



Consensus Mining & Seigniorage Corporation
Quarterly Report
Q4 2024

Financial Results Summary (unaudited)

Consensus Mining & Seigniorage Corporation (“CMSC” or “the Company”) is pleased to announce that net income for the year ended December 31, 2024 (the “Period”) was \$13.0 million, up from a loss of \$0.8 million the prior year. The increase was primarily a result of our increased cryptocurrency holdings and a higher fair valuation of those holdings.

Book value per share (as adjusted) increased from \$36.01 at the end of 2023 to \$41.79 at the end of 2024.

The Company generated \$5.5 million in mining revenue for the Period, compared to \$3.7 million for 2023. Revenues for the fourth quarter of 2024 were \$1.6 million, a significant increase from \$1.0 million for the prior quarter and \$1.1 million for the same period a year ago. This was primarily the result of a higher value of the Bitcoin mined, which averaged \$66,000 in 2024, as compared to an average of \$29,000 in 2023. Similarly, Q4 2024 revenues were also favorably impacted by higher values of Bitcoin, Dogecoin and Litecoin.

During Q4 2024, the Company mined 8.96 Bitcoin (“BTC”) and 781 Litecoin (“LTC”), all of which were retained. In addition, as a result of the merge-mining process (more on this later), the Company mined approximately 2.9 million Dogecoin (“DOGE”), which were sold for \$776,107. A portion of the Dogecoin mining rewards was used to acquire 0.5 BTC.

The Company’s quarter-end cryptocurrency holdings were primarily 320 BTC (worth \$29.8 million) and 10,168 LTC (worth \$1.0 million). The Period-end value of all cryptocurrency holdings was \$30.9 million.

The cost of revenue, a figure that largely consists of hosting costs, was \$2.8 million for 2024, compared to \$2.3 million for 2023. The Q4 2024 cost of revenues was \$0.7 million, level with the prior quarter and up from \$0.6 million for the same period a year ago.

Operating costs—which include depreciation of mining equipment as well as general administrative expenses—declined from \$5.0 million in 2023 to \$4.6 million in 2024. This was primarily due to lower depreciation expenses for certain older equipment being fully depreciated, offset somewhat by a one-time accelerated depreciation charge of \$0.8 million for inoperable equipment written off or sold.



For the Period, the Company reported an operating loss of \$1.9 million, compared to an operating loss of \$3.6 million for 2023. The Q4 2024 operating loss was \$0.4 million compared to a loss of \$1.2 million the prior quarter and \$0.3 million the same period a year ago.

Non-operating income for the Period, including fair value gains in our growing cryptocurrency holdings—coupled with interest income—was \$18.5 million, up from \$2.8 million in 2023. Q4 2024 non-operating income was \$10.5 million, compared to \$0.9 million for the prior quarter and \$0.8 million for the same period a year ago.

Operations Update

During the fourth quarter of 2024, we adjusted our capital deployment strategy in order to acquire the significantly more profitable Antminer L9 mining rigs, which earn rewards in both Litecoin and Dogecoin. Certain Scrypt mining pools merge-mine other coins as well as Litecoin and Dogecoin, but those pools charge higher fees which would not be offset by the value of the additional rewards. We continue to like Litecoin as a long-term asset, so we retain these mining rewards on our balance sheet, however we prefer not to keep Dogecoin and promptly sold the rewards as they were received.

As a further step in this new strategy, the Company started to use a portion of our Dogecoin rewards from the Litecoin/Dogecoin rigs to purchase Bitcoin—thereby replacing the Bitcoin revenue we would have received had we purchased Bitcoin mining equipment. This approach started late in the quarter, so the full impact should be clearer in the first quarter of 2025.

The Company increased its Litecoin/Dogecoin hashrate capacity from 3,253 GH to 4,902 GH, with an additional 340 GH pending delivery.

During the quarter, we acquired 80 Antminer L9 Litecoin/Dogecoin mining rigs at a cost of approximately \$0.85 million, all of which were deployed during the quarter.

The Company had previously acquired 17 Antminer L9 Litecoin/Dogecoin and 18 Auradine Teraflux AT2880 Bitcoin mining rigs, all of which were similarly deployed during the quarter.

During the Period, CMSC's Bitcoin hashrate capacity fell from 210 PH to 172 PH. This decrease is the result of selling some older, marginally profitable S19j Pro machines and writing off certain inoperable equipment, along with a shift in our capital deployment toward the significantly more profitable Antminer L9 Litecoin/Dogecoin machines.



