,846
Quebec, Canada	262,389	122,330
Texas	941,611	446,911
New York	-	235,052
Total revenue from mining of digital assets	$ 3,708,172	$ 3,978,473

Hosting Fees

Cost of revenue are comprised of hosting fees. Hosting fees are paid to the miner hosting companies on a monthly basis. These fees are incurred to cover a number of fixed and variable costs associated with mining including electricity consumed by rigs, housing/shelf space rent, monitoring and maintenance of the rigs and overhead for the mining facility. The Company incurred $2,324,152 and $2,252,774 in hosting fees for the years ended December 31, 2023 and December 31, 2022, respectively. The hosting fees are driven by the electricity consumed at each provider's location and the rates established with each provider.

Net Loss Per Share

The Company computes net loss per share using the weighted average number of common shares outstanding during each year. There were no potentially dilutive securities outstanding during the years ended December 31, 2023 and 2022, respectively.

Note 3 - Income Taxes

The Company accounts for income taxes under the asset and liability method, through which deferred tax assets and liabilities are recognized for future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income for the years in which those temporary differences are expected to be recovered or settled. The effect on

Note 3 - Income Taxes (continued)

deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is required to the extent any deferred tax assets may not be realizable.

ASC Topic 740, Income Taxes (ASC 740), clarifies the accounting for uncertainty in income taxes recognized in a business' financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in material changes to its financial position.

The provisions for income taxes for 2023 and 2022 are comprised of:

	2023	2022
Current income taxes:		
Federal	$ -	$ -
State	15,853	1,749
Deferred income tax expense	-	-
Total provision for income taxes	$ 15,853	$ 1,749

The reconciliations between the effective tax rate on loss from continuing operations and the U.S. federal statutory tax rate, as of December 31, 2023 and 2022 are as follows:

	2023	2022
Statutory U.S. income tax rate	-21.0%	-21.0%
Increase (decrease) in taxes resulting from:		
State taxes, net of federal benefit	0.5%	0.2%
Nondeductible expenses	0.0%	0.0%
Change in valuation allowance	18.4%	20.8%
	2.1%	0.0%

Note 3 - Income Taxes (continued)

The Company accounts for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized at the enacted rates for the future tax consequences attributable to differences between the carrying amounts of existing tax assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities is due to a change in the tax rate and is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities, as of December 31, 2023 and 2022.

	2023	2022
Deferred tax assets:		
Digital asset impairment	$ 1,433,566	$ 941,050
Net operating loss carryforwards	126,306	52,959
Fixed assets	93,470	-
Other	437	-
Gross deferred tax assets	1,653,779	994,009
Less valuation allowance	(1,653,779)	(967,116)
Deferred tax assets - net of allowance	-	26,893
Deferred tax liabilities		
Fixed assets	-	26,893
Total deferred tax liabilities	-	26,893
Net deferred income tax liability	$ -	$ -

The Company has the following attributes:

	Gross Amount	Expiring
Federal net operating loss carryforwards	$ 564,631	Indefinite
State net operating loss carryforwards	$ 372,868	Indefinite

Note 3 - Income Taxes (continued)

The valuation allowance at December 31, 2022 was $967,116 and increased during 2023 by $686,663. The allowance was increased based on the following factors. Under the TCJA rules, the Company cannot carryback NOLs to previous years, so it would not be able to recover deferred tax assets in that way. Future projections are dependent on the crypto market and therefore would not be readily supportable. Lastly there are not sufficient deferred tax liabilities to support recognition.

There are no unrecognized benefits for uncertain tax matters.

The Company remains subject to examination by the IRS and various state taxing authorities for all tax years subsequent to the Company's inception in 2021. The Company is not currently under examination in any jurisdiction.

Note 4 – Stockholders' Equity

In accordance with the Stock Purchase Agreement dated November 14, 2021, initial investors received ownership shares in the Company equal to each investor's pro rata interest in the Company as of November 30, 2021. Investors of HK Cryptocurrency Mining, LLC and HK Cryptocurrency Mining II, LLC received common stock in the Company based on value of the investors' interests of HK Cryptocurrency Mining, LLC and HK Cryptocurrency Mining II, LLC relative to the net assets of the Company as of November 30, 2021. The Company shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote. Except as provided in the Certificate of Incorporation, every stockholder having the right to vote shall have one vote for each share of stock having voting power registered in such stockholder's name on the books of the Company. Such votes may be cast in person or by proxy.

Note 5 – 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.

Note 6 – Subsequent Events

Management has evaluated subsequent events through May 23, 2024, the date the financial statements were issued, for inclusion or disclosure in the financial statements. The Company has not engaged any additional hosting service providers nor has it terminated any hosting services relationships.

During 2024, the Company purchased a total of 317 mining rigs for $1,572,310.

The Company extended the loans to HM Tech LLC by two additional years through July 15, 2026. (See Note 2).

On April 19, 2024, the Bitcoin halving event occurred reducing the mining reward to 3.125 per block (See Note 2).

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "CONSENSUS MINING & SEIGNIORAGE CORPORATION", FILED IN THIS OFFICE ON THE TWENTY-FIRST DAY OF OCTOBER, A.D. 2021, AT 5:10 O`CLOCK P.M.

Jeffrey W. Bullock, Secretary of State

6327642 8100
SR# 20213581845

Authentication: 204483471
Date: 10-22-21

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 05:10 PM 10/21/2021
FILED 05:10 PM 10/21/2021
SR 20213581845 - File Number 6327642

STATE OF DELAWARE
CERTIFICATE OF INCORPORATION
A STOCK CORPORATION

The undersigned Incorporator, desiring to form a corporation under pursuant to the General Corporation Law of the State of Delaware, hereby certifies as follows:

1. The name of the Corporation is Consensus Mining & Seigniorage Corporation.

2. The Registered Office of the corporation in the State of Delaware is located at 1209 Orange Street (street), in the City of Wilmington, County of New Castle Zip Code 19801. The name of the Registered Agent at such address upon whom process against this corporation may be served is The Corporation Trust Company.

3. The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. The total amount of stock this corporation is authorized to issue is 5,000,000 shares (number of authorized shares) with a par value of $0.01 per share.

