

Consensus Mining and Seigniorage Corporation

Financial Statements

Report of Independent Registered Public Accounting Firm

December 31, 2022

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion

We have audited the financial statements of Consensus Mining and Seigniorage Corporation (the “Company”), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in stockholders’ equity, and cash flows for the year 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, 2022, and the results of its operations and its cash flows for the year 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 audit. 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 audit in accordance with the standards of the PCAOB 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 audit 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 audit 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 audit 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 Note 2 to the financial statements, the Company held digital assets with a carrying value of approximately \$2.7 million, representing approximately 4% of total assets at December 31, 2022. 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.

Financial Reporting Risks Related to Digital Asset Valuation

As of the date of these financial statements, there is currently no specific authoritative accounting literature under accounting principles generally accepted in the United States of America (U.S. GAAP), which addresses the accounting for digital assets.

Certain non-authoritative sources have concluded that digital assets should be accounted for as intangible assets, where the digital asset should be recorded at the lower of its original cost or fair value, whereby any recorded write-downs could not be recovered in the future. The Company's management has concluded that its digital assets should be valued at cost and reduced for any identified impairment charges, which is consistent with current practices. In the event that specific authoritative accounting guidance were to be issued after the release of these financial statements and such guidance was inconsistent with management's current accounting for its digital assets and a restatement would be determined to be required, any resulting restatement could have a significant impact on the Company's financial position, results of operations, and cash flows. The timing of any such authoritative guidance, if issued at all, is not determinable as of the date of these financial statements.

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.

Withum Smith & Brown, PC

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

Irvine, California
January 8, 2024
PCAOB Number 100

Consensus Mining & Seigniorage Corporation
Balance Sheet
December 31, 2022

Assets

Current assets

Cash and cash equivalents	\$ 65,151,094
Federal tax receivable	238,269
Other receivables	331
Prepaid expenses	386,384

Total current assets	65,776,078
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Non-current assets

Property and equipment, net	7,013,971
Digital assets, net	2,719,120
Loans receivable - related party	374,693

Total non-current assets	10,107,784
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Total assets	\$ 75,883,862
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Liabilities

Current liabilities

State tax payable	\$ 40,345
Accrued accounting fees	35,957
Accrued hosting fees	10,891
Other accrued expenses	4,827

Total current liabilities	92,020
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Total liabilities	92,020
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Commitments and contingencies

Stockholders' equity

Common stock (\$0.01 par value, 5,000,000 shares authorized, 2,250,009 issued and outstanding)	22,500
Additional paid-in capital	86,286,813
Accumulated deficit	(10,517,471)

Total stockholders' equity	75,791,842
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Total liabilities and stockholders' equity	\$ 75,883,862
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The accompanying notes are an integral part of these audited financial statements.

Consensus Mining & Seigniorage Corporation
Statement of Operations
Year Ended December 31, 2022

Revenues	
Digital asset mining	\$ 3,978,473
Total revenues	<u>3,978,473</u>
Cost of revenues	
Hosting fees	2,252,774
Total cost of revenues	<u>2,252,774</u>
Gross profit	1,725,699
Operating expenses	
Depreciation expense	6,540,695
Impairment of digital assets	4,026,745
Repairs and maintenance	90,630
Professional fees	46,457
Transfer agent fees	16,976
Insurance expense	14,726
Management fees	12,000
Advertising expenses	11,685
Other operating expenses	26,953
Total operating expenses	<u>10,786,867</u>
Operating loss	(9,061,168)
Non-operating income (expense)	
Interest income	894,815
Loss on disposal of property and equipment	(186,173)
Total non-operating income	<u>708,642</u>
Total costs and expenses	<u>13,225,814</u>
Net loss before provision for income taxes	<u>(8,352,526)</u>
Provision for income taxes	88,925
Net loss	<u>\$ (8,441,451)</u>

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

Consensus Mining & Seigniorage Corporation
Statement of Changes in Stockholders' Equity
December 31, 2022

	Common Stock		Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		
Balance at January 1, 2022	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

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

Consensus Mining & Seigniorage Corporation
Statement of Cash Flows
Year Ended December 31, 2022

Operating activities:

Net loss	\$ (8,441,451)
Adjustments to reconcile net loss to net cash used in operating activities:	
Impairment of digital assets	4,026,745
Depreciation	6,540,695
Digital asset mining	(3,978,473)
Loss on disposal of property and equipment	186,173
Changes in operating assets and liabilities:	
Loans receivable	(350,000)
Federal tax receivable	(238,269)
Other receivables	68,150
Prepaid expenses	(226,351)
State tax payable	40,345
Accrued expenses	(404,293)
Net cash used in operating activities	<u>(2,776,729)</u>

Investing activities:

Purchases of equipment	(6,218,014)
Proceeds from sales of digital assets	2,413,949
Proceeds from sale of property and equipment	39,000
Net cash used in investing activities	<u>(3,765,065)</u>

Net decrease in cash and cash equivalents (6,541,794)

Cash and cash equivalents, beginning of year 71,692,888

Cash and cash equivalents, end of year \$ 65,151,094

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

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

Note 1 – Organization and nature of business

Consensus Mining and 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, 2022, the Company engages the services of four different digital asset miner hosting companies. The Company has contracted with Core Scientific, Inc., HM Tech LLC Blockstream ULC and Blockware Solutions LLC to host the Company’s mining equipment.

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 year ended December 31, 2022 were \$947,311. The Company has a loan receivable with accrued interest from HM Tech as of December 31, 2022 for \$374,693. 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.

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

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”).

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 using TradeBlock and calculates impairment using prices from Bloomberg.

Recent Accounting Pronouncements

The Company has reviewed recently issued accounting pronouncements and deemed they do not apply to the Company’s financial statements.