As we have upgraded to newer and more efficient equipment, the blended electricity consumption required per terahash of output continues to decrease, both for our Bitcoin and Litecoin/Dogecoin mining equipment.

In addition to adding more efficient machines and increasing our Litecoin hashrate, the Company is closely monitoring profitability as Hashprice has been impacted by the recent Bitcoin halving, as well as changes in the network difficulty and the price of Bitcoin. As some of our older, less efficient machines become unprofitable, the Company has taken—and will continue to take—those units offline until market conditions improve.

As expected, with the increased efficiency of the Antminer L9 and the attractiveness of Litecoin/Dogecoin mining, we’ve seen an increase on hashrate over the last several months. As we do with Bitcoin, we will keep monitoring the machines’ profitability and adjust accordingly.

We continue to engage with current hosting providers to manage our existing space as their capacity and operations change. Our hosting provider in Texas made a strategic business decision to convert its facilities to self-mining only. As a result, we sold our older, marginally profitable S19j Pro machines to this provider and moved the S19 XPs to a new provider in Nebraska.

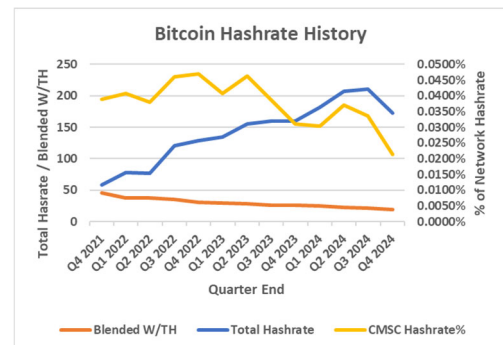
Historical Hashrate and Crypto Balance Review

One of CMSC’s primary goals is expanding its hashrate in line with the network growth, while at the same time improving blended efficiency.

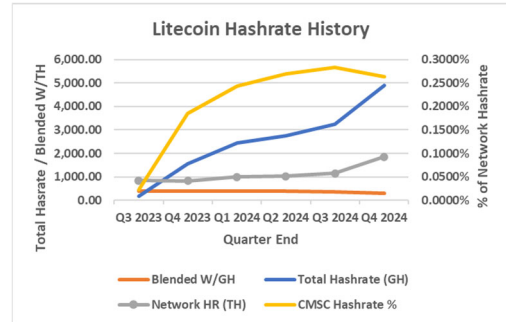
One effect of the recent focus on the more profitable Litecoin/Dogecoin mining equipment, along with selling marginally profitable machines and writing off inoperable equipment, was a decline in our Bitcoin hashrate in the quarter.

The charts below show how these elements of our Bitcoin and Litecoin/Dogecoin mining efforts have changed:

- CMSC’s Bitcoin network hashrate fell to 172 PH.
- Power consumption of our Bitcoin miners fell by 8.5% over the quarter, to an average of 19.6 W/TH.
- CMSC’s percentage of the total Bitcoin network hashrate fell during the quarter, to 0.021%.



- CSMC’s Litecoin/Dogecoin mining hashrate increased from 3,253 GH to 4,902 GH.
- Power consumption of our Litecoin/Dogecoin miners fell by 17% over the quarter, to an average of 301.5 W/GH.
- CSMC’s percentage of the total Litecoin/Dogecoin network hashrate fell slightly to 0.26%.



While prudently growing our combined hashrate across both the Litecoin/Dogecoin and Bitcoin networks, we have continued to accumulate digital assets on our balance sheet. Bitcoin holdings have grown from 114 BTC at CSMC’s inception to 320 at the end of the Period. Litecoin holdings increased from 1,428 LTC to 10,168 LTC over the same time.

Update on Upcoming Listing

The OTC Markets application is now complete and is pending FINRA’s review of our Form 211 application.

FINRA completed its initial review of our Form 211 application and responded with several requests for additional information. We have provided responses, which are currently pending review.

Management Commentary

Cryptocurrency Prices and Mining Profitability

During the fourth quarter of 2024, Bitcoin prices rose from around \$63,300 to approximately \$93,300—an increase of 47%—with an average price of \$83,400 during the quarter. The increase came as Bitcoin surged in November, hitting a high of \$106,100 during mid-December.

Over the quarter, network hashrate rose about 27%, and network difficulty rose around 24%, tempering the impact of the rise in the Bitcoin price.

CSMC’s constant focus on a low-operating-cost structure has allowed it to continue mining with positive operating cash flow while incrementally adding to its cryptocurrency balances.



The 2024 Bitcoin Halving

With the 2024 Bitcoin Halving now well behind us, we continue to see profitability pressures on the overall mining industry, with margins remaining very tight, despite the increase in the Bitcoin price.