5. The name and mailing address of the incorporator are as follows:

Name Consensus Mining & Seigniorage Corporation c/o Horizon Kinetics LLC
Mailing Address 470 Park Avenue South, 4th Floor South
New York, NY Zip Code 10016

By: _____
Incorporator

Name: Jay Kesslen
Print or Type

BYLAWS

OF

CONSENSUS MINING & SEIGNIORAGE CORPORATION

(hereinafter called the "***Corporation***")

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1.1. Place of Meetings. Meetings of the stockholders of the Corporation for the election of directors or for any other purpose shall be held at such time and place, if any, either within or without the State of Delaware, as shall be designated from time to time by the board of directors of the Corporation (the "***Board***"). The Board may, in its sole discretion, determine that a meeting shall not be held at any place, but may instead be held solely by means of remote communication in accordance with Section 211(a) of the General Corporation Law of the State of Delaware, as amended (the "***DGCL***").

Section 1.2. Annual Meetings. The annual meeting of stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly be brought before the meeting in accordance with these bylaws of the Corporation (as amended from time to time in accordance with the provisions hereof, these "***Bylaws***") shall be held on such date and at such time as may be designated from time to time by the Board. The Board may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

Section 1.3. Special Meetings. Unless otherwise required by law or by the certificate of incorporation of the Corporation (including, without limitation, the terms of any certificate of designation with respect to any series of preferred stock), as amended and restated from time to time (the "***Certificate of Incorporation***"), special meetings of the stockholders of the Corporation, for any purpose or purposes, may be called only by the Chairperson of the Board, the Chief Executive Officer or the Board. The ability of the stockholders of the Corporation to call a special meeting of stockholders is hereby specifically denied. At a special meeting of stockholders, only such business shall be conducted as shall be specified in the notice of meeting. The Chairperson of the Board, the Chief Executive Officer or the Board may postpone, reschedule or cancel any special meeting of stockholders previously called by any of them.

Section 1.4. Notice. Whenever stockholders of the Corporation are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and time of the meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called and the means of remote communications, if any, by which stockholders and proxy holders may be deemed present in person and vote at such meeting. Unless otherwise required by law or the Certificate of Incorporation, written notice of any meeting shall be given either personally, by mail or by electronic transmission (as defined below) (if permitted under the circumstances by the DGCL) not less than ten (10) nor more than sixty (60) days before the date of the meeting, by or at the direction of the Chairperson of the Board, the Chief Executive Officer or the Board, to each stockholder entitled to vote at such meeting as of the record date for

determining stockholders entitled to notice of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at the stockholder's address as it appears on the stock transfer books of the Corporation. If notice is given by means of electronic transmission, such notice shall be deemed to be given at the times provided in the DGCL. Any stockholder may waive notice of any meeting before or after the meeting. The attendance of a stockholder at any meeting shall constitute a waiver of notice at such meeting, except where the stockholder attends the meeting for the express purpose of objecting, and does so object, at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. For the purposes of these Bylaws, "***electronic transmission***" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 1.5. Adjournments. Any meeting of stockholders of the Corporation may be adjourned or recessed from time to time to reconvene at the same or some other place, if any, by holders of a majority of the voting power of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, though less than a quorum, or by any officer entitled to preside at or to act as secretary of such meeting, and notice need not be given of any such adjourned or recessed meeting if the time and place, if any, thereof, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned or recessed meeting, are announced at the meeting at which the adjournment or recess is taken. At the adjourned or recessed meeting, the Corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, notice of the adjourned meeting in accordance with the requirements of Section 1.4 of these Bylaws shall be given to each stockholder of record entitled to vote at the meeting. If, after the adjournment, a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

Section 1.6. Quorum. Unless otherwise required by applicable law or the Certificate of Incorporation, the holders of a majority of the voting power of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person, present by means of remote communication, if any, or represented by proxy, shall constitute a quorum at a meeting of stockholders. Where a separate vote by a class or classes or series is required, a majority of the voting power of the shares of such class or classes or series present in person, present by means of remote communication, if any, or represented by proxy shall constitute a quorum entitled to take action with respect to such vote. If a quorum shall not be present or represented at any meeting of stockholders, either the chairperson of the meeting or the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 1.5 of these Bylaws, until a quorum shall be present or represented. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

Section 1.7. Voting.

(a) Matters Other Than Election of Directors. Any matter brought before any meeting of stockholders of the Corporation, other than the election of directors, shall be decided by the affirmative vote of the holders of a majority of the voting power of the Corporation's capital stock present in person or represented by proxy at the meeting and entitled to vote on such matter, voting as a single class, unless the matter is one upon which, by express provision of law, the Certificate of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such matter. Except as provided in the Certificate of Incorporation, every stockholder having the right to vote shall have one vote for each share of stock having voting power registered in such stockholder's name on the books of the Corporation. Such votes may be cast in person or by proxy as provided in Section 1.10 of these Bylaws. The Board, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

(b) Election of Directors. Except as provided herein directors shall be elected by the vote of the majority of the votes cast (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee) with "abstentions" and "broker non-votes" not counted as a vote cast either "for" or "against" that nominee's election at any meeting for the election of directors at which a quorum is present; provided, however, that in a Contested Election of Directors (as defined below) at such a meeting, directors shall be elected by a plurality of the votes cast on the election of directors (instead of by votes cast "for" or "against" a nominee). The term "***Contested Election of Directors***" shall mean an annual or special meeting of the Corporation with respect to which (i) the secretary of the Corporation (the "***Secretary***") receives a notice that a stockholder has nominated or intends to nominate a person for election to the Board in compliance with the requirements for stockholder nominees for director set forth in Section 1.17 of these Bylaws and (ii) such nomination has not been withdrawn by such stockholder on or prior to the tenth (10^{th}) day before the Corporation first mails its notice of meeting for such meeting to the stockholders. Stockholders shall be entitled to cast votes "against" nominees for director unless plurality voting applies in the election of directors. If, with respect to an election of directors not constituting a Contested Election of Directors and for which a quorum is present, any incumbent director does not receive a majority of the votes cast, such director shall promptly tender a resignation following certification of the stockholder vote. Such resignation will be effective only upon the acceptance thereof by the Board. Such director shall continue in office until such resignation is accepted or, if not accepted, such director's successor shall have been elected and qualified. The **Nominating and Corporate Governance** Committee shall promptly consider the tendered resignation, and a range of possible responses based on the circumstances, if known, that led to the election results, and make a recommendation to the Board on whether to accept or reject the resignation or whether any other action should be taken with respect thereto. The Board will act on any such recommendation by the Nominating and Corporate Governance Committee within ninety (90) days following certification of the stockholder vote and will promptly publicly disclose its decision and the rationale behind it in a filing with the Securities and Exchange Commission. Any director who tenders a resignation pursuant to