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 \$1 billion. The Company has \$65,151,094 in cash equivalents as of December 31, 2022.

Concentrations of Credit Risk

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.

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

Loans Receivable – Related Party

The Company has loaned \$350,000 to HM Tech LLC, a related party, at an interest rate of 10% over a term of 30 months with all payments due and paid on or before July 15, 2024. 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, 2022, there was \$24,693 of interest accrued.

Prepaid Expenses

The Company has \$375,865 in prepaid hosting expenses and \$10,518 in prepaid insurance as of December 31, 2022. See below for a breakout of the Company's prepaid hosting expenses by provider:

Blockstream ULC	\$ 316,901
Core Scientific, Inc.	35,065
HM Tech LLC (related party)	20,674
Blockware Solutions LLC	3,225
Total prepaid hosting expenses	<u>\$ 375,865</u>

Risks and Uncertainties

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

- The success of the Company is directly correlated with the success of digital assets, primarily Bitcoin.
- Our digital asset mining operations require significant and cost effective electricity, the pricing and availability of which may be subject to local laws.
- Our mining operations require 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.

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

Risks and Uncertainties (continued)

- 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.
- Financial reporting risks as there is currently no specific authoritative accounting guidance under U.S. GAAP.

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.

As of December 31, 2022, property and equipment consisted of the following:

Computer equipment (digital asset miners)	\$ 13,792,774
Less accumulated depreciation	(6,778,803)
Total	<u>\$ 7,013,971</u>

For the year ended December 31, 2022, depreciation related to property and equipment amounted to \$6,540,695.

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, 2022, \$366,536 of equipment was written off and \$163,017 of loss was recognized. Machines sold during the year resulted in loss of \$23,156.

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

Digital Assets

Digital assets represent the only intangible assets held by Consensus Mining and Seigniorage Corporation. The Company accounts for digital assets in accordance with the AICPA’s practice aid “Accounting for and auditing of digital assets” as published on July 16, 2020. This practice aid is non-authoritative, but it represents best practice surrounding the accounting for digital assets in the absence of other authoritative guidance. In accordance with this practice aid, digital assets are accounted for as an indefinite-live intangible asset and is valued based on the current price of the digital asset at the time the digital asset was mined. 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 concluded that there is \$4,026,745 of impairment for the year ended December 31, 2022. The following table presents additional information about the Company’s digital assets as of December 31, 2022:

	Cost*	Carrying Value
Bitcoin	\$ 8,105,266	\$ 2,555,106
Litecoin	487,498	159,066
Ethereum	2,279	424
Ethereum Classic	1,791	457
Z-Cash	19,287	3,947
Bitcoin Cash	787	120
Total	<u>\$ 8,616,908</u>	<u>\$ 2,719,120</u>

* The cost basis of the Company's digital assets above is the Company's historical cost basis of all digital assets since its inception and not just 2022 digital asset activity.

As of December 31, 2022, the Company had been pricing the digital assets it mines using closing price per TradeBlock, a market data website owned by Digital Currency Group. The Company evaluates for impairment against the market prices per Bloomberg. The principal market for which The Company facilitates the trading of its digital assets is Genesis Global Trading, Inc.

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

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.

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 digital asset mining pools. 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 earns substantially all of its revenue from the mining of digital assets. The Company's aggregated revenue earned from the mining of digital assets by coin is as follows:

Bitcoin	\$ 3,759,889
Litecoin	209,415
Bitcoin Cash	8,174
Z-Cash	995
Total revenue from mining of digital assets	<u>\$ 3,978,473</u>

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

Revenue Recognition (continued)

The Company's aggregated revenue earned from the mining of digital assets by location is as follows:

North Carolina	\$ 2,765,987
New York	235,052
Kentucky	297,347
North Dakota	110,846
Quebec, Canada	122,330
Texas	446,911
Total revenue from mining of digital assets	<u>\$ 3,978,473</u>

Cost of Revenue

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 \$2,252,774 in hosting fees for the year ended December 31, 2022. The hosting fees are driven by the electricity consumed at each provider's location and the rates established with each provider.

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 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.

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

Note 3 - Income Taxes (continued)

ASC Topic 740, Income Taxes (ASC 740), clarifies the accounting for uncertainty in income taxes recognized in an 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 2022 provision for income taxes is comprised of:

Current income taxes:		
Federal		\$ -
State		88,925
Deferred income tax expense		-
Total provision for income taxes		<u>\$ 88,925</u>

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

Pre-tax loss	\$ (8,352,526)	
Statutory U.S. income tax rate	(1,754,030)	21.00%
State taxes, net of federal benefit	(17,174)	0.21%
Deferred tax valuation allowance	967,116	-11.58%
Deferred corrections	893,014	-10.69%

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

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, 2022

Deferred tax assets:	
Federal net operating loss carryforwards	\$ 49,768
State net operating loss carryforwards	3,191
Digital asset impairment	941,050
Gross deferred tax assets	994,009
Less valuation allowance	(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 valuation allowance at December 31, 2021 was \$0 and increased during 2022 by \$967,116. 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.

Consensus Mining and Seigniorage Corporation
Notes to Financial Statements
December 31, 2022

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 Corporation. 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 January 8, 2024, the date the financial statements were issued, for inclusion or disclosure in the financial statements. The Company has engaged one additional hosting service provider Tidal Data Systems, LLC located in North Carolina.

During 2023, the Company purchased a total of 1,214 mining rigs for \$2,971,725, of which 200 of these machines will not be delivered until 2024.

The Company also terminated its hosting services relationship with Blockware Solutions LLC and Core Scientific Inc. Further, the Company has switched its primary executing broker from Genesis Global Trading, Inc. to New York Digital Investment Group LLC (NYDIG).