Hashprice, which is the measure of USD revenues per PH of mining processing power, began the quarter around \$45 per PH per day and ended near \$54, materially lower than the \$80-\$100 per PH experienced pre-halving. The continued increase of the overall network hashrate and low transaction fees are the primary drivers for the downward pressure on Hashprice as the price of BTC has risen.

With the initial halving volatility calming down, it is clearer how the halving and price movements have impacted our mining revenues. However, as we have shifted to focus on acquiring the more profitable Litecoin mining equipment, the effect of the halving on mining revenues was not material to the Period.

Merge-Mining

Script algorithm miners, such as the Antminer L9, can mine multiple digital networks at the same time, resulting in rewards from each network.

Our Litecoin mining pool mines Litecoin and Dogecoin simultaneously. The mining pool has historically converted the Dogecoin rewards to Litecoin and paid its pool participants in Litecoin for the full reward of its mining efforts across both networks.

In early 2024, the mining pool changed its policy on reward payouts, and directly distributes both the Litecoin and Dogecoin rewards that the pool receives.

Given Dogecoin's unlimited supply policy, the Company does not retain this digital asset for the long term. As such, the Company has sold, and will continue to periodically sell, the Dogecoin rewards it receives for its Script mining efforts as soon as is practical.

As a result of the compelling profit profile for Script miners—resulting from the benefits of merge-mining—the Company has been increasing its Script mining hashrate in recent months.

And again, as our recent focus has been to acquire the more profitable Script mining equipment, as opposed to Bitcoin mining equipment, we started to convert a portion of our Dogecoin mining proceeds to Bitcoin. The strategy is to essentially replace the Bitcoin we would have earned, had we acquired Bitcoin mining equipment. The process, which started late in the quarter, is a strategy we continue to pursue into the first quarter of 2025.



Equipment Developments

The cost of new mining equipment continued to fall over the Period, primarily related to lower mining revenue due to the halving and the ongoing increase in overall network hashrate.

With more efficient equipment hitting the market, Luxor has added a new ASIC Price Index to break out these newer, more-efficient models.

Prices of slightly older, less-efficient 19-25 J/TH equipment rose around 20%, to \$13.3/TH, reflecting their relative increase in profitability with the increase in Hashprice. The less than 19 J/TH ASIC Price Index has been mostly stable over the course of the quarter, at around \$18.5/TH.

Bitmain did not announce any major new product launches, with its Antminer S21 models continuing to be the most efficient equipment on the market. The output for the original S21 was 200 TH; the S21 Pro is 234 TH, and the S21 XP is expected to be 270 TH, each requiring approximately the same amount of power.

We have several S21 Pro machines deployed at this time, and have been experiencing some reliability issues, with multiple units needing to be returned for warranty repair.

The Company previously ordered a small batch of machines from Auradine, a new U.S.-based mining equipment manufacturer. They aim to compete with Bitmain on both power and efficiency, but also to address reliability and responsiveness issues that we—and the industry—have experienced with some Bitmain equipment over the last several years.

We received and deployed this initial order, and while the equipment has been stable, we have been experiencing lower processing output than specified. We have been working with the manufacturer to compensate for this loss of processing power, and to understand how they plan to address these shortfalls.

As previously reported, Bitmain announced the release of the Antminer L9, a significant upgrade to the current L7 Litecoin/Dogecoin miner. The L9 hashrate increased 75% to 16 GH, and power consumption dropped by 40%, to 210 J/GH. We continue to acquire and deploy additional Antminer L9 machines given their superior profitability profile. Prices for the Antminer L9 rose materially during the quarter, resulting from the sharp increase in their profitability, and are currently selling for around \$13,000 per machine.

In light of the ever-evolving equipment market and the changing network rewards for mining digital assets—and the strength of our balance sheet—we will keep acquiring equipment in quantities consistent with our measured pace of investment.



In Conclusion

The crypto-mining industry is dynamic, and the Company remains firm in its prudent approach toward deploying capital and maintaining a low-cost structure. We believe this will serve our shareholders well for many years to come.

A handwritten signature in black ink, appearing to read "Alun Williams", is positioned above the printed name.

Alun Williams
President and Treasurer
Consensus Mining & Seigniorage Corporation



Important Disclosures:

Consensus Mining & Seigniorage Corporation (“CMSC”) is an operating business and is not a registered investment adviser or broker-dealer. CMSC does not provide investment, legal, or tax advice. Certain information set forth in this letter may contain “forward-looking information.” Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect to the future, so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance of result expressed or implied by such forward-looking statements. CMSC undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change.