this provision shall not participate in the Nominating and Corporate Governance Committee or Board recommendation or deliberations regarding whether to accept the resignation offer or take other action. If directors who have tendered resignations constitute a majority of the directors then in office, then, with respect to each tendered resignation, all directors, other than the director who tendered the particular resignation under consideration, may participate in the deliberations and action regarding whether to accept or reject the tendered resignation or to take other action with respect thereto.

Section 1.8. Voting of Stock of Certain Holders. Shares of stock of the Corporation standing in the name of another corporation or entity, domestic or foreign, and entitled to vote may be voted by such officer, agent or proxy as the bylaws or other internal regulations of such corporation or entity may prescribe or, in the absence of such provision, as the board of directors or comparable body of such corporation or entity may determine. Shares of stock of the Corporation standing in the name of a deceased person, a minor, an incompetent or a debtor in a case under Title 11, United States Code, and entitled to vote may be voted by an administrator, executor, guardian, conservator, debtor-in-possession or trustee, as the case may be, either in person or by proxy, without transfer of such shares into the name of the official or other person so voting. A stockholder whose shares of stock of the Corporation are pledged shall be entitled to vote such shares, unless on the transfer records of the Corporation such stockholder has expressly empowered the pledgee to vote such shares, in which case only the pledgee, or the pledgee's proxy, may vote such shares.

Section 1.9. Treasury Stock. Shares of stock of the Corporation belonging to the Corporation, or to another corporation a majority of the shares entitled to vote in the election of directors of which are held by the Corporation, shall not be voted at any meeting of stockholders of the Corporation and shall not be counted in the total number of outstanding shares for the purpose of determining whether a quorum is present. Nothing in this Section 1.9 shall limit the right of the Corporation to vote shares of stock of the Corporation held by it in a fiduciary capacity.

Section 1.10. Proxies. Each stockholder entitled to vote at a meeting of stockholders of the Corporation may authorize another person or persons to act for such stockholder by proxy filed with the secretary of the Corporation (the "***Secretary***") before or at the time of the meeting. No such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power.

Section 1.11. No Consent of Stockholders in Lieu of Meeting. Except as otherwise expressly provided by the terms of any series of preferred stock permitting the holders of such series of preferred stock to act by written consent, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation, and, as specified by the Certificate of Incorporation, the ability of the stockholders to consent in writing to the taking of any action is specifically denied.

Section 1.12. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make or have prepared and made, at least ten (10) days before every meeting of stockholders of the Corporation, a complete list of the stockholders entitled to vote at the meeting (provided, however, that if the record date

for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing in this Section 1.12 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting during ordinary business hours, at the principal place of business of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation.

Section 1.13. Record Date. In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders of the Corporation or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, but the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this Section 1.13 at the adjourned meeting.

Section 1.14. Organization and Conduct of Meetings. The Chairperson of the Board shall act as chairperson of meetings of stockholders of the Corporation. The Board may designate any other director or officer of the Corporation to act as chairperson of any meeting in the absence of the Chairperson of the Board, and the Board may further provide for determining who shall act as chairperson of any meeting of stockholders in the absence of the Chairperson of the Board and such designee. The Board may adopt by resolution such rules and regulations for the conduct of any meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board, the chairperson of any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairperson of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) the determination of

when the polls shall open and close for any given matter to be voted on at the meeting; (c) rules and procedures for maintaining order at the meeting and the safety of those present; (d) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized proxies or such other persons as the chairperson of the meeting shall determine; (e) restrictions on entry to the meeting after the time fixed for the commencement of the meeting; (f) limitations on the time allotted to questions or comments by participants; (g) removal of any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines; (h) conclusion, recess or adjournment of the meeting, regardless of whether a quorum is present, to a later date and time and at a place, if any, announced at the meeting; (i) restrictions on the use of audio and video recording devices, cell phones and other electronic devices; (j) rules, regulations or procedures for compliance with any state and local laws and regulations concerning safety, health and security; (k) procedures (if any) requiring attendees to provide the Corporation advance notice of their intent to attend the meeting and (l) any guidelines and procedures as the chairperson may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting, whether such meeting is to be held at a designated place or solely by means of remote communication. The chairperson of a stockholder meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall determine and declare to the meeting that a matter or business was not properly brought before the meeting, and, if the chairperson should so determine, the chairperson shall so declare to the meeting and any such matter of business not properly brought before the meeting shall not be transacted or considered. Except to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.15. Inspectors of Election. In advance of any meeting of stockholders of the Corporation, the Chairperson of the Board, the Chief Executive Officer or the Board, by resolution, shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairperson of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

Section 1.16. Notice of Stockholder Proposals and Director Nominations.

(a) Annual Meetings of Stockholders. Nominations of persons for election to the Board and the proposal of business other than nominations to be considered by the stockholders may be made at an annual meeting of stockholders only: (i) pursuant to the Corporation's notice of meeting (or any supplement thereto) with respect to such annual meeting given by or at the direction of the Board (or any duly authorized committee thereof), (ii) otherwise properly brought before such annual meeting by or at the direction of the Board (or any duly authorized committee thereof) or (iii) by any stockholder of the Corporation who (A) is a stockholder of record on the date of the giving of the notice provided for in this Section 1.16 through the date of such annual meeting, (B) is entitled to

vote at such annual meeting and (C) complies with the notice procedures set forth in this Section 1.16. For the avoidance of doubt, compliance with the foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations, or to propose any other business (other than a proposal included in the Corporation's proxy materials pursuant to and in compliance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "***Exchange Act***")), at an annual meeting of stockholders.

(b) Timing of Notice for Annual Meetings. In addition to any other applicable requirements, for nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.16(a)(iii) above, the stockholder must have given timely notice thereof in proper written form to the Secretary, and, in the case of business other than nominations, such business must be a proper matter for stockholder action. To be timely, such notice must be received by the Secretary at the principal executive offices of the Corporation not later than the Close of Business on the ninetieth (90th) day, or earlier than the Close of Business on the one hundred twentieth (120th) day, prior to the first anniversary of the date of the preceding year's annual meeting of stockholders; provided, however, that, in the case of the first annual meeting after December 31, 2021 or if the date of the annual meeting of stockholders is more than thirty (30) days prior to, or more than sixty (60) days after, the first anniversary of the date of the preceding year's annual meeting or if no annual meeting was held in the preceding year, to be timely, a stockholder's notice must be so received not earlier than the Close of Business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the Close of Business on the later of (i) the ninetieth (90th) day prior to such annual meeting and (ii) the tenth (10th) day following the day on which public disclosure (as defined below) of the date of the meeting is first made by the Corporation. In no event shall the adjournment, recess, postponement or rescheduling of an annual meeting (or the public disclosure thereof) commence a new time period (or extend any time period) for the giving of notice as described above.

(c) Form of Notice. To be in proper written form, the notice of any stockholder giving notice under this Section 1.16 (each, a "***Noticing Party***") must set forth:

(i) as to each person whom such Noticing Party proposes to nominate for election or reelection as a director (each, a "***Proposed Nominee***"), if any:

(A) the name, age, business address and residence address of such Proposed Nominee;

(B) the principal occupation and employment of such Proposed Nominee;

(C) a written questionnaire with respect to the background and qualification of such Proposed Nominee, completed by such Proposed Nominee in the form required by the Corporation (which form such Noticing Party shall request in writing from the Secretary prior to submitting notice and which the Secretary shall provide to such Noticing Party within ten (10) days after receiving such request);

(D) a written representation and agreement completed by such Proposed Nominee in the form required by the Corporation (which form such Noticing Party shall request in writing from the Secretary prior to submitting notice and which the Secretary shall provide to such Noticing Party within ten (10) days after receiving such request) providing that such Proposed Nominee: (I) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such Proposed Nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "***Voting Commitment***") that has not been disclosed to the Corporation or any Voting Commitment that could limit or interfere with such Proposed Nominee's ability to comply, if elected as a director of the Corporation, with such Proposed Nominee's fiduciary duties under applicable law; (II) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director or nominee that has not been disclosed to the Corporation; (III) will, if elected as a director of the Corporation, comply with all applicable rules of any securities exchanges upon which the Corporation's securities are listed, the Certificate of Incorporation, these Bylaws, all applicable publicly disclosed corporate governance, ethics, conflict of interest, confidentiality, stock ownership and trading policies and all other guidelines and policies of the Corporation generally applicable to directors (which other guidelines and policies will be provided to such Proposed Nominee within five (5) business days after the Secretary receives any written request therefor from such Proposed Nominee), and all applicable fiduciary duties under state law; (IV) consents to being named as a nominee in the Corporation's proxy statement and form of proxy for the meeting; (V) intends to serve a full term as a director of the Corporation, if elected; and (VI) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and that do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;

(E) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings, written or oral, during the past three (3) years, and any other material relationships, between or among such Proposed Nominee, on the one hand, and such Noticing Party or any Stockholder Associated Person (as defined below), on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K as if such Noticing Party and any Stockholder Associated Person were the "registrant" for purposes of such rule and the Proposed Nominee were a director or executive officer of such registrant; and

(F) all other information relating to such Proposed Nominee or such Proposed Nominee's associates (as defined below) that would be required to be disclosed in a proxy statement or other filing made by such Noticing Party or any Stockholder Associated Person in connection with the solicitation of proxies for the election of directors in a contested election or otherwise required pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (collectively, the "***Proxy Rules***");

(ii) as to any other business that such Noticing Party proposes to bring before the meeting:

(A) a reasonably brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting;

(B) the text of the proposal or business (including the complete text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Certificate of Incorporation or these Bylaws, the language of the proposed amendment); and

(C) all other information relating to such business that would be required to be disclosed in a proxy statement or other filing made by such Noticing Party or any Stockholder Associated Person in connection with the solicitation of proxies in support of such proposed business by such Noticing Party or any Stockholder Associated Person pursuant to the Proxy Rules; and

(iii) as to such Noticing Party, each Proposed Nominee and each Stockholder Associated Person:

(A) the name and address of such Noticing Party, each Proposed Nominee and each Stockholder Associated Person (including, as applicable, as they appear on the Corporation's books and records);

(B) the class, series and number of shares of each class or series of capital stock (if any) of the Corporation that are, directly or indirectly, owned beneficially and/or of record by such Noticing Party, any Proposed Nominee or any Stockholder Associated Person and the date or dates such shares were acquired and the investment intent of such acquisition;

(C) the name of each nominee holder for, and number of, any securities of the Corporation owned beneficially but not of record by such Noticing Party, any Proposed Nominee or any Stockholder Associated Person and any pledge by such Noticing Party, any Proposed Nominee or any Stockholder Associated Person with respect to any of such securities;

(D) a complete and accurate description of all agreements, arrangements or understandings, written or oral, (including any derivative or short positions, profit interests, hedging transactions, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or

similar rights, repurchase agreements or arrangements, borrowed or loaned shares and so-called "stock borrowing" agreements or arrangements) that have been entered into by, or on behalf of, such Noticing Party, any Proposed Nominee or any Stockholder Associated Person, the effect or intent of which is to mitigate loss, manage risk or benefit from changes in the price of any securities of the Corporation, or maintain, increase or decrease the voting power of such Noticing Party, any Proposed Nominee or any Stockholder Associated Person with respect to securities of the Corporation, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the Corporation and without regard to whether such agreement, arrangement or understanding is required to be reported on a Schedule 13D in accordance with the Exchange Act (any of the foregoing, a "***Derivative Instrument***");