Cryptocurrencies in general—including the mining of cryptocurrencies—is a relatively new industry, and therefore carries special and substantial risks. Investors should appreciate the risks associated with holding and mining cryptocurrencies before investing in such companies.

All material presented is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. Opinions stated herein may change at any time without notice, and past results are not a guarantee of future results. Under no circumstances does the information contained herein represent a recommendation to buy, hold, or sell any security.

2025 Consensus Mining & Seigniorage Corporation©

Consensus Mining & Seigniorage Corporation
Balance Sheet

	December 2024	December 2023
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 61,251,236	\$ 63,779,788
Federal tax receivable	223,100	238,269
Prepaid expenses	567,851	719,684
Other receivables	163,736	4,200
Total current assets	<u>62,205,923</u>	<u>64,741,941</u>
Non-current assets		
Property and equipment, net	4,201,154	4,778,035
Digital assets, net	30,942,301	5,548,988
Loans receivable - related party	335,045	303,206
Total non-current assets	<u>35,478,500</u>	<u>10,630,229</u>
Total assets	<u>\$ 97,684,423</u>	<u>\$ 75,372,170</u>
Liabilities		
Current liabilities		
Accrued taxes	\$ 35,314	\$ 144,971
Accrued accounting fees	115,012	118,495
Accrued hosting fees	-	99,208
Other accrued expenses	11,439	4,542
Total current liabilities	<u>161,765</u>	<u>367,216</u>
Non-current liabilities		
Deferred tax liabilities, net	3,488,926	-
Total non-current liabilities	<u>3,488,926</u>	<u>-</u>
Total liabilities	<u>3,650,691</u>	<u>367,216</u>
Commitments and contingencies (Note 5)		
Stockholders' equity		
Common stock (\$0.01 par value, 5,000,000 shares authorized, 2,250,009 issued and outstanding)	22,500	22,500
Additional paid-in capital	86,286,813	86,286,813
Retained earnings (accumulated deficit)	7,724,419	(11,304,359)
Total stockholders' equity	<u>94,033,732</u>	<u>75,004,954</u>
Total liabilities and stockholders' equity	<u>\$ 97,684,423</u>	<u>\$ 75,372,170</u>

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

Consensus Mining & Seigniorage Corporation
Statement of Operations

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2024	2023	2024	2023
			(unaudited)	
Revenues				
Digital asset mining	\$ 1,574,178	\$ 1,113,336	\$ 5,528,219	\$ 3,708,172
Total revenues	<u>1,574,178</u>	<u>1,113,336</u>	<u>5,528,219</u>	<u>3,708,172</u>
Cost of revenues				
Hosting fees	680,781	494,076	2,796,363	2,324,152
Total cost of revenues	<u>680,781</u>	<u>494,076</u>	<u>2,796,363</u>	<u>2,324,152</u>
Operating expenses				
Depreciation expense	819,858	716,715	3,689,862	4,491,770
(Gains) losses on disposals, net	336,478	(75,375)	336,478	(5,484)
General and administrative	136,466	282,628	559,076	499,822
Total operating expenses	<u>1,292,802</u>	<u>923,968</u>	<u>4,585,416</u>	<u>4,986,108</u>
Operating income	<u>(399,405)</u>	<u>(304,708)</u>	<u>(1,853,560)</u>	<u>(3,602,088)</u>
Non-operating income (expense)				
Net change in unrealized appreciation on digital assets	9,791,501	-	15,450,503	-
Interest income	684,015	810,970	3,033,390	3,055,731
Impairment of digital assets	-	(23,029)	-	(236,429)
Realized gain (loss) on sale of digital assets	3,539	-	24,989	-
Other income	889	-	1,824	11,751
Total non-operating income	<u>10,479,944</u>	<u>787,941</u>	<u>18,510,706</u>	<u>2,831,053</u>
Income (loss) before income taxes	<u>10,080,539</u>	<u>483,233</u>	<u>16,657,146</u>	<u>(771,035)</u>
Provision for income taxes	1,948,482	15,628	3,639,705	15,853
Net income (loss)	<u>\$ 8,132,057</u>	<u>\$ 467,605</u>	<u>\$ 13,017,441</u>	<u>\$ (786,888)</u>
Basic and diluted net income (loss) per share	<u>\$ 3.61</u>	<u>\$ 0.21</u>	<u>\$ 5.79</u>	<u>\$ (0.35)</u>
Weighted average shares (basic and diluted)	<u>2,250,009</u>	<u>2,250,009</u>	<u>2,250,009</u>	<u>2,250,009</u>