(E) any substantial interest, direct or indirect (including any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such Noticing Party, any Proposed Nominee or any Stockholder Associated Person in the Corporation or any affiliate thereof, other than an interest arising from the ownership of Corporation securities where such Noticing Party, such Proposed Nominee or such Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series;

(F) a complete and accurate description of all agreements, arrangements or understandings, written or oral, (I) between or among such Noticing Party and any of the Stockholder Associated Persons or (II) between or among such Noticing Party or any Stockholder Associated Person and any other person or entity (naming each such person or entity) or any Proposed Nominee, including, without limitation, (x) any proxy, contract, arrangement, understanding or relationship pursuant to which such Noticing Party or any Stockholder Associated Person, directly or indirectly, has a right to vote any security of the Corporation (other than any revocable proxy given in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a solicitation statement filed on Schedule 14A), (y) any understanding, written or oral, that such Noticing Party or any Stockholder Associated Person may have reached with any stockholder of the Corporation (including the name of such stockholder) with respect to how such stockholder will vote such stockholder's shares in the Corporation at any meeting of the Corporation's stockholders or take other action in support of any Proposed Nominee or other business, or other action to be taken, by such Noticing Party or any Stockholder Associated Person and (z) any other agreements that would be required to be disclosed by such Noticing Party, any Proposed Nominee, any Stockholder Associated Person or any other person or entity pursuant to Item 5 or Item 6 of a Schedule 13D pursuant to Section 13 of the Exchange Act (regardless of whether the requirement to file a Schedule 13D

is applicable to such Noticing Party, such Proposed Nominee, such Stockholder Associated Person or such other person or entity);

(G) any rights to dividends on the shares of the Corporation owned beneficially by such Noticing Party, any Proposed Nominee or any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation;

(H) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership, limited liability company or similar entity in which such Noticing Party, any Proposed Nominee or any Stockholder Associated Person is (I) a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership or (II) the manager, managing member or, directly or indirectly, beneficially owns an interest in the manager or managing member of such limited liability company or similar entity;

(I) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such Noticing Party, any Proposed Nominee or any Stockholder Associated Person;

(J) any direct or indirect interest of such Noticing Party, any Proposed Nominee or any Stockholder Associated Person in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, without limitation, any employment agreement, collective bargaining agreement or consulting agreement);

(K) a description of any material interest of such Noticing Party, any Proposed Nominee or any Stockholder Associated Person in the business proposed by such Noticing Party, if any, or the election of any Proposed Nominee;

(L) a complete an accurate description of any performance-related fees (other than an asset-based fee) to which such Noticing Party, any Proposed Nominee or any Stockholder Associated Person may be entitled as a result of any increase or decrease in the value of the Corporation's securities or any Derivative Instruments, including, without limitation, any such interests held by members of such Noticing Party's, any Proposed Nominee's or any Stockholder Associated Person's immediate family sharing the same household;

(M) the investment strategy or objective, if any, of such Noticing Party, any Proposed Nominee or any Stockholder Associated Person who is not an individual; and

(N) all other information relating to such Noticing Party or any Stockholder Associated Person, or such Noticing Party's or any Stockholder Associated Person's associates, that would be required to be disclosed in a proxy statement or other filing in connection with the solicitation of proxies in support of the business proposed by such Noticing Party, if any, or for the election of any Proposed Nominee in a contested election or otherwise pursuant to the Proxy Rules;

provided, however, that the disclosures in the foregoing subclauses (A) through (N) shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Noticing Party solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

(iv) a representation that such Noticing Party intends to appear in person or by proxy at the meeting to bring such business before the meeting or nominate any Proposed Nominees, as applicable, and an acknowledgment that, if such Noticing Party (or a Qualified Representative (as defined below) of such Noticing Party) does not appear to present such business or Proposed Nominees, as applicable, at such meeting, the Corporation need not present such business or Proposed Nominees for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the Corporation;

(v) a complete and accurate description of any pending or, to such Noticing Party's knowledge, threatened legal proceeding in which such Noticing Party, any Proposed Nominee or any Stockholder Associated Person is a party or participant involving the Corporation or, to such Noticing Party's knowledge, any officer, director, affiliate or associate of the Corporation; and

(vi) a representation from such Noticing Party as to whether such Noticing Party or any Stockholder Associated Person intends or is part of a group that intends (I) to deliver a proxy statement and/or form of proxy to a number of holders of the Corporation's voting shares reasonably believed by such Noticing Party to be sufficient to approve or adopt the business to be proposed or elect the Proposed Nominees, as applicable, or (II) engage in a solicitation (within the meaning of Exchange Act Rule 14a-1(l) with respect to the nomination or other business, as applicable, and if so, the name of each participant (as defined in Item 4 of Schedule 14A under the Exchange Act) in such solicitation.

(d) Additional Information. In addition to the information required above, the Corporation may require any Noticing Party to furnish such other information as the Corporation may reasonably require to determine the eligibility or suitability of a Proposed Nominee to serve as a director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such Proposed Nominee, under the listing standards of each securities exchange upon which the Corporation's securities are listed, any applicable rules of the Securities and Exchange Commission, any publicly disclosed standards used by the Board in selecting nominees for

election as a director and for determining and disclosing the independence of the Corporation's directors, including those applicable to a director's service on any of the committees of the Board, or the requirements of any other laws or regulations applicable to the Corporation. If requested by the Corporation, any supplemental information required under this paragraph shall be provided by a Noticing Party within ten (10) days after it has been requested by the Corporation.

(e) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting (or any supplement thereto). Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (or any supplement thereto) (i) by or at the direction of the Board (or any duly authorized committee thereof) or (ii) provided that one or more directors are to be elected at such meeting pursuant to the Corporation's notice of meeting, by any stockholder of the Corporation who (A) is a stockholder of record on the date of the giving of the notice provided for in this Section 1.16(e) through the date of such special meeting, (B) is entitled to vote at such special meeting and upon such election and (C) complies with the notice procedures set forth in this Section 1.16(e). In addition to any other applicable requirements, for director nominations to be properly brought before a special meeting by a stockholder pursuant to the foregoing clause (ii), such stockholder must have given timely notice thereof in proper written form to the Secretary. To be timely, such notice must be received by the Secretary at the principal executive offices of the Corporation not earlier than the Close of Business on the one hundred twentieth (120th) day prior to such special meeting and not later than the Close of Business on the later of (x) the ninetieth (90th) day prior to such special meeting and (y) the tenth (10th) day following the day on which public disclosure of the date of the meeting is first made by the Corporation. In no event shall an adjournment, recess, postponement or rescheduling of a special meeting (or the public disclosure thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper written form, such notice shall include all information required pursuant to Section 1.16(c) and Section 1.16(d) above.

(f) General.

(i) No person shall be eligible for election as a director of the Corporation unless the person is nominated by a stockholder in accordance with the procedures set forth in this Section 1.16 or the person is nominated by the Board, and no business shall be conducted at a meeting of stockholders of the Corporation except business brought by a stockholder in accordance with the procedures set forth in this Section 1.16 or by the Board. The number of nominees a stockholder may nominate for election at a meeting may not exceed the number of directors to be elected at such meeting. Except as otherwise provided by law, the chairperson of a meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws, and, if the chairperson of the meeting determines that any proposed nomination or business was not properly brought before the meeting, the chairperson shall declare to the meeting that such nomination shall be disregarded or such business shall not be transacted, and no vote shall be taken with respect to such nomination or proposed business, in each case, notwithstanding that proxies with respect to such vote may have been received by the Corporation. Notwithstanding the foregoing provisions of this Section 1.16, unless otherwise required by law, if the Noticing Party (or a Qualified Representative of the Noticing Party) proposing a nominee for director or business to be conducted at a meeting does not appear at the meeting of stockholders of the Corporation to present such nomination or propose such business, such proposed nomination shall be disregarded or such proposed business shall not be transacted, as applicable, and no vote shall be taken with respect to such nomination or proposed business, notwithstanding that proxies with respect to such vote may have been received by the Corporation.

(ii) A Noticing Party shall update such Noticing Party's notice provided under the foregoing provisions of this Section 1.16, if necessary, such that the information provided or required to be provided in such notice shall be true and correct (A) as of the record date for determining the stockholders entitled to receive notice of the meeting and (B) as of the date that is ten (10) business days prior to the meeting (or any postponement, rescheduling or adjournment thereof), and such update shall be received by the Secretary at the principal executive offices of the Corporation (x) not later than the Close of Business five (5) business days after the record date for determining the stockholders entitled to receive notice of such meeting (in the case of an update required to be made under clause (A)) and (y) not later than the Close of Business seven (7) business days prior to the date for the meeting or, if practicable, any postponement, rescheduling or adjournment thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been postponed, rescheduled or adjourned) (in the case of an update required to be made pursuant to clause (B)). For the avoidance of doubt, any information provided pursuant to this Section 1.16(f)(ii) shall not be deemed to cure any deficiencies in a notice previously delivered pursuant to this Section 1.16 and shall not extend the time period for the delivery of notice pursuant to this Section 1.16. If a Noticing Party fails to provide such written update within such period,

the information as to which such written update relates may be deemed not to have been provided in accordance with this Section 1.16.

(iii) If any information submitted pursuant to this Section 1.16 by any Noticing Party proposing individuals to nominate for election or reelection as a director or business for consideration at a stockholder meeting shall be inaccurate in any respect, such information shall be deemed not to have been provided in accordance with this Section 1.16. Any such Noticing Party shall notify the Secretary in writing at the principal executive offices of the Corporation of any inaccuracy or change in any information submitted pursuant to this Section 1.16 within two (2) business days after becoming aware of such inaccuracy or change. Upon written request of the Secretary on behalf of the Board (or a duly authorized committee thereof), any such Noticing Party shall provide, within seven (7) business days after delivery of such request (or such other period as may be specified in such request), (A) written verification, reasonably satisfactory to the Board, any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by such Noticing Party pursuant to this Section 1.16 and (B) a written affirmation of any information submitted by such Noticing Party pursuant to this Section 1.16 as of an earlier date. If a Noticing Party fails to provide such written verification or affirmation within such period, the information as to which written verification or affirmation was requested may be deemed not to have been provided in accordance with this Section 1.16.

(iv) Notwithstanding the foregoing provisions of this Section 1.16, a stockholder shall also comply with all applicable requirements of state law and the Exchange Act with respect to the matters set forth in this Section 1.16. Nothing in this Section 1.16 shall be deemed to affect any rights of (A) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act, (B) stockholders to request inclusion of nominees in the Corporation's proxy statement pursuant to the Proxy Rules or (C) the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

(v) For purposes of these Bylaws, (A) "***affiliate***" and "***associate***" each shall have the respective meanings set forth in Rule 12b-2 under the Exchange Act; (B) "***beneficial owner***" or "***beneficially owned***" shall have the meaning set forth for such terms in Section 13(d) of the Exchange Act; (C) "***Close of Business***" shall mean 5:00 p.m. Eastern Time on any calendar day, whether or not the day is a business day; (D) "***public disclosure***" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act; (E) a "***Qualified Representative***" of a Noticing Party means (I) a duly authorized officer, manager or partner of such Noticing Party or (II) a person authorized by a writing executed by such Noticing Party (or a reliable reproduction or electronic transmission of the writing) delivered by such Noticing Party to the Corporation prior to the making of any nomination or proposal at a stockholder meeting stating that such person is authorized to act for such

Noticing Party as proxy at the meeting of stockholders, which writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, must be produced at the meeting of stockholders; and (F) "***Stockholder Associated Person***" shall mean, with respect to a Noticing Party, (I) any person directly or indirectly controlling, controlled by, under common control with such Noticing Party, (II) any member of the immediate family of such Noticing Party sharing the same household, (III) any person who is a member of a "group" (as such term is used in Rule 13d-5 under the Exchange Act (or any successor provision at law)) with, or is otherwise known by such Noticing Party or other Stockholder Associated Person to be acting in concert with, such Noticing Party or any other Stockholder Associated Person with respect to the stock of the Corporation, (IV) any beneficial owner of shares of stock of the Corporation owned of record by such Noticing Party or any other Stockholder Associated Person (other than a stockholder that is a depositary), (V) any affiliate or associate of such Noticing Party or any other Stockholder Associated Person, (VI) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such Noticing Party or any other Stockholder Associated Person with respect to any proposed business or nominations, as applicable, and (VII) any Proposed Nominee.

ARTICLE II

DIRECTORS

Section 2.1. Number. Within the limit set forth in the Certificate of Incorporation, the number of directors that shall constitute the entire Board shall be fixed, from time to time, exclusively by the Board, subject to the rights of the holders of any series of preferred stock with respect to the election of directors, if any.

Section 2.2. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation required to be exercised or done by the stockholders.

Section 2.3. Meetings. The Board may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board may be held at such time and at such place as may from time to time be determined by the Board. Special meetings of the Board may be called by the Chairperson of the Board (if there be one), the Chief Executive Officer or the Board and shall be held at such place, on such date and at such time as he, she or it shall specify.

Section 2.4. Notice. Notice of any meeting of the Board stating the place, date and time of the meeting shall be given to each director by mail posted not less than five (5) days before the date of the meeting, by nationally recognized overnight courier deposited not less than two (2) days before the date of the meeting or by email, facsimile or other means of electronic transmission delivered or sent not less than twenty-four (24) hours before the date and time of the meeting, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. If mailed or sent by overnight courier, such notice shall be deemed to be given at the time when it is deposited in the United States mail with first class postage

prepaid or deposited with the overnight courier. Notice by facsimile or other electronic transmission shall be deemed given when the notice is transmitted. Any director may waive notice of any meeting before or after the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where the director attends the meeting for the express purpose of objecting, and does so object, at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in any notice of such meeting unless so required by law. A meeting may be held at any time without notice if all of the directors are present or if those not present waive notice of the meeting in accordance with Section 5.6 of these Bylaws.

Section 2.5. Chairperson of the Board. The Chairperson of the Board shall be chosen from among the directors and may be the Chief Executive Officer. Except as otherwise provided by law, the Certificate of Incorporation or Section 2.6 or Section 2.7 of these Bylaws, the Chairperson of the Board shall preside at all meetings of stockholders and of the Board. The Chairperson of the Board shall have such other powers and duties as may from time to time be assigned by the Board.

Section 2.6. Organization. At each meeting of the Board, the Chairperson of the Board, or, in the Chairperson's absence, the Lead Director, or, in the Lead Director's absence, a director chosen by a majority of the directors present, shall act as chairperson. The Secretary shall act as secretary at each meeting of the Board. In case the Secretary shall be absent from any meeting of the Board, an assistant secretary shall perform the duties of secretary at such meeting, and in the absence from any such meeting of the Secretary and all assistant secretaries, the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.7. Resignations and Removals of Directors. Any director of the Corporation may resign at any time, by giving notice in writing or by electronic transmission to the Chairperson of the Board, the Chief Executive Officer or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the occurrence of some other event, and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy created by the resignation or removal of a director shall be appointed by a vote of the remaining directors and the newly appointed director shall serve until their successor is duly elected and qualified or their resignation or removal in accordance herewith. Subject to the rights of holders of any series of preferred stock with respect to the election of directors, a director may be removed from office by the stockholders of the Corporation only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 2.8. Quorum. At all meetings of the Board, a majority of directors constituting the Board shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 2.10. Actions of the Board by Written Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all the members of the Board required to take such action at a meeting or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission are filed with the minutes of proceedings of the Board or committee.

Section 2.11. Telephonic Meetings. Members of the Board, or any committee thereof, may participate in a meeting of the Board or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other, and participation in a meeting pursuant to this Section 2.11 shall constitute presence in person at such meeting.

Section 2.12. Committees. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation and, to the extent permitted by law, to have and exercise such authority as may be provided for in the resolutions creating such committee, as such resolutions may be amended from time to time. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any absent or disqualified member. Each committee shall keep regular minutes and report to the Board when required. A majority of any committee may determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide. The Board shall have the power at any time to fill vacancies in, to change the membership of or to dissolve any such committee.

Section 2.13. Compensation. The Board shall have the authority to fix the compensation of directors. The directors shall be paid their reasonable expenses, if any, of attendance at each meeting of the Board or any committee thereof and may be paid a fixed sum for attendance at each such meeting and an annual retainer or salary for service as director or committee member, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Directors who are full-time employees of the Corporation shall not receive any compensation for their service as director.

Section 2.14. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Corporation's directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (a) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known

to the stockholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee that authorizes the contract or transaction.

Section 2.15. Indemnification. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to, or testifies in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding to the full extent permitted by law, and the Corporation may enter into agreements with any such person for the purpose of providing for such indemnification.

ARTICLE III

OFFICERS

Section 3.1. General. The officers of the Corporation shall be chosen by the Board and may include a President, Vice President, Treasurer, Secretary and such other positions as the Board may determine. The Board, in its discretion, may also choose a General Counsel and one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers as the Board from time to time may deem appropriate. Any two or more offices may be held by the same person. The officers of the Corporation need not be stockholders of the Corporation.

Section 3.2. Election; Term. The Board shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board, and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer may be removed at any time by the Board. Any officer may resign upon notice given in writing or electronic transmission to the Chief Executive Officer or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the occurrence of some other event. Any vacancy occurring in any office of the Corporation shall be filled in the manner prescribed in this Article III for the regular election to such office.

Section 3.3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer, the Secretary or any other officer authorized to do so by the Board, and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and

which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board may, by resolution, from time to time confer like powers upon any other person or persons.

ARTICLE IV

STOCK

Section 4.1. Uncertificated Shares. Unless otherwise provided by resolution of the Board, each class or series of shares of the Corporation's capital stock shall be issued in uncertificated form pursuant to the customary arrangements for issuing shares in such form. Shares shall be transferable only on the books of the Corporation by the holder thereof in person or by attorney upon presentment of proper evidence of succession, assignation or authority to transfer in accordance with the customary procedures for transferring shares in uncertificated form.

Section 4.2. Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be the close of business on the day on which the Board adopts the resolution relating thereto.

Section 4.3. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 4.4. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board.

ARTICLE V

MISCELLANEOUS

Section 5.1. Contracts. The Board may authorize any officer or officers or any agent or agents to enter into any contract or execute and deliver any instrument or other document in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 5.2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board may from time to time designate.

Section 5.3. Fiscal Year. The fiscal year of the Corporation shall end on the 31st day of December in each year or on such other day as may be fixed from time to time by resolution of the Board.

Section 5.4. Corporate Seal. The corporate seal, if any, shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

Section 5.5. Offices. The Corporation shall maintain a registered office inside the State of Delaware and may also have other offices outside or inside the State of Delaware. The books of the Corporation may be kept (subject to any applicable law) outside the State of Delaware at the principal executive offices of the Corporation or at such other place or places as may be designated from time to time by the Board.

Section 5.6. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or any regular or special meeting of the Board or committee thereof need be specified in any waiver of notice of such meeting unless so required by law.

Section 5.7. Forum for Certain Actions.

(a) Forum. Unless a majority of the Board, acting on behalf of the Corporation, consents in writing to the selection of an alternative forum (which consent may be given at any time, including during the pendency of litigation), the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another state court located within the State of Delaware or, if no court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware), to the fullest extent permitted by law, shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation under Delaware law, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any of its directors, officers or other employees arising pursuant to any provision of the DGCL, these Bylaws or the Certificate of Incorporation (in each case, as may be amended from time to time), (iv) any action asserting a claim against the Corporation or any of its directors, officers or other employees governed by the internal affairs doctrine of the State of Delaware or (v) any other action asserting an "internal corporate claim," as defined in Section 115 of the DGCL, in all cases subject to the court's having personal jurisdiction over all indispensable parties named as defendants. Unless a majority of the Board, acting on behalf of the Corporation, consents in writing to the selection of an alternative forum (which consent may be given at any time, including during the pendency of litigation), the federal district courts of the United States of America, to the fullest extent permitted by law, shall be the sole and exclusive forum for the resolution of any action asserting a cause of action arising under the Securities Act of 1933, as amended.

(b) Personal Jurisdiction. If any action the subject matter of which is within the scope of subparagraph (a) of this Section 5.7 is filed in a court other than a court located

within the State of Delaware (a "***Foreign Action***") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce subparagraph (a) of this Section 5.7 (an "***Enforcement Action***") and (ii) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

(c) Enforceability. If any provision of this Section 5.7 shall be held to be invalid, illegal or unenforceable as applied to any person, entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Section 5.7, and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

(d) Notice and Consent. For the avoidance of doubt, any person or entity purchasing or otherwise acquiring or holding any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 5.7.

ARTICLE VI

AMENDMENTS

Subject to Section 7.5 below, these Bylaws may be adopted, amended, altered or repealed by the Board or by the stockholders of the Corporation by the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class; provided, however, that, in the case of any adoption, amendment, alteration or repeal of these Bylaws by the stockholders of the Corporation, notwithstanding any other provision of these Bylaws, and in addition to any other vote that may be required by law or the terms of any series of preferred stock, the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter, repeal or adopt any provision inconsistent with Section 1.7(b), 1.16, 1.17 or 2.14 or Article VI of these Bylaws.

ARTICLE VII

EMERGENCY BYLAWS

Section 7.1 Emergency Bylaws. This Article VII shall be operative during any emergency, disaster or catastrophe, as referred to in Section 110 of the DGCL or other similar emergency condition (including, without limitation, a pandemic), as a result of which a quorum of the Board or a committee thereof cannot readily be convened for action (each, an "***Emergency***"), notwithstanding any different or conflicting provision of the preceding Sections of these Bylaws or in the Certificate of Incorporation. To the extent not inconsistent with the provisions of this Article VII, the preceding Sections of these Bylaws and the provisions of the Certificate of Incorporation shall remain in effect during such Emergency, and upon termination of such

Emergency, the provisions of this Article VII shall cease to be operative unless and until another Emergency shall occur.

Section 7.2 Meetings; Notice. During any Emergency, a meeting of the Board or any committee thereof may be called by any member of the Board or such committee or the Chairperson of the Board, the Chief Executive Officer, the President or the Secretary of the Corporation. Notice of the place, date and time of the meeting shall be given by any available means of communication by the person calling the meeting to such of the directors or committee members and Designated Officers (as defined below) as, in the judgment of the person calling the meeting, it may be feasible to reach. Such notice shall be given at such time in advance of the meeting as, in the judgment of the person calling the meeting, circumstances permit.

Section 7.3 Quorum. At any meeting of the Board called in accordance with Section 7.2 above, the presence or participation of one director shall constitute a quorum for the transaction of business, and at any meeting of any committee of the Board called in accordance with Section 7.2 above, the presence or participation of one committee member shall constitute a quorum for the transaction of business. In the event that no directors are able to attend a meeting of the Board or any committee thereof, then the Designated Officers in attendance shall serve as directors, or committee members, as the case may be, for the meeting, without any additional quorum requirement and will have full powers to act as directors, or committee members, as the case may be, of the Corporation.

Section 7.4 Liability. No officer, director or employee of the Corporation acting in accordance with the provisions of this Article VII shall be liable except for willful misconduct.

Section 7.5 Amendments. At any meeting called in accordance with Section 7.2 above, the Board, or any committee thereof, as the case may be, may modify, amend or add to the provisions of this Article VII as it deems it to be in the best interests of the Corporation so as to make any provision that may be practical or necessary for the circumstances of the Emergency.

Section 7.6 Repeal or Change. The provisions of this Article VII shall be subject to repeal or change by further action of the Board or by action of the stockholders, but no such repeal or change shall modify the provisions of Section 7.4 above with regard to action taken prior to the time of such repeal or change.

Section 7.7 Definitions. For purposes of this Article VII, the term "***Designated Officer***" means an officer identified on a numbered list of officers of the Corporation who shall be deemed to be, in the order in which they appear on the list up until a quorum is obtained, directors of the Corporation, or members of a committee of the Board, as the case may be, for purposes of obtaining a quorum during an Emergency, if a quorum of directors or committee members, as the case may be, cannot otherwise be obtained during such Emergency, which officers have been designated by the Board from time to time but in any event prior to such time or times as an Emergency may have occurred.

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Adopted as of: December 1, 2021